

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/12/2016 RM' 000	Preceding Year Corresponding Quarter Ended 31/12/2015 RM' 000	Current Year To Date 31/12/2016 RM' 000	Preceding Year Corresponding Period 31/12/2015 RM' 000
Revenue	16,477	23,111	33,397	47,179
Cost of sales	(14,300)	(18,867)	(28,406)	(37,754)
Gross profit	<u>2,177</u>	<u>4,244</u>	<u>4,991</u>	<u>9,425</u>
Other income	1,049	1,413	1,670	2,300
Operating expenses	(2,751)	(2,457)	(5,135)	(5,324)
Finance cost	(292)	(315)	(590)	(620)
Profit before tax	<u>183</u>	<u>2,885</u>	<u>936</u>	<u>5,781</u>
Income tax	(461)	(980)	(1,034)	(1,641)
(Loss) / Profit for the period	<u>(278)</u>	<u>1,905</u>	<u>(98)</u>	<u>4,140</u>
Other comprehensive income/(loss)				
Fair value movement on available-for-sale investment	-	(2)	-	(3)
Total comprehensive (loss) / income for the period	<u>(278)</u>	<u>1,903</u>	<u>(98)</u>	<u>4,137</u>
(Loss) / Profit attributable to:				
Owners of the parent	(314)	1,801	(179)	3,998
Non-controlling interests	36	104	81	142
	<u>(278)</u>	<u>1,905</u>	<u>(98)</u>	<u>4,140</u>
Total comprehensive (loss) / income attributable to:				
Owners of the parent	(314)	1,799	(179)	3,995
Non-controlling interests	36	104	81	142
	<u>(278)</u>	<u>1,903</u>	<u>(98)</u>	<u>4,137</u>
(Loss) / Earnings per share (sen)				
- Basic	(0.15)	0.84	(0.08)	1.86
- 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 31 DECEMBER 2016

	(UNAUDITED)	(AUDITED)
	As at Financial	As At Preceding
	Year End	Financial
	31/12/2016	Year End
	RM' 000	30/06/2016
	RM' 000	RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	2,291	2,386
Investment properties	51,949	51,949
Land held for development	17,528	17,513
Timber concessions	16,761	16,761
	<u>88,529</u>	<u>88,609</u>
Current assets		
Property development costs	124,846	108,140
Inventories	31,130	30,792
Trade receivables	42,306	29,076
Other receivables, deposits and prepayments	56,721	57,618
Tax recoverable	2,791	2,521
Held-to-maturity investments	-	10,299
Available-for-sale financial assets	798	11,252
Fixed deposits with licensed banks	37,282	46,079
Cash and bank balances	10,494	4,155
	<u>306,368</u>	<u>299,932</u>
TOTAL ASSETS	394,897	388,541
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	97,181	88,561
Share premium	45,448	45,448
Treasury shares	(2,166)	(2,164)
Reserves	(955)	(955)
Retained profits	110,123	110,308
	<u>249,631</u>	<u>241,198</u>
Non-controlling interests	<u>63,412</u>	<u>65,257</u>
Total equity	313,043	306,455
Non-current liabilities		
Hire purchase payable	596	643
Bank borrowings	19,576	22,809
	<u>20,172</u>	<u>23,452</u>
Current liabilities		
Gross amount due to customer on contract	2,548	2,696
Trade payables	16,174	13,450
Other payables and accruals	25,038	23,540
Hire purchase payable	262	275
Bank borrowings	16,875	18,064
Provision for taxation	785	609
	<u>61,682</u>	<u>58,634</u>
Total liabilities	<u>81,854</u>	<u>82,086</u>
TOTAL EQUITY AND LIABILITIES	394,897	388,541
Net assets per share attributable to owners of the parent (RM)	1.16	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 PERIOD ENDED 31 DECEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	←----- Attributable to owners of the parent -----→						-----→		
	←----- Non-distributable -----→			----- Distributable -----→					
6 Months Ended	Share	Share	Treasury	Revaluation	Fair Value	Retained	Total	Non-	Total
31 December 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
Private placement	8,620	-	-	-	-	-	8,620	-	8,620
Purchase of treasury shares	-	-	(2)	-	-	-	(2)	-	(2)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	-	(1,932)	(1,932)
Premium paid on acquisition of subsidiary from non-controlling interest	-	-	-	-	-	(6)	(6)	6	-
Total comprehensive (loss) / income for the period	-	-	-	-	-	(179)	(179)	81	(98)
Balance at 31 December 2016	<u>97,181</u>	<u>45,448</u>	<u>(2,166)</u>	<u>(955)</u>	<u>-</u>	<u>110,123</u>	<u>249,631</u>	<u>63,412</u>	<u>313,043</u>
6 Months Ended									
31 December 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	-	-	-	-	(3)	3,998	3,995	142	4,137
Balance at 31 December 2015	<u>88,561</u>	<u>45,448</u>	<u>(2,154)</u>	<u>(955)</u>	<u>(0)</u>	<u>110,710</u>	<u>241,610</u>	<u>66,158</u>	<u>307,768</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 PERIOD ENDED 31 DECEMBER 2016
(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Period To Date 31/12/2016 RM'000	Preceding Year Corresponding Period 31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	936	5,781
Adjustments for:		
Non-cash items	236	214
Non-operating items	14	(2)
Interest expenses	590	620
Interest income	(718)	(586)
Dividend income	(568)	(1,403)
Operating profit before working capital changes	490	4,624
Inventories	(338)	3,132
Timber concession	-	2,544
Property development costs	(16,510)	(26,877)
Trade and other receivables	(12,334)	(29,116)
Trade and other payables	4,075	3,590
Cash used in operations	(24,617)	(42,103)
Interest paid	(799)	(926)
Tax paid	(1,128)	(1,555)
Tax refund	-	18
Net cash used in operating activities	(26,544)	(44,566)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68)	(79)
Placement of short term investment	(13,000)	(6,825)
Proceeds from redemption of other investments	33,750	32,331
Proceeds from disposal of property, plant and equipment	3	-
Dividend received	570	1,403
Interest received	718	586
Net cash generated from investing activities	21,973	27,416
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	5,917	9,650
Private placement	8,620	-
Payment of dividends to non-controlling interests	(1,932)	-
Payment of bank borrowings	(10,339)	(9,557)
Payment of hire purchase payable	(150)	(97)
Purchase of treasury shares	(2)	(24)
Changes in fixed deposits with licensed bank	(26)	(26)
Net cash generated from / (used in) financing activities	2,088	(54)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(2,483)	(17,204)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	48,238	43,958
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	45,755	26,754

(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 PERIOD ENDED 31 DECEMBER 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

Save as disclosed below, there were no other issuance, repurchases and repayment of debt and equity securities and share cancellations during the financial period ended 31 December 2016.

Private Placement

During the financial period 31 December 2016, the Company has made private placement of 21,550,000 new ordinary shares of RM0.40 each.

Share Buy Backs

During the financial period 31 December 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 31 December 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 31 December 2016.

7 Segment Reporting

Period ended 31 December 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	22,227	9,947	-	(510)	851	882	33,397
Segment results	495	2,389	(60)	(251)	410	(2,175)	808
Interest income							718
Profit from operations							1,526
Finance cost							(590)
Profit before tax							936
Income tax							(1,034)
Loss for the period							(98)

Period ended 31 December 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	26,177	10,263	2,450	4,626	407	3,256	47,179
Segment results	1,264	3,642	(197)	728	45	333	5,815
Interest income							586
Profit from operations							6,401
Finance cost							(620)
Profit before tax							5,781
Income tax							(1,641)
Profit for the period							4,140

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

There were no significant changes in the composition of the Group for the financial period ended 31 December 2016 other than the followings:

- On 13 October 2016, there has been a re-organisation of group structure, the Company has acquired 100% equity interest comprising 2 ordinary shares of RM1.00 each in the capital of Seal Management Sdn Bhd (formerly known as Gem Board Sdn Bhd) for a total consideration of RM2/-.
- On 13 October 2016, Seal Developments Sdn Bhd, a wholly-owned subsidiary of the Company, 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.
- Pursuant to Settlement Agreement, as detailed in item 23, on 16 January 2017, Seal Properties (PG) Sdn Bhd ("SPPG"), a wholly-owned subsidiary of the Company, has acquired 9% equity interest, which comprising 90,000 ordinary shares of RM1.00 each in the capital of Seal Properties (Bayan City) Sdn Bhd and 9 ordinary shares of RM1.00 each in the capital of Seal Concepts Sdn Bhd, for total cash consideration of RM90,000.00 and RM9.00 respectively.

On 18 January 2017, SPPG has further acquired 9% equity interest comprising 9 ordinary shares of RM1.00 each in the capital of Seal Mall Sdn Bhd for a total cash consideration of RM9.00. And on the same date, Seal Properties Sdn Bhd, a wholly-owned subsidiary of the Company has acquired the 49% equity interest comprising 490,000 ordinary shares of RM1.00 each in the capital of Seal Lifestyle Development Sdn Bhd for a total cash consideration of RM490,000.00.

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

- construction of one block of commercial building, the costs of which is yet to be ascertained.

13 Operating Lease Commitments

	As at 31 December 2016 RM'000
Not later than one year	4,235
Later than one year and not later than five years	-
	<u>4,235</u>

The operating lease commitments are in relation to leasing of Selayang Mall for a term of six months.

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 a total revenue of RM16.5 million and profit before tax of RM0.2 million compared with the revenue of RM23.1 million and profit before tax of RM2.9 million recorded in the preceding year corresponding quarter.

For the financial period ended 31 December 2016, the Group recorded a total revenue of RM33.4 million and profit before taxation of RM0.9 million as compared to the revenue of RM47.2 million and profit before taxation of RM5.8 million in the preceding year corresponding period. The property market was evidently quiet in the second half of year 2016, the volume and value of transactions recorded a decrease compared to year 2015 and this resulted the lower revenue and profit before taxation were recorded for the Group.

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

The group's reported revenue of RM16.5 million and profit before tax of RM0.2 million as compared to the revenue of RM16.9 million and profit before tax of RM0.8 million in the preceding quarter ended 30 September 2016. Apart from the slow down in property market as mentioned above, there are no other material changes in current quarter as compared with the preceding quarter.

17 Prospect

Barring any unforeseen circumstances, the Group expects it will continue to deliver positive 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>461</u>	<u>1,034</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

There were no corporate proposals announced but not completed as at the date of this announcement.

21 Group Borrowings and Debts Securities

Total Group borrowings as at 31 December 2016 are as follows:

	Secured RM'000	Unsecured RM'000
<u>Long term borrowings</u>		
Term loans	<u>19,576</u>	<u>-</u>
<u>Short term borrowings</u>		
Term loans	<u>6,446</u>	<u>10,429</u>

22 Status of Utilisation of Proceeds

The utilisation of proceeds from the Private Placement as at the end of the reporting quarter is as follows:-

Purpose	Proposed Utilisation	Actual Utilisation	Intended timeframe for utilisation from completion date	Balance
Working capital for the Group's property development and/or constructions projects	8,620,000	4,337,322	Within twelve (12) months	4,282,678

23 Material Litigation

On 15 February 2016, 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 Action") by Sovereign Paramount Sdn Bhd (a shareholder in Seal Properties (Bayan City) Sdn Bhd, a subsidiary of the Company), alleging minority oppression. The Plaintiff of the above case, Sovereign Paramount Sdn Bhd, has filed a Notice of Discontinuance to wholly discontinue the above claim against all the Defendants with no order as to costs and with no liberty to file afresh and all the parties involved had subsequently on 16 December 2016 entered into Settlement Agreement. An announcement was made on the same date.

24 Dividends

No dividend has been proposed for the financial period ended 31 December 2016.

25 Earnings Per Share

Basic Earnings per Share

The calculation of basic loss per share is based on the loss attributable to the owners of the parent of RM8,018,911 divided by the weighted average number of ordinary shares in issue as at 31 December 2016 of 215,507,380 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 31 December 2016.

26 Disclosure of Realised and Unrealised Profits

	As at 31 December 2016 RM'000	As at 30 June 2016 RM'000
The retained profits of the Company and its subsidiaries		
- Realised	109,365	109,279
- Unrealised	-	-
	<u>109,365</u>	<u>109,279</u>
Add : Consolidation adjustments	758	1,029
Total retained profits as per consolidated accounts	<u>110,123</u>	<u>110,308</u>

27 Profit before taxation

	3 months ended 31 December 2016 RM'000	Year-to-date ended 31 December 2016 RM'000
Profit before taxation is arrived at after crediting/(charging):		
Depreciation	(118)	(236)
Dividend income	495	568
Fixed assets written off	(16)	(16)
Gain on disposal of property, plant and equipment	-	2
Interest expenses	(292)	(590)
Interest income	314	718

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 31 December 2016.

28 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.