

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 30-06-2017 RM' 000	Preceding Year Corresponding Quarter Ended 30-06-2016 RM' 000	Current Year To Date 30-06-2017 RM' 000	Preceding Year Corresponding Period 30-06-2016 RM' 000
Revenue	15,515	11,626	83,150	71,681
Cost of sales	(12,870)	(10,651)	(67,612)	(58,327)
Gross profit	2,645	975	15,538	13,354
Other income	1,112	646	9,714	4,170
Operating expenses	(7,398)	(2,907)	(15,261)	(11,136)
Finance cost	(348)	(238)	(1,239)	(1,170)
(Loss)/Profit before tax	(3,989)	(1,524)	8,752	5,218
Income tax	(3,282)	166	(7,946)	(2,381)
(Loss)/Profit for the year	(7,271)	(1,358)	806	2,837
Other comprehensive loss				
Fair value movement on available-for-sale investment	-	-	-	(3)
Total comprehensive (loss)/income for the year	(7,271)	(1,358)	806	2,834
(Loss)/Profit attributable to:				
Owners of the parent	(12,427)	(378)	(9,014)	3,596
Non-controlling interests	5,156	(980)	9,820	(759)
	(7,271)	(1,358)	806	2,837
Total comprehensive (loss)/income attributable to:				
Owners of the parent	(12,427)	(378)	(9,014)	3,593
Non-controlling interests	5,156	(980)	9,820	(759)
	(7,271)	(1,358)	806	2,834
(Loss)/Earnings per share (sen)				
- Basic	(5.49)	(0.17)	(3.97)	1.67
- 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 JUNE 2017

	(UNAUDITED) As at Financial Year End 30-06-2017 RM' 000	(AUDITED) As At Preceding Financial Year End 30-06-2016 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	2,094	2,386
Investment properties	67,610	51,949
Land held for development	72,575	17,514
Timber concessions	11,897	16,761
	<u>154,176</u>	<u>88,610</u>
Current assets		
Property development costs	36,868	108,140
Inventories	15,009	30,792
Trade receivables	57,091	29,076
Other receivables, deposits and prepayments	79,701	57,618
Tax recoverable	1,430	2,521
Held-to-maturity investments	-	10,298
Available-for-sale financial assets	811	11,252
Fixed deposits with licensed banks	6,438	46,079
Cash and bank balances	8,464	4,155
	<u>205,812</u>	<u>299,931</u>
TOTAL ASSETS	<u>359,988</u>	<u>388,541</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	142,629	88,561
Share premium	-	45,448
Treasury shares	(2,165)	(2,164)
Reserves	(955)	(955)
Retained profits	112,741	110,308
	<u>252,250</u>	<u>241,198</u>
Non-controlling interests	6,729	65,257
Total equity	<u>258,979</u>	<u>306,455</u>
Non-current liabilities		
Deferred tax	355	-
Hire purchase payable	473	643
Bank borrowings	23,842	22,809
	<u>24,670</u>	<u>23,452</u>
Current liabilities		
Gross amount due to customer on contract	3,295	2,696
Trade payables	16,135	13,450
Other payables and accruals	26,021	23,540
Hire purchase payable	244	275
Bank borrowings	29,016	18,064
Provision for taxation	1,628	609
	<u>76,339</u>	<u>58,634</u>
Total liabilities	<u>101,009</u>	<u>82,086</u>
TOTAL EQUITY AND LIABILITIES	<u>359,988</u>	<u>388,541</u>
Net assets per share attributable to owners of the parent (RM)	1.06	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 YEAR ENDED 30 JUNE 2017
(THE FIGURES HAVE NOT BEEN AUDITED)

	←----- Attributable to owners of the parent -----→						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	←----- Non-distributable -----→			----- Distributable -----					
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Retained profits RM'000			
12 Months Ended 30 JUNE 2017									
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	-	-	(1)	-	-	-	(1)	-	(1)
Payment of dividends to non-controlling interests	-	-	-	-	-	-	-	(56,321)	(56,321)
Premium paid on acquisition of subsidiary from non-controlling interest	-	-	-	-	-	11,447	11,447	(12,027)	(580)
Total comprehensive income for the year	-	-	-	-	-	(9,014)	(9,014)	9,820	806
Reclassification pursuant to S618(2) *	45,448	(45,448)	-	-	-	-	-	-	-
Balance at 30 June 2017	<u>142,629</u>	<u>-</u>	<u>(2,165)</u>	<u>(955)</u>	<u>-</u>	<u>112,741</u>	<u>252,250</u>	<u>6,729</u>	<u>258,979</u>
12 Months Ended 30 June 2016									
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	-	-	(34)	-	-	-	(34)	-	(34)
Total comprehensive income for the year	-	-	-	-	(3)	3,596	3,593	(759)	2,834
Balance at 30 June 2016	<u>88,561</u>	<u>45,448</u>	<u>(2,164)</u>	<u>(955)</u>	<u>-</u>	<u>110,308</u>	<u>241,198</u>	<u>65,257</u>	<u>306,455</u>

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of share capital. Included in share capital is share premium amounting to RM45,448,463 that is available to be utilised in accordance with Section 618(3) of CA 2016 on or before 30 January 2019.

(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 YEAR ENDED 30 JUNE 2017
(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Year To Date 30-06-2017 RM'000	Preceding Year Corresponding Period 30-06-2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,752	5,218
Adjustments for:		
Non-cash items	450	434
Non-operating items	11,982	1
Interest expenses	1,239	1,170
Interest income	(1,189)	(1,856)
Dividend income	(582)	(1,658)
Operating profit before working capital changes	20,652	3,309
Inventories	15,783	(2,568)
Timber concession	-	2,681
Property development costs	16,511	(20,119)
Trade and other receivables	(50,099)	(12,095)
Trade and other payables	5,766	6,563
Cash generated from/(used in) operations	8,613	(22,229)
Interest paid	(1,521)	(1,842)
Tax paid	(5,480)	(3,215)
Tax refund	-	55
Net cash used in operating activities	1,612	(27,231)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment properties	(22,764)	-
Purchase of property, plant and equipment	(86)	(169)
Purchase of shares from non-controlling interests	(580)	-
Placement of short term investment	(13,000)	(11,200)
Proceeds from redemption of other investments	33,739	46,465
Proceeds from disposal of property, plant and equipment	3	-
Dividend received	582	1,616
Interest received	1,189	1,856
Net cash generated from investing activities	(917)	38,568
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	15,677	6,162
Private placement	8,620	-
Payment of dividends to non-controlling interests	(56,322)	-
Payment of bank borrowings	(13,628)	(12,921)
Payment of hire purchase payable	(291)	(206)
Purchase of treasury shares	(1)	(34)
Changes in fixed deposits with licensed bank	937	(56)
Net cash used in financing activities	(45,008)	(7,055)
NET CHANGES IN CASH AND CASH EQUIVALENTS	(44,313)	4,282
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	48,240	43,958
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,927	48,240

(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 JUNE 2017

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 year ended 30 June 2017.

Private Placement

During the financial year 30 June 2017, the Company has made private placement of 21,550,000 new ordinary shares of RM0.40 each.

Share Buy Backs

During the financial year 30 June 2017, 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 June 2017 was 5,896,500, being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016.

6 Dividend Paid

No dividend has been paid during the financial year ended 30 June 2017.

7 Segment Reporting

Year ended 30 June 2017

	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	45,708	19,978	-	14,256	1,866	1,342	83,150
Segment results	1,015	4,953	(4,990)	4,831	8,049	(5,056)	8,802
Interest income							1,189
Profit from operations							9,991
Finance cost							(1,239)
Profit before tax							8,752
Income tax							(7,946)
Profit for the year							806

Year ended 30 June 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	37,109	20,705	2,450	5,899	1,068	4,450	71,681
Segment results	717	6,447	(762)	(478)	412	(1,804)	4,532
Interest income							1,856
Profit from operations							6,388
Finance cost							(1,170)
Profit before tax							5,218
Income tax							(2,381)
Profit for the year							2,837

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 year ended 30 June 2017 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, 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

There were no capital commitments as at the date of this report.

13 Operating Lease Commitments

	As at 30 June 2017 RM'000
Not later than one year	8,972
Later than one year and not later than five years	17,195
	<u>26,167</u>

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 RM15.5 million and loss before taxation of RM4 million compared with the revenue of RM11.6 million and loss before tax of RM1.5 million as recorded in the preceding year corresponding quarter. For the financial year ended 30 June 2017, the Group recorded a total revenue of RM83.2 million and profit before taxation of RM8.8 million as compared to the revenue of RM71.7 million and profit before taxation of RM5.2 million in the preceding year corresponding period.

In property development segment, there was an increase in revenue and profit before taxation by RM8.4 million and RM4.6 million respectively which was mainly contributed by the sale of completed units from Bayan City project. In timber related segment, an impairment loss of timber concession has been provided as this timber concession may not generate economic benefits in its business operation, as a result a loss before taxation of RM4.9 million was recorded for the financial year. In the investment properties segment, the profit before taxation increased by RM7.7 million which was mainly resulted from an increase in occupancy rate and a fair value gain on investment properties that was recorded during the financial year.

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

	Current quarter 30 June 2017 RM' 000	Immediate preceding quarter 31 Mar 2017 RM' 000
Revenue	15,515	34,238
(Loss)/Profit before tax	<u>(3,989)</u>	<u>11,808</u>

The Group reported a revenue of RM15.5 million and a loss before tax of RM4 million in the current quarter as compared to the revenue of RM34.2 million and a profit before tax of RM11.8 million in preceding quarter ended 31 March 2017. The decrease in the current quarter was mainly due to the sale of completed units from Bayan City project that was recorded in the immediate preceding quarter as well as an impairment loss of timber concession, as explained in Note 15 above, that was recorded in the current quarter.

17 Prospect

The Group will continue to review its existing operating portfolio and continue to look for other business opportunities to maximise the profits of the Group. Barring any unforeseen circumstances and in view of the current economy climate, particularly in property development and construction segment which appear to be challenging with general inflation and increase in project cost, the Group is cautiously optimistic in the results of the next 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 year to date RM'000
Malaysian income tax:		
- Current tax expense	2,925	7,756
- Under/(Over) provision in prior year	2	(165)
- Deferred tax expense	355	355
	<u>3,282</u>	<u>7,946</u>

The Group's effective tax rate for the financial year 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 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	8,620,000	Within twelve (12) months	-

22 Group Borrowings and Debts Securities

Total Group borrowings as at 30 June 2017 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings</u>			
Term loans	<u>23,842</u>	-	<u>23,842</u>
<u>Short term borrowings</u>			
Term loans	8,910	10,189	19,099
Overdrafts	9,917	-	9,917
	<u>18,827</u>	<u>10,189</u>	<u>29,016</u>

23 Material Litigation

There were no material litigation as at the date of this announcement

24 Dividends

No dividend has been proposed for the financial year ended 30 June 2017.

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 RM9,014,299 divided by the weighted average number of ordinary shares in issue as at 30 June 2017 of 227,137,883 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 June 2017.

26 Disclosure of Realised and Unrealised Profits

	As at 30 June 2017 RM'000	As at 30 June 2016 RM'000
The retained profits of the Company and its subsidiaries		
- Realised	119,582	109,279
- Unrealised	-	-
	<u>119,582</u>	<u>109,279</u>
Add : Consolidation adjustments	(6,841)	1,029
Total retained profits as per consolidated accounts	<u>112,741</u>	<u>110,308</u>

27 (Loss)/Profit before taxation

	Current quarter RM'000	Financial year to date RM'000
(Loss)/Profit before taxation is arrived at after crediting/(charging):		
Depreciation	(96)	(450)
Dividend income	7	582
Fair value gain on investment properties	768	7,103
Fixed assets written off	-	(16)
Gain on disposal of property, plant and equipment	-	2
Impairment of assets	(4,864)	(4,864)
Interest expenses	(348)	(1,239)
Interest income	129	1,189

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Bursa Listing Requirements are not applicable.

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.