

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

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/12/2018 RM' 000	Preceding Year Corresponding Quarter Ended 31/12/2017 RM' 000	Current Year To Date 31/12/2018 RM' 000	Preceding Year Corresponding Period 31/12/2017 RM' 000
Revenue	23,117	23,831	54,266	56,990
Cost of sales	(20,437)	(20,887)	(45,943)	(47,393)
Gross profit	2,680	2,944	8,323	9,597
Other income	925	4,263	20,010	4,461
Operating expenses	(2,179)	(3,019)	(8,025)	(8,035)
Finance cost	(329)	(341)	(660)	(724)
Profit before tax	1,097	3,847	19,648	5,299
Income tax	(308)	(403)	(5,442)	(893)
Profit for the period	789	3,444	14,206	4,406
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	789	3,444	14,206	4,406
Profit / (Loss) attributable to:				
Owners of the parent	761	3,676	14,174	4,870
Non-controlling interests	28	(232)	32	(464)
	789	3,444	14,206	4,406
Total comprehensive income / (loss) attributable to:				
Owners of the parent	761	3,676	14,174	4,870
Non-controlling interests	28	(232)	32	(464)
	789	3,444	14,206	4,406
Earnings per share (sen)				
- Basic	5.98	1.55	5.98	2.05
- Diluted	-	-	-	-

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	(UNAUDITED) As At 31/12/2018 RM' 000	RESTATED As At 30/06/2018 RM' 000	RESTATED As At 01/07/2017 RM' 000
ASSETS			
Non-current assets			
Property, plant and equipment	1,888	2,172	2,094
Investment properties	56,133	54,768	67,610
Inventories	94,971	94,957	72,575
Timber concessions	10,800	11,314	11,897
	163,792	163,211	154,176
Current assets			
Property development costs	16,740	16,682	36,868
Inventories	11,300	11,366	15,009
Trade receivables	78,807	69,987	57,071
Other receivables, deposits and prepayments	65,198	63,793	77,497
Tax recoverable	9,314	4,316	1,379
Other investments	30,683	21,444	811
Fixed deposits with licensed banks	25,292	24,368	7,330
Cash and bank balances	7,858	8,251	7,871
	245,192	220,207	203,836
Assets classified as held for sale (Note 1)	-	14,065	-
	245,192	234,272	203,836
TOTAL ASSETS	408,984	397,483	358,012
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	142,630	142,630	142,630
Treasury shares	(2,166)	(2,166)	(2,166)
Reserves	353	353	353
Retained profits	140,225	126,051	111,403
	281,042	266,868	252,220
Non-controlling interests	5,918	5,886	6,776
Total equity	286,960	272,754	258,996
Non-current liabilities			
Deferred tax	483	483	390
Hire purchase payable	403	514	473
Bank borrowings	22,159	22,750	23,839
	23,045	23,747	24,702
Current liabilities			
Contract liabilities	6,731	6,035	3,295
Trade payables	23,870	28,041	16,134
Other payables and accruals	24,097	30,213	24,104
Hire purchase payable	230	277	244
Bank borrowings	34,928	35,442	29,019
Provision for taxation	9,123	974	1,518
	98,979	100,982	74,314
Total liabilities	122,024	124,729	99,016
TOTAL EQUITY AND LIABILITIES	408,984	397,483	358,012
	-	-	-
Net assets per share attributable to owners of the parent (RM)	1.19	1.13	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 2018)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
(THE FIGURES HAVE NOT BEEN AUDITED)

	(UNAUDITED)	(AUDITED)	(AUDITED)
	As At	As At	As At
	31/12/2018	30/06/2018	01/07/2017
	RM' 000	RM' 000	RM' 000
Note 1 :			
Assets classified as held for sale			
Investment properties	-	14,065	-

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018)

SEAL INCORPORATED BERHAD (4887-M)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
 (THE FIGURES HAVE NOT BEEN AUDITED)

	Current Year To Date 31/12/2018 RM'000	Preceding Year Corresponding Period 31/12/2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,648	5,299
Adjustments for:		
Non-cash items	294	249
Non-operating items	(13,349)	-
Interest expenses	660	724
Interest income	(2,372)	(168)
Dividend income	(564)	(23)
Operating profit before working capital changes	<u>4,317</u>	<u>6,081</u>
Inventories	52	3,708
Timber concession	514	(9)
Property development costs	(58)	(22,485)
Contract liabilities	696	-
Trade and other receivables	(10,225)	7,669
Trade and other payables	<u>(10,287)</u>	<u>31,941</u>
Cash (used in) / generated from operations	<u>(14,991)</u>	<u>26,905</u>
Interest paid	(660)	(724)
Tax paid	(2,302)	(1,811)
Tax refund	<u>10</u>	<u>298</u>
Net cash (used in) / generated from operating activities	<u>(17,943)</u>	<u>24,668</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment properties	(3,946)	-
Purchase of property, plant and equipment	(13)	(232)
Placement of short term investment	(84,550)	(2,800)
Proceeds from disposal of assets held for sale	30,000	-
Proceeds from redemption of other investments	75,310	429
Dividend received	564	23
Interest received	<u>2,372</u>	<u>168</u>
Net cash generated from / (used in) investing activities	<u>19,737</u>	<u>(2,412)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	56,863	24,370
Payment of dividends to non-controlling interests	-	(560)
Payment of bank borrowings	(50,991)	(21,798)
Payment of hire purchase payable	(158)	(120)
Changes in fixed deposits with licensed bank	<u>(563)</u>	<u>(416)</u>
Net cash generated from financing activities	<u>5,151</u>	<u>1,476</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	6,945	23,732
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>19,748</u>	<u>3,580</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>26,693</u>	<u>27,312</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018)

SEAL INCORPORATED BERHAD (4887-M)
Interim Financial Report For The Period Ended 31 December 2018

(The figures have not been audited)

Explanatory Notes pursuant to Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting

1 Basis of Preparation and Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting, Interim Financial Reporting*, provision of the Companies Act 2016 in Malaysia 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 2018. The explanatory notes attached to the interim financial report 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 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended June 2018 except for the adoption of the following new/revised MFRSs and amendments of MFRSs:

Title	Effective Date
MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 1 Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Shared-based Payment Transaction	1 January 2018
Amendments to MFRS 4 Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140 Transfer to Investment Property	1 January 2018
Amendments to MFRS 128 Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation ("IC Int") 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The following are the MFRSs, amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective and have not applied by the Group:

Title	Effective Date
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle:	
(i) Amendments to MFRS 3 Business Combinations	1 January 2019
(ii) Amendments to MFRS 11 Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112 Income Taxes	1 January 2019
(iv) Amendments to MFRS 123 Borrowing Costs	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Share-based Payments	1 January 2020
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts.	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the abovementioned MFRSs, amendments to MFRSs and IC Interpretations did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance and position of the Group except as mentioned below:

i. MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139: Financial instruments: Recognition and Measurement on the classification and measurement of financial asset and financial liabilities and on hedge accounting. MFRS 9 is effective for annual reporting period beginning on or after 1 January 2018.

Restrospective application is required but restatement of comparative information is not compulsory. The Group has applied this standard for financial year beginning on 1 July 2018 where no restatement of comparative was made.

In respect of impairment of financial assets, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments measured at fair value through other comprehensive income, but not to investment in equity instruments.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any material impact on the financial performance or position of the Group.

ii. MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers of which it will supersede current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it become effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services when a performance obligation is satisfied.

The initial application of MFRS 15 does not have any significant impact on the financial statements of the Group.

iii. Financial Impact

The financial impact from the initial application of MFRS 9, and 15 are as follows:-

Condensed Consolidated Statement of Financial Position

	(Audited) As previously stated RM' 000	Effect of adoption MFRS 9 RM' 000	Reclassification MFRS 15 RM' 000	Effect of adoption MFRS 15 RM' 000	As restated RM' 000
As at 30 June 2018					
Non-current Assets					
Land held for development	94,957	-	(94,957)	-	-
Inventories	-	-	94,957	-	94,957
Current Liabilities					
Gross amount due to customer on contract	6,035	-	(6,035)	-	-
Contract liabilities	-	-	6,035	-	6,035
As at 1 July 2017					
Non-current Assets					
Land held for development	72,575	-	(72,575)	-	-
Inventories	-	-	72,575	-	72,575
Current Liabilities					
Gross amount due to customer on contract	3,295	-	(3,295)	-	-
Contract liabilities	-	-	3,295	-	3,295

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

7 Segment Reporting

Period ended 31 December 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	39,326	9,305	3,777	-	1,270	588	54,266
Segment results	1,569	2,670	1,890	294	13,923	(2,409)	17,937
Interest income							2,372
Profit from operations							20,309
Finance cost							(660)
Profit before tax							19,648
Income tax							(5,442)
Profit for the period							14,206

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

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 31 December 2018.

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 changes in the composition of the Group for the financial period ended 31 December 2018.

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 2018.

12 Commitments

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

13 Operating Lease Commitments

	As at 31 December 2018 RM'000
Not later than one year	8,972
Later than one year and not later than five years	3,738
	<u>12,710</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-18 RM' 000	Quarter ended 31-Dec-17 RM' 000	Financial period ended 31-Dec-18 RM' 000	Financial period ended 31-Dec-17 RM' 000
Revenue				
Property Construction	17,498	18,091	39,326	41,585
Property Management	4,697	4,812	9,305	9,821
Timber Related	1	-	3,777	-
Property Development	-	-	-	580
Investment Properties	657	566	1,270	1,156
Others	264	362	588	3,848
	<u>23,117</u>	<u>23,831</u>	<u>54,266</u>	<u>56,990</u>
(Loss) / Profit before tax				
Property Construction	542	425	3,458	1,028
Property Management	1,370	1,529	2,567	3,227
Timber Related	(59)	(48)	1,893	(93)
Property Development	329	13	615	259
Investment Properties	166	26	13,520	(93)
Others	(1,251)	1,902	(2,405)	971
	<u>1,097</u>	<u>3,847</u>	<u>19,648</u>	<u>5,299</u>

For the current quarter under review, the Group recorded a total revenue of RM23.1 million and profit before tax of RM1.1 million compared with the revenue of RM23.8 million and profit before tax of RM3.8 million recorded in the preceding year corresponding quarter.

For the 6 months financial period ended 31 December 2018, the Group recorded a revenue of RM54.3 million and profit before tax of RM19.6 million, a decrease of RM2.7 million revenue and increase of RM14.3 million profit before tax compared to preceding year corresponding financial period. The Queensville Project and Selayang Mall are the main contributor in both revenue and profit before taxation with an increase of RM14.3 million mainly resulted from the gain on disposal of a development land from a subsidiary company which was completed in July 2018.

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

	Current quarter 31-Dec-18 RM' 000	Immediate preceding quarter 30-Sep-18 RM' 000
Revenue	23,117	31,149
Profit before tax	<u>1,097</u>	<u>18,551</u>

Compared to the preceeding quarter, there was a reduction in revenue from property construction segment and timber related segment by RM8.0 million. The profit before taxation of RM1.1 million was lower than the preceeding quarter of RM18.6 million mainly due to the gain on disposal of investment properties of RM13.3 million recorded in the preceeding quarter.

17 Prospect

The Malaysian government has taken several steps to curtail the problems with the oversupply of real estate, however the property market conditions remain challenging. The Group will continue to focus on delivering the Queensville Project, Phase 1 under property constructions segment and carry on timber related segment. Therefore, barring any unforeseen circumstances, the Group is cautiously optimistic in the results of the 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	308	5,362
- Under provision in prior year	-	80
- Deferred tax expense	-	-
	<u>308</u>	<u>5,442</u>

The effective tax rate for the current quarter was higher than the statutory income tax rate in Malaysia mainly due to certain non-tax-deductible expenses and provisions of 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 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings</u>			
Term loans	<u>22,159</u>	-	<u>22,159</u>
<u>Short term borrowings</u>			
Term loans	11,161	21,113	32,274
Overdrafts	2,654	-	2,654
	<u>13,815</u>	<u>21,113</u>	<u>34,928</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 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 RM13,412,722 divided by the weighted average number of ordinary shares in issue as at 31 December 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 December 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	266	2,372
Dividend income	317	564
Gain on disposal of investment properties	-	13,354
Interest expenses	(329)	(660)
Depreciation	(146)	(292)
Stock written off	(1)	(2)

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 2018 was not subject to any qualification.