

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31-03-2018 RM' 000	Preceding Year Corresponding Quarter Ended 31-03-2017 RM' 000	Current Period To Date 31-03-2018 RM' 000	Preceding Year Corresponding Period 31-03-2017 RM' 000
Revenue	52,609	34,238	109,599	67,635
Cost of sales	(41,484)	(26,335)	(88,877)	(54,742)
Gross profit	11,125	7,903	20,722	12,893
Other income	3,955	6,933	8,416	8,602
Operating expenses	(4,186)	(2,727)	(12,221)	(7,863)
Finance cost	(336)	(301)	(1,060)	(891)
Profit before tax	10,558	11,808	15,857	12,741
Income tax	(3,059)	(3,630)	(3,952)	(4,664)
Profit for the period	7,499	8,178	11,905	8,077
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	7,499	8,178	11,905	8,077
Profit attributable to:				
Owners of the parent	7,475	3,595	12,345	3,413
Non-controlling interests	24	4,583	(440)	4,664
	7,499	8,178	11,905	8,077
Total comprehensive income attributable to:				
Owners of the parent	7,475	3,595	12,345	3,413
Non-controlling interests	24	4,583	(440)	4,664
	7,499	8,178	11,905	8,077
Earnings per share (sen)				
- Basic	3.15	1.61	5.21	1.52
- 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 MARCH 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

	(UNAUDITED)	(AUDITED)
	As At	As At
	31-03-2018	30-06-2017
	RM' 000	RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	2,311	2,094
Investment properties	67,610	67,610
Land held for development	94,918	72,575
Timber concessions	11,490	11,897
	176,329	154,176
Current assets		
Property development costs	16,302	36,868
Inventories	11,466	15,009
Trade receivables	75,544	57,071
Other receivables, deposits and prepayments	52,565	77,497
Tax recoverable	2,409	1,379
Available-for-sale financial assets	14,630	811
Fixed deposits with licensed banks	34,992	7,331
Cash and bank balances	11,749	7,871
	219,657	203,837
TOTAL ASSETS	395,986	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	123,542	111,402
	264,359	252,219
Non-controlling interests	5,982	6,777
Total equity	270,341	258,996
Non-current liabilities		
Deferred tax	390	390
Hire purchase payable	569	473
Bank borrowings	23,032	23,839
	23,991	24,702
Current liabilities		
Gross amount due to customer on contract	4,808	3,295
Trade payables	24,871	16,135
Other payables and accruals	27,785	24,105
Hire purchase payable	301	243
Bank borrowings	41,265	29,019
Provision for taxation	2,624	1,518
	101,654	74,315
Total liabilities	125,645	99,017
TOTAL EQUITY AND LIABILITIES	395,986	358,013
Net assets per share attributable to owners of the parent (RM)	1.12	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 MARCH 2018
 (THE FIGURES HAVE NOT BEEN AUDITED)

	← Attributable to owners of the parent →						Non-Controlling Interests	Total Equity
	← Non-distributable			→ Distributable				
9 Months Ended 31 March 2018	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Reserve RM'000	Retained profits RM'000	Total 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)
Acquisition of subsidiary from non-controlling interest	-	-	-	-	(205)	(205)	205	(0)
Total comprehensive income for the period	-	-	-	-	12,345	12,345	(440)	11,905
Balance at 31 March 2018	<u>142,629</u>	<u>-</u>	<u>(2,165)</u>	<u>353</u>	<u>123,542</u>	<u>264,359</u>	<u>5,982</u>	<u>270,341</u>
9 Months Ended 31 March 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	-	-	-	-	-	-	(36,269)	(36,269)
Acquisition of subsidiary from non-controlling interest	-	-	-	-	11,447	11,447	(12,027)	(580)
Total comprehensive income for the period	-	-	-	-	3,413	3,413	4,664	8,077
Balance at 31 March 2017	<u>97,181</u>	<u>45,448</u>	<u>(2,165)</u>	<u>(955)</u>	<u>125,168</u>	<u>264,677</u>	<u>21,625</u>	<u>286,302</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 MARCH 2018
 (THE FIGURES HAVE NOT BEEN AUDITED)

	Current Period To Date 31-03-2018 RM'000	Preceding Year Corresponding Period 31-03-2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,857	12,741
Adjustments for:		
Non-cash items	396	354
Non-operating items	6	14
Interest expenses	1,060	891
Interest income	(3,472)	(1,060)
Dividend income	(97)	(575)
Operating profit before working capital changes	13,750	12,365
Inventories	3,542	15,783
Timber concession	407	(6)
Property development costs	(1,778)	16,604
Trade and other receivables	6,452	(31,691)
Trade and other payables	13,929	9,997
Cash generated from operations	36,302	23,051
Interest paid	(1,060)	(1,144)
Tax paid	(4,174)	(1,974)
Tax refund	298	-
Net cash generated from operating activities	31,366	19,933
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment properties	(0)	(14,894)
Purchase of property, plant and equipment	(262)	(75)
Purchase of shares from non-controlling interests	(0)	(580)
Placement of short term investment	(30,930)	(13,000)
Proceeds from redemption of other investments	17,112	33,745
Proceeds from disposal of property, plant and equipment	-	3
Dividend received	97	575
Interest received	3,472	1,060
Net cash (used in) / generated from investing activities	(10,511)	6,834
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	53,798	9,451
Private placement	-	8,620
Payment of dividends to non-controlling interests	(560)	(36,269)
Payment of bank borrowings	(43,199)	(11,983)
Payment of hire purchase payable	(197)	(226)
Purchase of treasury shares	-	(1)
Changes in fixed deposits with licensed bank	(336)	(52)
Net cash generated from / (used in) financing activities	9,506	(30,460)
NET CHANGES IN CASH AND CASH EQUIVALENTS	30,361	(3,693)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	3,580	48,238
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	33,941	44,545

(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 MARCH 2018

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 March 2018. The total number of shares repurchased as at 31 March 2018 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 March 2018.

7 Segment Reporting

Period ended 31 March 2018

	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	59,816	14,612	1,756	27,580	1,696	4,139	109,599
Segment results	2,819	4,973	263	8,515	175	(3,300)	13,445
Interest income							3,472
Profit from operations							16,917
Finance cost							(1,060)
Profit before tax							15,857
Income tax							(3,952)
Profit for the period							11,905

Period ended 31 March 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	35,978	14,970	-	14,256	1,310	1,121	67,635
Segment results	725	3,748	(107)	4,856	6,975	(3,625)	12,572
Interest income							1,060
Profit from operations							13,632
Finance cost							(891)
Profit before tax							12,741
Income tax							(4,664)
Loss for the period							8,077

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

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

10 Changes in the Composition of the Group

Acquisition

Pursuant to Settlement Agreement dated 16 December 2016, Seal Properties Sdn Bhd ("SPSB"), a wholly-owned subsidiary of the Company, has acquired 40% equity interest, which comprising 40 ordinary shares in the capital of Seal Concepts Sdn Bhd and 40 ordinary shares in the capital of Seal Mall Sdn Bhd, for a total consideration of RM80.

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 March 2018 RM'000
Not later than one year	8,972
Later than one year and not later than five years	10,467
	<u>19,439</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-Mar-18 RM' 000	Quarter ended 31-Mar-17 RM' 000	Financial period ended 31-Mar-18 RM' 000	Financial period ended 31-Mar-17 RM' 000
Revenue				
Property Construction	18,231	13,751	59,816	35,978
Property Management	4,791	5,023	14,612	14,970
Timber Related	1,756	-	1,756	-
Property Development	27,000	14,766	27,580	14,256
Investment Properties	540	459	1,696	1,310
Others	291	239	4,139	1,121
	<u>52,609</u>	<u>34,238</u>	<u>109,599</u>	<u>67,635</u>
Profit before tax				
Property Construction	4,490	248	5,518	740
Property Management	1,593	1,368	4,820	3,766
Timber Related	356	(47)	263	(107)
Property Development	8,711	5,121	8,970	5,480
Investment Properties	(319)	6,369	(412)	6,293
Others	(4,273)	(1,251)	(3,302)	(3,431)
	<u>10,558</u>	<u>11,808</u>	<u>15,857</u>	<u>12,741</u>

For the current quarter under review, the Group recorded a total revenue of RM52.61 million and profit before tax of RM10.56 million compared with the revenue of RM34.24 million and profit before tax of RM11.81 million recorded in the preceding year corresponding quarter.

For the 9 months financial period ended 31 March 2018, the Group recorded a revenue of RM109.60 million and profit before tax of RM15.86 million, an increase of RM41.96 million revenue and RM3.12 million profit before tax compared to preceding year corresponding financial period. The main contributor to the increase was from Queensville Project that has recorded an increase about RM23.8 million revenue and RM4.78 million profit in the property constructions segment.

During the current quarter, Seal Properties Sdn Bhd, a wholly-owned subsidiary of the Group has disposed a development land at the consideration of RM27 million which has generated approximately RM4.5 million profit to the property development segment. In the same quarter, the timber activities has been carried out and generated about RM1.76 million revenue and RM0.3 million profit to the Group.

In the other hand, there was a decrease in profit before tax of RM6.7 million for investment properties segment as a fair value gain of RM6.3 million on investment properties that has been recognised in the preceding year corresponding quarter. Despite this decrease, all other segments of the Group have recorded satisfactory results for the financial period ended 31 March 2018.

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

	Current quarter 31-Mar-18 RM' 000	Immediate preceding quarter 31-Dec-17 RM' 000
Revenue	52,609	23,831
Profit before tax	<u>10,558</u>	<u>3,847</u>

Apart from the gain on disposal of development land and increase in timber activities as mentioned in Note 15 above, there were no other material changes in current quarter as compared with the preceding quarter.

17 Prospect

The Malaysian property industry continues to be challenging in view of the soft property market, exacerbated by the stringent lending requirements by the financial institutions and the rising supply from property developers, nevertheless the Group will continue to focus on delivering the Queensville Project, Phase 1 as scheduled and is expected to be completed by next financial year under property constructions segment. Continued efforts will also be focused on timber related segment and is expected to have more compartments to be extracted in the coming quarters. Therefore, barring any unforeseen circumstances, the Group is confident it will continue to deliver 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	2,686	3,579
- Under provision in prior year	373	373
	<u>3,059</u>	<u>3,952</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 March 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings</u>			
Term loans	<u>23,032</u>	-	<u>23,032</u>
<u>Short term borrowings</u>			
Term loans	11,137	19,371	30,508
Overdrafts	<u>10,757</u>	-	<u>10,757</u>
	<u>21,894</u>	<u>19,371</u>	<u>41,265</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 March 2018.

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 RM12,344,877 divided by the weighted average number of ordinary shares in issue as at 31 March 2018 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 March 2018.

25 Profit before taxation

	Current quarter RM'000	Financial year to date RM'000
Profit before taxation is arrived at after crediting/(charging):		
Interest income	3,304	3,472
Dividend income	74	97
Interest expenses	(336)	(1,060)
Depreciation	(145)	(390)
Bad debts written off	(2)	(6)
Fixed assets written off	<u>(6)</u>	<u>(6)</u>

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

26 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.