

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

(THE FIGURES HAVE NOT BEEN AUDITED)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------------------------------------------|--------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|
| | Current Year Quarter Ended 31-12-2017 RM' 000 | Preceding Year Corresponding Quarter Ended 31-12-2016 RM' 000 | Current Period To Date 31-12-2017 RM' 000 | Preceding Year Corresponding Period 31-12-2016 RM' 000 |
| Revenue | 23,831 | 16,477 | 56,990 | 33,397 |
| Cost of sales | (20,887) | (14,300) | (47,393) | (28,406) |
| Gross profit | 2,944 | 2,177 | 9,597 | 4,991 |
| Other income | 4,263 | 1,049 | 4,461 | 1,670 |
| Operating expenses | (3,019) | (2,751) | (8,035) | (5,135) |
| Finance cost | (341) | (292) | (724) | (590) |
| Profit before tax | 3,847 | 183 | 5,299 | 936 |
| Income tax | (403) | (461) | (893) | (1,034) |
| Profit/(Loss) for the period | 3,444 | (278) | 4,406 | (98) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income/(loss) for the period | 3,444 | (278) | 4,406 | (98) |
| Profit/(Loss) attributable to: | | | | |
| Owners of the parent | 3,676 | (314) | 4,870 | (179) |
| Non-controlling interests | (232) | 36 | (464) | 81 |
| | 3,444 | (278) | 4,406 | (98) |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the parent | 3,676 | (314) | 4,870 | (179) |
| Non-controlling interests | (232) | 36 | (464) | 81 |
| | 3,444 | (278) | 4,406 | (98) |
| Earnings per share (sen) | | | | |
| - Basic | 1.55 | (0.15) | 2.05 | (0.08) |
| - Diluted | - | - | - | - |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017
(THE FIGURES HAVE NOT BEEN AUDITED)

| | (UNAUDITED) | (AUDITED) |
|-----------------------------------------------------------------------|--------------------|-------------------|
| | As At | As At |
| | 31-12-2017 | 30-06-2017 |
| | RM' 000 | RM' 000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 2,432 | 2,094 |
| Investment properties | 67,610 | 67,610 |
| Land held for development | 94,898 | 72,575 |
| Timber concessions | 11,906 | 11,897 |
| | 176,846 | 154,176 |
| Current assets | | |
| Property development costs | 37,030 | 36,868 |
| Inventories | 11,301 | 15,009 |
| Trade receivables | 68,800 | 57,071 |
| Other receivables, deposits and prepayments | 58,097 | 77,497 |
| Tax recoverable | 1,759 | 1,379 |
| Available-for-sale financial assets | 3,182 | 811 |
| Fixed deposits with licensed banks | 22,010 | 7,331 |
| Cash and bank balances | 9,513 | 7,871 |
| | 211,692 | 203,837 |
| TOTAL ASSETS | 388,538 | 358,013 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 142,629 | 142,629 |
| Treasury shares | (2,165) | (2,165) |
| Reserves | 353 | 353 |
| Retained profits | 116,272 | 111,402 |
| | 257,089 | 252,219 |
| Non-controlling interests | 5,753 | 6,777 |
| Total equity | 262,842 | 258,996 |
| Non-current liabilities | | |
| Deferred tax | 390 | 390 |
| Hire purchase payable | 633 | 473 |
| Bank borrowings | 23,297 | 23,839 |
| | 24,320 | 24,702 |
| Current liabilities | | |
| Gross amount due to customer on contract | 4,006 | 3,295 |
| Trade payables | 23,776 | 16,135 |
| Other payables and accruals | 47,695 | 24,105 |
| Hire purchase payable | 313 | 243 |
| Bank borrowings | 24,308 | 29,019 |
| Provision for taxation | 1,278 | 1,518 |
| | 101,376 | 74,315 |
| Total liabilities | 125,696 | 99,017 |
| TOTAL EQUITY AND LIABILITIES | 388,538 | 358,013 |
| Net assets per share attributable to owners of the parent (RM) | 1.08 | 1.06 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017
 (THE FIGURES HAVE NOT BEEN AUDITED)

| | ← Attributable to owners of the parent → | | | | | | Non-Controlling Interests | Total Equity |
|-------------------------------------------------------------------------|------------------------------------------|----------------------|------------------------|-----------------|-------------------------|----------------|----------------------------------|---------------------|
| | ← Non-distributable | | | → Distributable | | | | |
| 6 Months Ended | Share Capital | Share Premium | Treasury Shares | Reserve | Retained profits | Total | RM'000 | RM'000 |
| 31 December 2017 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1 July 2017 | 142,629 | - | (2,165) | 353 | 111,402 | 252,219 | 6,777 | 258,996 |
| Payment of dividends to non-controlling interests | - | - | - | - | - | - | (560) | (560) |
| Total comprehensive income for the period | - | - | - | - | 4,870 | 4,870 | (464) | 4,406 |
| Balance at 31 December 2017 | <u>142,629</u> | <u>-</u> | <u>(2,165)</u> | <u>353</u> | <u>116,272</u> | <u>257,089</u> | <u>5,753</u> | <u>262,842</u> |
| | | | | | | | | |
| 6 Months Ended | Share Capital | Share Premium | Treasury Shares | Reserve | Retained profits | Total | Non-Controlling Interests | Total Equity |
| 31 December 2016 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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>110,123</u> | <u>249,631</u> | <u>63,412</u> | <u>313,043</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 2017)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017
 (THE FIGURES HAVE NOT BEEN AUDITED)

| | Current Period To Date 31-12-2017 RM'000 | Preceding Year Corresponding Period 31-12-2016 RM'000 |
|-----------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 5,299 | 936 |
| Adjustments for: | | |
| Non-cash items | 249 | 236 |
| Non-operating items | - | 14 |
| Interest expenses | 724 | 590 |
| Interest income | (168) | (718) |
| Dividend income | (23) | (568) |
| Operating profit before working capital changes | 6,081 | 490 |
| Inventories | 3,708 | (338) |
| Timber concession | (9) | - |
| Property development costs | (22,485) | (16,510) |
| Trade and other receivables | 7,669 | (12,334) |
| Trade and other payables | 31,941 | 4,075 |
| Cash generated from / (used in) operations | 26,905 | (24,617) |
| Interest paid | (724) | (799) |
| Tax paid | (1,811) | (1,128) |
| Tax refund | 298 | - |
| Net cash generated from / (used in) operating activities | 24,668 | (26,544) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (232) | (68) |
| Placement of short term investment | (2,800) | (13,000) |
| Proceeds from redemption of other investments | 429 | 33,750 |
| Proceeds from disposal of property, plant and equipment | - | 3 |
| Dividend received | 23 | 570 |
| Interest received | 168 | 718 |
| Net cash (used in) / generated from investing activities | (2,412) | 21,973 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of borrowings | 24,370 | 5,917 |
| Private placement | - | 8,620 |
| Payment of dividends to non-controlling interests | (560) | (1,932) |
| Payment of bank borrowings | (21,798) | (10,339) |
| Payment of hire purchase payable | (120) | (150) |
| Purchase of treasury shares | - | (2) |
| Changes in fixed deposits with licensed bank | (416) | (26) |
| Net cash generated from financing activities | 1,476 | 2,088 |
| NET CHANGES IN CASH AND CASH EQUIVALENTS | 23,732 | (2,483) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 3,580 | 48,238 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 27,312 | 45,755 |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2017)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 2017. 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 2017.

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 2017 except for the adoption of the following FRSs and Amendments to FRSs effective for annual periods beginning on or after 1 January 2017.

Amendments to FRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to FRS 2014-2016 Cycle)

Amendments to FRS 107 Statement of Cash Flows: Disclosure Initiatives

Amendments to FRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

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 Company and certain subsidiaries fall within the definition of Transitioning Entity and have opted to defer adoption of MFRS Framework. 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 material 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

There was no share buy back during the financial period ended 31 December 2017. The total number of shares repurchased as at 31 December 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 period ended 31 December 2017.

7 Segment Reporting

Period ended 31 December 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 | 41,585 | 9,821 | - | 580 | 1,156 | 3,848 | 56,990 |
| Segment results | 1,001 | 3,329 | (94) | 275 | 371 | 973 | 5,855 |
| Interest income | | | | | | | 168 |
| Profit from operations | | | | | | | 6,023 |
| Finance cost | | | | | | | (724) |
| Profit before tax | | | | | | | 5,299 |
| Income tax | | | | | | | (893) |
| Profit for the period | | | | | | | 4,406 |

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) |

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 2017.

9 Material Subsequent Events

(a) On 22 November 2017, Seal Properties Sdn Bhd., a wholly-owned subsidiary had entered into a Sale and Purchase Agreement with Kayangstar Property Sdn. Bhd. to dispose all that vacant development lots which consists of twenty-eight (28) pieces of land held under Geran H.S.(M) 3893, Lot 71826 to Geran H.S.(M) 3920, Lot 71853 all of Mukim 12, Tempat Batu Maung, Daerah Barat Daya, Penang for a total consideration of RM27,000,000.00. On 24 January 2018, the balance of consideration was received marking the completion of the disposal.

(b) On 27 December 2017, Seal City Sdn Bhd., a wholly-owned subsidiary had entered into a Sale and Purchase Agreement to dispose all that piece of vacant land and hereditaments known Lot No. 65140, Bandar Amanjaya, Daerah Kuala Muda, Negeri Kedah and held under HSD 127766 measuring approximately 35.55 hectare to Tristar Bay Sdn. Bhd. for a total consideration of RM30,000,000.00. Announcement was made on the even date.

10 Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 December 2017.

11 Contingent Liabilities and Contingent Assets

There was no contingent liability or contingent asset arising since the last annual financial statements for the financial year ended 30 June 2017.

12 Commitments

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

13 Operating Lease Commitments

| | As at 31 Dec 2017 RM'000 |
|---------------------------------------------------|--------------------------------|
| Not later than one year | 8,972 |
| Later than one year and not later than five years | 12,710 |
| | <u>21,682</u> |

The operating lease commitments are in relation to leasing of Selayang Mall for a term of three 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**

| | Quarter ended 31-Dec-17 RM' 000 | Quarter ended 31-Dec-16 RM' 000 | Financial period ended 31-Dec-17 RM' 000 | Financial period ended 31-Dec-16 RM' 000 |
|--------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Revenue | | | | |
| Property Construction | 18,091 | 11,827 | 41,585 | 22,227 |
| Property Management | 4,812 | 4,969 | 9,821 | 9,947 |
| Property Development | - | (1,086) | 580 | (510) |
| Investment Properties | 566 | 458 | 1,156 | 851 |
| Others | 362 | 309 | 3,848 | 882 |
| | <u>23,831</u> | <u>16,477</u> | <u>56,990</u> | <u>33,397</u> |
| Profit before tax | | | | |
| Property Construction | 425 | 272 | 1,028 | 492 |
| Property Management | 1,529 | 1,310 | 3,227 | 2,398 |
| Timber Related | (48) | (19) | (93) | (60) |
| Property Development | 13 | (140) | 259 | 359 |
| Investment Properties | 26 | (86) | (93) | (76) |
| Others | 1,902 | (1,153) | 971 | (2,177) |
| | <u>3,847</u> | <u>184</u> | <u>5,299</u> | <u>936</u> |

For current quarter under review, the Group recorded a total revenue of RM23.8 million and profit before tax of RM3.8 million compared with the revenue of RM16.5 million and profit before tax of RM0.2 million recorded in the preceding year corresponding quarter.

For the 6 months financial period ended 31 December 2017, the Group recorded a revenue of RM57 million and profit before tax of RM5.3 million, an increase of RM23.6 million revenue and RM4.4 million profit before tax compared to corresponding financial period. The Queensville Project and Selayang Mall are the main contributors in both revenue and profit before tax to the Group's results.

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

| | Current quarter 31-Dec-17 RM' 000 | Immediate preceding quarter 30-Sep-17 RM' 000 |
|-------------------|--------------------------------------------|-----------------------------------------------------------|
| Revenue | 23,831 | 33,159 |
| Profit before tax | <u>3,847</u> | <u>1,452</u> |

Compared to the preceding quarter, there was a reduction in revenue from property construction segment and marketing services by RM9.3 million. However, the profit before tax increased by RM2.4 million mainly resulted from the gain on disposal of properties from a subsidiary which was completed in December 2017.

17 Prospect

The property industry continues to be challenging but may only be for a short term as the overall outlook for Malaysian economy has brightened up somewhat. Therefore, barring any unforeseen circumstances, the Group is confident it will continue to sustain a satisfactory result 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 year to date RM'000 |
|-----------------------|------------------------------|-------------------------------------|
| Malaysian income tax: | | |
| - Current tax expense | 403 | 893 |
| | <u>403</u> | <u>893</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 Group Borrowings and Debts Securities

Total Group borrowings as at 31 December 2017 are as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|------------------------------|-------------------|---------------------|-----------------|
| <u>Long term borrowings</u> | | | |
| Term loans | 23,297 | - | 23,297 |
| <u>Short term borrowings</u> | | | |
| Term loans | 6,140 | 16,077 | 22,217 |
| Overdrafts | 2,091 | - | 2,091 |
| | <u>8,231</u> | <u>16,077</u> | <u>24,308</u> |

22 Material Litigation

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

23 Dividends

No dividend has been proposed for the financial period ended 31 December 2017.

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 RM4,869,635 divided by the weighted average number of ordinary shares in issue as at 31 December 2017 of 237,056,184 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 2017.

25 Disclosure of Realised and Unrealised Profits

| | As at 31 Dec 2017 RM'000 | As at 30 Jun 2017 RM'000 |
|----------------------------------------------------------|--------------------------------|--------------------------------|
| The retained profits of the Company and its subsidiaries | | |
| - Realised | 120,234 | 117,528 |
| - Unrealised | 6,713 | 6,713 |
| | <u>126,947</u> | <u>124,241</u> |
| Add : Consolidation adjustments | (10,675) | (12,839) |
| Total retained profits as per consolidated accounts | <u>116,272</u> | <u>111,402</u> |

26 Profit before taxation

| | Current quarter RM'000 | Financial year to date RM'000 |
|------------------------------------------------------------------|------------------------------|-------------------------------------|
| Profit before taxation is arrived at after crediting/(charging): | | |
| Interest income | 139 | 168 |
| Dividend income | 12 | 23 |
| Interest expenses | (341) | (724) |
| Depreciation | (147) | (245) |
| Bad debts written off | - | (4) |

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

27 Auditors' Report on Preceding Annual Financial Statements

The auditors' report in respect of financial statements for the financial year ended 30 June 2017 was not subject to any qualification.