

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30/09/2016 RM' 000	Preceding Year Corresponding Quarter Ended 30/09/2015 RM' 000	Current Year To Date 30/09/2016 RM' 000	Preceding Year Corresponding Period 30/09/2015 RM' 000
Revenue	16,920	24,068	16,920	24,068
Cost of sales	(14,106)	(18,887)	(14,106)	(18,887)
Gross profit	2,814	5,181	2,814	5,181
Other income	621	887	621	887
Operating expenses	(2,385)	(2,867)	(2,385)	(2,867)
Finance cost	(298)	(305)	(298)	(305)
Profit before tax	752	2,896	752	2,896
Income tax	(573)	(661)	(573)	(661)
Profit for the period	179	2,235	179	2,235
Other comprehensive income/(loss)				
Fair value movement on available-for-sale investment	-	(1)	-	(1)
Total comprehensive income for the period	179	2,234	179	2,234
Profit attributable to:				
Owners of the parent	134	2,197	134	2,197
Non-controlling interests	45	38	45	38
	179	2,235	179	2,235
Total comprehensive income attributable to:				
Owners of the parent	134	2,196	134	2,196
Non-controlling interests	45	38	45	38
	179	2,234	179	2,234
Earnings per share (sen)				
- Basic	0.06	1.02	0.06	1.02
- Diluted	-	-	-	-

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	(UNAUDITED)	(AUDITED)
	As at End of	As At Preceding
	Current Quarter	Financial
	30/09/2016	Year End
	RM' 000	30/06/2016
		RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	2,410	2,386
Investment properties	51,949	51,949
Land held for development	17,521	17,513
Timber concessions	16,761	16,761
	<u>88,641</u>	<u>88,609</u>
Current assets		
Property development costs	108,320	108,140
Inventories	30,454	30,792
Trade receivables	36,015	29,076
Other receivables, deposits and prepayments	59,307	57,618
Tax recoverable	2,677	2,521
Held-to-maturity investments	10,299	10,299
Available-for-sale financial assets	6,196	11,252
Fixed deposits with licensed banks	43,637	46,079
Cash and bank balances	2,913	4,155
	<u>299,818</u>	<u>299,932</u>
TOTAL ASSETS	388,459	388,541
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	88,561	88,561
Share premium	45,448	45,448
Treasury shares	(2,166)	(2,164)
Reserves	(955)	(955)
Retained profits	110,442	110,308
	<u>241,330</u>	<u>241,198</u>
Non-controlling interests	<u>65,302</u>	<u>65,257</u>
Total equity	306,632	306,455
Non-current liabilities		
Hire purchase payable	657	643
Bank borrowings	21,189	22,809
	<u>21,846</u>	<u>23,452</u>
Current liabilities		
Gross amount due to customer on contract	2,170	2,696
Trade payables	12,165	13,450
Other payables and accruals	23,140	23,540
Hire purchase payable	277	275
Bank borrowings	21,473	18,064
Provision for taxation	756	609
	<u>59,981</u>	<u>58,634</u>
Total liabilities	<u>81,827</u>	<u>82,086</u>
TOTAL EQUITY AND LIABILITIES	388,459	388,541
Net assets per share attributable to owners of the parent (RM)	1.12	1.12

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	←----- Attributable to owners of the parent -----→						-----→			
	←----- Non-distributable -----→			----- Distributable -----→						
3 Months Ended	Share	Share	Treasury	Revaluation	Fair Value	Retained	Total	Non-	Total	
30 September 2016	Capital	Premium	Shares	Reserve	Reserve	profits	RM'000	Controlling	Equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Interests	RM'000	
Balance at 1 July 2016	88,561	45,448	(2,164)	(955)	-	110,308	241,198	65,257	306,455	
Purchase of treasury shares	-	-	(2)	-	-	-	(2)	-	(2)	
Total comprehensive income for the period	-	-	-	-	-	134	134	45	179	
Balance at 30 September 2016	<u>88,561</u>	<u>45,448</u>	<u>(2,166)</u>	<u>(955)</u>	<u>-</u>	<u>110,442</u>	<u>241,330</u>	<u>65,302</u>	<u>306,632</u>	
3 Months Ended										
30 September 2015										
Balance at 1 July 2015	88,561	45,448	(2,130)	(955)	3	106,712	237,639	66,016	303,655	
Purchase of treasury shares	-	-	(24)	-	-	-	(24)	-	(24)	
Total comprehensive income for the period	-	-	-	-	(1)	2,197	2,196	38	2,234	
Balance at 30 September 2015	<u>88,561</u>	<u>45,448</u>	<u>(2,154)</u>	<u>(955)</u>	<u>2</u>	<u>108,908</u>	<u>239,811</u>	<u>66,054</u>	<u>305,865</u>	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2016)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Period To Date 30/09/2016 RM'000	Preceding Year Corresponding Period 30/09/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	752	2,896
Adjustments for:		
Non-cash items	119	106
Non-operating items	(2)	-
Interest expenses	298	305
Interest income	(404)	(372)
Dividend income	(73)	(347)
Operating profit before working capital changes	690	2,588
Inventories	338	1,586
Timber concession	-	2,544
Property development costs	(74)	(498)
Trade and other receivables	(8,628)	(21,670)
Trade and other payables	(2,210)	5,168
Cash used in operations	(9,884)	(10,282)
Interest paid	(413)	(503)
Tax paid	(582)	(781)
Tax refund	-	18
Net cash used in operating activities	(10,879)	(11,548)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(53)	(41)
Placement of short term investment	(2,000)	(1,525)
Proceeds from redemption of other investments	7,056	1,750
Proceeds from disposal of property, plant and equipment	3	-
Dividend received	73	347
Interest received	404	372
Net cash generated from investing activities	5,482	903
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	3,489	6,861
Payment of bank borrowings	(1,701)	(247)
Payment of hire purchase payable	(74)	(47)
Purchase of treasury shares	(2)	(24)
Changes in fixed deposits with licensed bank	(23)	(23)
Net cash generated from financing activities	1,689	6,520
NET CHANGES IN CASH AND CASH EQUIVALENTS	(3,707)	(4,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	48,238	43,958
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	44,531	39,833

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2016)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Basis of Preparation and Accounting Policies

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

The accounting policies adopted by the Group in this interim financial statements are consistent with those adopted for the audited financial statement for the financial year ended 30 June 2016 except for the adoption of the following FRSs and Amendments to FRSs effective for the financial period beginning 1 July 2016.

FRS 14 Regulatory Deferral Accounts

Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 128 Investments In Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception

Amendments to FRS 11 Joint Arrangements - Accounting for Acquisitions of Interest in Joint Operations

Amendments to FRS 101 Presentation of Financial Statements - Disclosure Initiative

Amendments to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets - Clarification of Acceptance Methods of Depreciation and Amortisation

Amendments to FRS 127 Separate Financial Statements - Equity Method in Separate Financial Statements

Annual Improvements 2012-2014 cycle

The adoption of the abovementioned FRSs and Amendments to FRSs did not have significant impact on the financial statements of the Group upon initial application

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope of a Transitioning Entity and has opted to defer adoption of MFRSs. The Group expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

2 Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

3 Unusual Items

There were no unusual items of nature, size or incidence that affecting assets, liabilities, equity, net income or cash flows during the period under review.

4 Material Changes in Estimates

There were no changes in estimates that have had any material effect in the period under review.

5 Issuances, Repurchases, and Repayments of Debts and Equity Securities

Share Buy Backs

During the financial period 30 September 2016, the Company has repurchased 4,000 of its issued ordinary shares from the open market for total consideration of RM1,665 including the transaction costs, and this was financed by internally generated funds. The total number of shares repurchased as at 30 September 2016 was 5,896,500, being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

6 Dividend Paid

No dividend has been paid during the financial period ended 30 September 2016.

7 Segment Reporting

Period ended 30 September 2016

	Property Construction RM'000	Property Management RM'000	Timber Related RM'000	Property Development RM'000	Investment Properties RM'000	Others RM'000	Total RM'000
Segment revenue	10,400	4,978	-	576	393	573	16,920
Segment results	224	1,100	(41)	166	220	(1,023)	646
Interest income							404
Profit from operations							1,050
Finance cost							(298)
Profit before tax							752
Income tax							(573)
Profit for the period							179

Period ended 30 September 2015

	Property Construction RM'000	Property Management RM'000	Timber Related RM'000	Property Development RM'000	Investment Properties RM'000	Others RM'000	Total RM'000
Segment revenue	11,685	5,061	2,450	2,298	153	2,421	24,068
Segment results	534	1,415	(155)	253	(20)	802	2,829
Interest income							372
Profit from operations							3,201
Finance cost							(305)
Profit before tax							2,896
Income tax							(661)
Profit for the period							2,235

8 Valuation of Property, Plant and Equipment, Investment Properties and Development Properties

There has been no valuation undertaken by the Group since the last annual financial statements for the financial year ended 30 June 2016.

9 Material Subsequent Events

There were no material subsequent events at the date of this announcement.

10 Changes in the Composition of the Group

Acquisition

On 13 October 2016, Seal Incorporated Berhad ("SEAL") has acquired the entire issued and paid-up share capital of Seal Management Sdn Bhd (formerly known as Gem Board Sdn Bhd) (SMSB) comprising 2 ordinary shares of RM1/- each from Great Eastern Mills Berhad, a subsidiary company of SEAL for total consideration of RM2/-, resulting in SMSB becoming a wholly owned subsidiary of SEAL.

Striking off

On 13 October 2016, Seal Developments Sdn Bhd (SDSB), a wholly-owned subsidiary of SEAL, had been struck off and dissolved following the publication of the notice of striking off pursuant to Section 308 of the Companies Act, 1965 in the Gazette dated 25 April 2016. The notice of striking off pursuant to Section 308(4) of the Companies Act, 1965, issued by Suruhanjaya Syarikat Malaysia was received by SDSB on 12 October 2016.

11 Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the end of the last annual reporting date.

12 Commitments

Joint venture commitments

- balance of cash consideration of RM15,874,640; and
- construction of one block of commercial building, the costs of which is yet to be ascertained.

13 Operating Lease Commitments

	As at 30 September 2016 RM'000
Not later than one year	1,477
Later than one year and not later than five years	-
	<u>1,477</u>

The operating lease commitments are in respect of leaseback of Selayang Mall for a term of ten years.

14 Related Party Transactions

There were no related party transactions for the financial period under review.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

15 Review of Performance of the Company and Its Principal Subsidiaries

For the current quarter under review, the Group recorded total revenue of RM16.9 million compared with the revenue of RM24.1 million recorded in the preceding year corresponding quarter. The lower revenue was mainly due to slow down in property development and as the result a lower profit before tax of RM0.8 million was recorded for current quarter compared to RM2.9 million in preceding year corresponding financial period.

16 Material Changes for the Current Quarter as Compared with the Preceding Quarter

The group's reported revenue of RM16.9 million and profit before tax of RM0.8 million as compared to the revenue of RM11.6 million and loss before tax of RM1.5 million in the preceding quarter ended 30 June 2016.

17 Prospect

The Group expects a steady stream of income from its investment properties, property management, property construction and development segment in current financial year. Barring any unforeseen circumstances, the Group is confident it will continue to deliver satisfactory results in current financial year.

18 Variance from Forecast Profit and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee.

19 Income Tax Expenses

	Current quarter RM'000	Financial period to date RM'000
Malaysian income tax:		
- Current tax expense	<u>573</u>	<u>573</u>

The Group's effective tax rate for the financial period was higher than the statutory tax rate mainly due to tax losses incurred by certain subsidiary companies that were not available to set off against taxable profits in other companies within the group.

20 Corporate Proposals

On 17 October 2016, Mercury Securities Sdn Bhd had on behalf of the Board of Directors of Seal announced that the Company proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company, representing 21,550,618 new ordinary shares of RM0.40 each, to independent third party investor(s) to be identified and at an issue price to be determined later. Such proposed private placement has been given approval by Bursa Malaysia Securities Berhad ("Bursa Securities") vide its letter dated 28 October 2016 and was announced accordingly.

21 Group Borrowings and Debts Securities

Total Group borrowings as at 30 September 2016 are as follows:

	Secured RM'000	Unsecured RM'000
<u>Long term borrowings</u>		
Term loans	<u>21,189</u>	<u>-</u>
<u>Short term borrowings</u>		
Term loans	<u>13,472</u>	<u>8,000</u>

22 Material Litigation

On 15 February 2016, Seal Incorporated Berhad ("the Company") and its subsidiaries had been served with an Originating Summon which has been filed at the High Court at Penang under Section 181 Companies Act 1965 ("the said Claim") by Sovereign Paramount Sdn Bhd (a shareholder in Seal Properties (Bayan City) Sdn Bhd, a subsidiary of the Company) ("the Plaintiff"). Subsequently the Plaintiff has filed a Notice of Discontinuance to wholly discontinue the said Claim against all Defendants with no order as to costs and with no liberty to file afresh.

23 Dividends

No dividend has been proposed for the financial period ended 30 September 2016.

24 Earnings Per Share

Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to the owners of the parent of RM133,959 divided by the weighted average number of ordinary shares in issue as at 30 September 2016 of 215,508,575 shares after taking in the effects of share buy back of the Company.

Diluted Earnings per Share

There is no diluted earnings per share as there were no potential dilutive ordinary shares as at 30 September 2016.

25 Disclosure of Realised and Unrealised Profits

	As at 30 September 2016 RM'000	As at 30 June 2016 RM'000
The retained profits of the Company and its subsidiaries		
- Realised	109,481	109,279
- Unrealised	-	-
	<hr/> 109,481	<hr/> 109,279
Add : Consolidation adjustments	961	1,029
Total retained profits as per consolidated accounts	<hr/> 110,442	<hr/> 110,308

26 Profit before taxation

	3 months ended 30 September 2016 RM'000	Year-to-date ended 30 September 2016 RM'000
Profit before taxation is arrived at after crediting/(charging):		
Depreciation	(119)	(119)
Dividend income	73	73
Gain on disposal of property, plant and equipment	2	2
Interest expenses	(298)	(298)
Interest income	404	404
	<hr/> 404	<hr/> 404

Save as disclosed above, there were no deposits written off, no impairment of assets, no foreign exchange gains or losses, no gains or losses on derivatives and exceptional items for the current quarter and the financial period 30 September 2016.

27 Auditors' Report on Preceding Annual Financial Statements

The auditors' report in respect of financial statements for the financial year ended 30 June 2016 was not subject to any qualification.