

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31-12-2019 RM'000	Preceding Year Corresponding Quarter Ended 31-12-2018 RM'000	Current Year To Date 31-12-2019 RM'000	Preceding Year Corresponding Period 31-12-2018 RM'000
<b>Revenue</b>	10,953	23,117	21,233	54,266
Cost of sales	(7,379)	(20,437)	(11,462)	(45,943)
<b>Gross profit</b>	3,574	2,680	9,771	8,323
Other income	2,153	925	5,207	20,010
Operating expenses	(2,933)	(2,179)	(8,002)	(8,025)
Finance cost	(1,952)	(329)	(2,608)	(660)
<b>Profit before tax</b>	842	1,097	4,368	19,648
Income tax	(668)	(308)	(2,009)	(5,442)
<b>Profit for the period</b>	174	789	2,359	14,206
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	174	789	2,359	14,206
<b>Profit / (Loss) attributable to:</b>				
Owners of the parent	155	761	2,321	14,174
Non-controlling interests	19	28	38	32
	174	789	2,359	14,206
<b>Total comprehensive income / (loss) attributable to:</b>				
Owners of the parent	155	761	2,321	14,174
Non-controlling interests	19	28	38	32
	174	789	2,359	14,206
<b>Earnings per share (sen)</b>				
- Basic	0.98	5.98	0.98	5.98
- Diluted	-	-	-	-

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Financial Statements for the year ended 30 June 2019)

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

(THE FIGURES HAVE NOT BEEN AUDITED)

	(UNAUDITED)	
	As At 31-12-2019 RM'000	As At 30-06-2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,460	1,684
Right of use assets	49,627	-
Investment properties	99,809	80,270
Inventories	95,031	95,017
Timber concessions	10,800	10,799
	<u>256,727</u>	<u>187,770</u>
<b>Current assets</b>		
Contract assets	2,935	1,985
Inventories	30,225	28,461
Trade receivables	68,206	88,706
Other receivables, deposits and prepayments	85,575	74,299
Tax recoverable	7,415	605
Other investments	7,820	18,506
Fixed deposits with licensed banks	22,246	20,999
Cash and bank balances	12,607	8,155
	<u>237,029</u>	<u>241,716</u>
<b>TOTAL ASSETS</b>	<u>493,756</u>	<u>429,486</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	142,630	142,630
Treasury shares	(2,166)	(2,166)
Reserves	353	353
Retained profits	148,174	145,853
	<u>288,991</u>	<u>286,670</u>
<b>Non-controlling interests</b>	5,965	5,927
<b>Total equity</b>	<u>294,956</u>	<u>292,597</u>
<b>Non-current liabilities</b>		
Deferred tax	511	511
Lease liabilities	43,419	-
Hire purchase payable	269	374
Bank borrowings	47,578	44,724
	<u>91,777</u>	<u>45,609</u>
<b>Current liabilities</b>		
Trade payables	20,662	21,189
Other payables and accruals	29,870	30,061
Hire purchase payable	226	249
Bank borrowings	42,874	39,110
Lease liabilities	6,762	-
Provision for taxation	6,629	671
	<u>107,023</u>	<u>91,280</u>
<b>Total liabilities</b>	<u>198,800</u>	<u>136,889</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>493,756</u>	<u>429,486</u>
	-	-
<b>Net assets per share attributable to owners of the parent (RM)</b>	1.22	1.21

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019)

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**  
 (THE FIGURES HAVE NOT BEEN AUDITED)

	←——— Attributable to owners of the parent ———→						Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Reserve RM'000	Retained profits RM'000	Total RM'000		
<b>6 Months Ended 31 December 2019</b>								
Balance at 1 July 2019	142,630	-	(2,166)	353	145,853	286,670	5,927	292,597
Payment of dividends to non-controlling interests	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,321	2,321	38	2,359
Balance at 31 December 2019	<u>142,630</u>	<u>-</u>	<u>(2,166)</u>	<u>353</u>	<u>148,174</u>	<u>288,991</u>	<u>5,965</u>	<u>294,956</u>
<b>6 Months Ended 31 December 2018</b>								
Balance at 1 July 2018	142,630	-	(2,166)	353	126,051	266,868	5,886	272,754
Payment of dividends to non-controlling interests	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	14,174	14,174	32	14,206
Balance at 31 December 2019	<u>142,630</u>	<u>-</u>	<u>(2,166)</u>	<u>353</u>	<u>140,225</u>	<u>281,042</u>	<u>5,918</u>	<u>286,960</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 2019)

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

(THE FIGURES HAVE NOT BEEN AUDITED)

	<b>Current Year To Date 31-12-2019 RM'000</b>	<b>Preceding Year Corresponding Period 31-12-2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,368	19,648
Adjustments for:		
Non-cash items	4,048	294
Non-operating items	1	(13,349)
Interest expenses	2,608	660
Interest income	(4,245)	(2,372)
Dividend income	(352)	(564)
Operating profit before working capital changes	6,428	4,317
Inventories	(1,778)	52
Timber concession	(1)	514
Contract liabilities	-	696
Contract assets	(950)	(58)
Trade and other receivables	9,224	(10,225)
Trade and other payables	(718)	(10,287)
Cash generated from / (used in) operations	12,205	(14,991)
Interest paid	(2,608)	(660)
Tax paid	(2,868)	(2,302)
Tax refund	6	10
<b>Net cash generated from / (used in) operating activities</b>	6,735	(17,943)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment properties	(19,539)	(3,946)
Purchase of property, plant and equipment	(7)	(13)
Placement of short term investment	(22,369)	(84,550)
Proceeds from disposal of assets held for sale	-	30,000
Proceeds from redemption of other investments	33,056	75,310
Dividend received	352	564
Interest received	4,245	2,372
<b>Net cash (used in) / generated from investing activities</b>	(4,262)	19,737
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	41,414	56,863
Payment of bank borrowings	(35,910)	(50,991)
Payment of hire purchase payable	(128)	(158)
Repayment of lease liabilities	(3,264)	-
Changes in fixed deposits with licensed bank	(893)	(563)
<b>Net cash (used in) / generated from financing activities</b>	1,219	5,151
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	3,692	6,945
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	15,407	19,748
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	19,099	26,693

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019)

**SEAL INCORPORATED BERHAD (4887-M)**  
**Interim Financial Report For The Period Ended 31 December 2019**

(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*, 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 2019. 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 2019.

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 2019 except for the adoption of the following:

<b>Title</b>	<b>Effective Date</b>
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

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:

<b>Title</b>	<b>Effective Date</b>
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:

**MFRS 16 Leases**

MFRS 16 was issued in January 2016 and it replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

## 1 Basis of Preparation and Accounting Policies (continued)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group and the Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group and the Company have leases of certain machinery that are considered of low value.

For lease contracts which lease terms ends more than 12 months as of the date of initial application, the Group and the Company have performed a detailed impact assessment of MFRS 16. In summary, the impact of MFRS 16 adoption is expected to be as follows:

Impacts on the Group's statement of financial position as at 1 July 2019:

	Audited 01-07-2019	Effect of adoption After adoption of MFRS16 of MFRS16	
<b>Statement of financial position</b>			
<b>ASSET</b>			
Right of use assets	-	53,445	53,445
<b>NON-CURRENT LIABILITIES</b>			
Lease Liabilities	-	46,839	46,839
<b>CURRENT LIABILITIES</b>			
Lease Liabilities	-	6,606	6,606

## 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 2019. The total number of shares repurchased as at 30 June 2019 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 2019.

## 7 Segment Reporting

Period ended 31 December 2019

	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	5,672	9,038	-	-	1,350	5,173	21,233
Segment results	294	3,063	(114)	283	274	(1,069)	2,731
Interest income							4,245
Profit from operations							6,976
Finance cost							(2,608)
Profit before tax							4,368
Income tax							(2,009)
Profit for the year							2,359

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	(2,410)	17,936
Interest income							2,372
Profit from operations							20,308
Finance cost							(660)
Profit before tax							19,648
Income tax							(5,442)
Profit for the year							14,206

## 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 2019.

## 9 Material Subsequent Events

There were no material events 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 2019.

## 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 2019.

## 12 Commitments

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

## 13 Lease Liabilities

	As at 31-Dec-19 RM'000
Current Liabilities	6,762
Non Current Liabilities	43,419
	<u>50,181</u>

The lease liabilities are in relation to a lease of Selayang Mall for lease term of 9 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 31-12-2019 RM'000	Quarter ended 31-12-2018 RM'000	Financial period ended 31-12-2019 RM'000	Financial period ended 31-12-2018 RM'000
<b>Revenue</b>				
Property Construction	4,994	17,498	5,672	39,326
Property Management	4,470	4,697	9,038	9,305
Timber Related	-	1	-	3,777
Property Development	-	-	-	-
Investment Properties	691	657	1,350	1,270
Others	798	264	5,173	588
	<u>10,953</u>	<u>23,117</u>	<u>21,233</u>	<u>54,266</u>
<b>Profit before tax</b>				
Property Construction	1,852	542	4,219	3,458
Property Management	582	1,370	1,824	2,567
Timber Related	-	(59)	(114)	1,893
Property Development	(257)	329	(327)	615
Investment Properties	(180)	166	(166)	13,520
Others	(1,155)	(1,251)	(1,068)	(2,405)
	<u>842</u>	<u>1,097</u>	<u>4,368</u>	<u>19,648</u>

For the current quarter under review, the Group recorded a total revenue of RM10.9 million and profit before tax of RM0.8 million compared with the revenue of RM23.1 million and profit before tax of RM1.1 million recorded in the preceding year corresponding quarter. The main contributor to the decrease was from Queensville Project that has recorded a decrease about RM12.5 million in revenue which is caused by lower sales recognition under property construction segment from Queensville Phase 1 and profit before taxation reduced by RM 0.8 million which was caused by property management segment pursuant to the adoption of MFRS 16 Leases which effective from 1 July 2019.

For the 6 months financial period ended 31 December 2019, the Group recorded a revenue of RM21.23 million and profit before tax of RM4.4 million, a decrease of RM33.6 million in revenue and decrease of RM15.2 million in profit before tax compared to preceding year corresponding financial period. The main contributor to the decrease was from Queensville Project that has recorded a decrease about RM33.6 million in revenue and a decrease of RM13.7 million profit in the investment properties segment mainly derived from the gain on disposal of 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-19 RM'000	Immediate preceding quarter 30-Sep-19 RM'000
Revenue	10,953	10,280
Profit before tax	842	3,526

Compared to the preceeding quarter, there was a decrease in profit before taxation of RM2.7 million mainly caused by marketing services segment and pursuant to the adoption of MFRS16 Leases under property management segment.

## 17 Prospect

In view of the current property market that has remained challenging owing to the cautious sentiments and overall sluggish economy activities, the Group will continue to focus on delivering the Queensville Project under the property constructions segment. Therefore, barring any unforeseen circumstances the Group is cautiously optimistic in the results of the current financial

## 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	668	2,009

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 2019 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings</u>			
Term loans	62,023	-	62,023
<u>Short term borrowings</u>			
Term loans	1,616	-	1,616
Commodity financing	12,978	-	12,978
Factoring	-	3,192	3,192
Overdrafts	10,643	-	10,643
	25,237	3,192	28,429



## 22 Material Litigation

Other than stated below, there were no changes in material litigation since the last annual balance sheet date:

On 16 December 2019, the Company's wholly-owned subsidiary, Seal Properties (KL) Sdn Bhd have filed a Writ and Statement of Claim against Wabina Constructions & Engineering Sdn Bhd (formerly known as Wabina Construction & Engineering Sdn Bhd) vide Suit No. PA-22NCVC-251-12/2019 to the High Court of Malaya at Penang.

The case management has been fixed on 26 March 2020.

## 23 Dividends

No dividend has been proposed for the financial period ended 31 December 2019.

## 24 Earnings Per Share

### Basic Earnings per Share

The calculation of the basic earnings per share is based on the profit attributable to the owners of the parent of RM2,165,556 divided by the weighted average number of ordinary shares issued as at 31 December 2019 of 237,056,184 shares after deducting the treasury share 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 2019.

## 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	1,682	4,245
Dividend income	151	352
Interest expenses	(1,952)	(2,608)
Depreciation	(117)	(230)
Fixed assets written off	-	(1)
	<hr/>	<hr/>

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 2019 was not subject to any qualification.