

SEAL INCORPORATED BERHAD [196201000416 (4887-M)]
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/03/2024 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2023 RM'000	Current Year To Date 31/03/2024 RM'000	Preceding Year Corresponding Period 31/03/2023 RM'000
Revenue	5,453	1,611	11,024	11,624
Cost of sales	(3,582)	(446)	(5,476)	(6,398)
Gross profit	1,871	1,165	5,548	5,226
Other income	1,055	1,018	3,119	2,984
Operating expenses	(4,208)	(2,666)	(9,778)	(6,465)
Finance cost	(887)	(1,322)	(2,724)	(2,927)
Loss before tax	(2,169)	(1,805)	(3,835)	(1,182)
Tax expense	(528)	(315)	(1,276)	(1,151)
Loss for the period	(2,697)	(2,120)	(5,111)	(2,333)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	(2,697)	(2,120)	(5,111)	(2,333)
Loss attributable to:				
Owners of the parent	(2,578)	(2,030)	(4,953)	(2,201)
Non-controlling interests	(119)	(90)	(158)	(132)
	(2,697)	(2,120)	(5,111)	(2,333)
Total comprehensive loss attributable to:				
Owners of the parent	(2,578)	(2,030)	(4,953)	(2,201)
Non-controlling interests	(119)	(90)	(158)	(132)
	(2,697)	(2,120)	(5,111)	(2,333)
Loss per share (sen)				
- Basic	(0.62)	(0.70)	(0.82)	(0.77)
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.)

SEAL INCORPORATED BERHAD [196201000416 (4887-M)]
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

(THE FIGURES HAVE NOT BEEN AUDITED)

	(UNAUDITED)	(AUDITED)
	As At	As At
	31/03/2024	30/06/2023
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,628	1,882
Investment properties	167,350	167,460
Inventories	110,038	112,042
Timber concessions	6,067	6,067
	<u>286,083</u>	<u>287,451</u>
Current assets		
Contract assets	397	693
Contract costs	1,286	1,286
Inventories	48,810	27,720
Trade receivables	4,100	1,491
Other receivables, deposits and prepayments	102,804	117,296
Current tax assets	2,820	2,678
Other investments	336	9,997
Fixed deposits with licensed banks	17,696	22,517
Cash and bank balances	14,336	14,053
	<u>192,585</u>	<u>197,731</u>
TOTAL ASSETS	478,668	485,182
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	191,697	163,502
Treasury shares	(163)	(163)
Reserves	353	353
Retained profits	163,087	168,040
	<u>354,974</u>	<u>331,732</u>
Non-controlling interests	2,458	4,416
Total equity	357,432	336,148
Non-current liabilities		
Deferred tax liabilities	3,042	3,041
Finance lease liabilities	849	587
Bank borrowings	51,038	54,773
	<u>54,929</u>	<u>58,401</u>
Current liabilities		
Trade payables	9,405	8,120
Other payables and accruals	43,149	68,675
Finance lease liabilities	184	149
Bank borrowings	13,362	12,837
Current tax liabilities	207	852
	<u>66,307</u>	<u>90,633</u>
Total liabilities	<u>121,236</u>	<u>149,034</u>
TOTAL EQUITY AND LIABILITIES	478,668	485,182
Net assets per share attributable to owners of the parent (RM)		
	0.845	1.047

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.)

SEAL INCORPORATED BERHAD [196201000416 (4887-M)]
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

(THE FIGURES HAVE NOT BEEN AUDITED)

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 ← Non-distributable Distributable

	Share Capital RM'000	Treasury Shares RM'000	Reserves RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
9-Month Period Ended 31 March 2024							
Balance at 1 July 2023	163,502	(163)	353	168,040	331,732	4,416	336,148
Private placement	16,195	-	-	-	16,195	-	16,195
Issuance of shares	12,000	-	-	-	12,000	-	12,000
Dividend paid to non-controlling interests	-	-	-	-	-	(1,800)	(1,800)
Total comprehensive loss for the period	-	-	-	(4,953)	(4,953)	(158)	(5,111)
Balance at 31 March 2024	191,697	(163)	353	163,087	354,974	2,458	357,432
9-Month Period Ended 31 March 2023							
Balance at 1 July 2022	156,424	(2,166)	353	155,861	310,472	4,196	314,668
Private placement	7,078	-	-	-	7,078	-	7,078
Non-controlling interest accumulated profit	-	-	-	-	-	396	396
Total comprehensive loss for the period	-	-	-	(2,201)	(2,201)	(132)	(2,333)
Balance at 31 March 2023	163,502	(2,166)	353	153,660	315,349	4,460	319,809

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.)

SEAL INCORPORATED BERHAD [196201000416 (4887-M)]
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Year To Date 31/03/2024 RM'000	Preceding Year Corresponding Period 31/03/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(3,835)	(1,182)
Adjustments for:		
Non-cash items	378	588
Non-operating items	(274)	(6)
Interest expense	2,724	2,927
Interest income	(2,628)	(2,620)
Dividend income	(26)	(7)
Operating (loss)/profit before working capital changes	(3,661)	(300)
Inventories	(19,086)	4,782
Contract assets	296	5,376
Contract costs	-	(2,404)
Receivables	11,883	(9,628)
Payables	(24,241)	23,897
Cash (used in)/generated from operations	(34,809)	21,723
Interest paid	(2,724)	(2,889)
Interest received	2,156	2,284
Tax paid	(2,159)	(935)
Tax refunded	96	-
Net cash (used in)/generated from operating activities	(37,440)	20,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(692)	(461)
Net cash effect on acquisition of subsidiaries	-	(17,025)
Placement of other investments	(8,100)	(15,229)
Proceeds from redemption of other investments	17,985	27,620
Proceeds from disposal of property, plant and equipment	174	7
Proceeds from disposal of investment properties	128	-
Dividend received	26	7
Interest received	163	264
Net cash generated from/(used in) investing activities	9,684	(4,817)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	-	7,078
Private placement proceeds	16,195	-
Issuance of shares	12,000	-
Payment of dividend to non-controlling interests	(1,800)	-
Repayment of bank borrowings	(3,708)	(6,701)
Repayment of finance lease liabilities	(123)	(18)
Placement of deposits pledged with licensed bank	-	(9,675)
Withdrawal/(Placement) of deposits with licensed bank	-	578
Changes in interest - fixed deposits pledged with licensed banks	(309)	72
Interest received	309	-
Net cash generated from/(used in) financing activities	22,564	(8,666)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,192)	6,700
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	15,072	9,901
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,880	16,601

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2023 and the accompanying explanatory notes attached to this interim financial report.)

Part A: Explanatory Notes pursuant to Malaysian Financial Reporting Standard ("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*, the provisions of the Companies Act 2016 in Malaysia and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2023. 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 2023.

The accounting policies and methods of computation adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2023 except for the adoption of the following:

	<u>Effective Date</u>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of the above MFRSs, amendments to MFRSs and IC Interpretations did not have any significant effect on the financial statements of the Group.

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

	<u>Effective Date</u>
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 7 Financial Instruments: Disclosures and MFRS 107 Statement of Cash Flows - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application of the above MFRSs, amendments to MFRSs and IC Interpretations is not expected to result in any significant effect on the financial statements of the Group.

2. Seasonality or Cyclicity of Operations

The business operations of the Group were not significantly affected by any seasonal or cyclical factors during the current interim period.

3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current interim period.

4. Material Changes in Estimates

There were no changes in estimates of the amounts reported that have a material effect on the financial results of the Group for the current interim period.

5. Issues, Repurchases and Repayments of Debt and Equity Securities

(a) Private Placement

The Company had on 18 July 2023 allotted 62,287,760 new ordinary shares at the issue price of RM0.26 per share pursuant to the private placement exercise approved by the Company's shareholders at the Company's Extraordinary General Meeting held on 13 July 2023.

(b) Proposed Acquisition

The Company had on 03 October 2023 listed 40,677,966 new ordinary shares at an issue price of RM0.295 per share pursuant to the proposed acquisition of 100% equity interest of Daiman Majumas Sdn Bhd for a total consideration of RM17 million which was satisfied via a combination of cash and allotment of 40,677,966 new ordinary shares which was approved by the shareholders of the Company at the Company's Extraordinary General Meeting held on 12 May 2022.

(c) Share Buy-Back

There was no share buy-back during the current interim period. As at 31 March 2024, there were 445,400 ordinary shares which were held as treasury shares.

6. Dividend Paid

No dividend was paid by the Company during the current interim period.

7. Segment Information

9-Month Period Ended 31 March 2024

	Property Construction RM'000	Property Management RM'000	Timber Related RM'000	Property Development RM'000	Property Investment RM'000	Other Segment RM'000	Total RM'000
Segment revenue	2,987	1,691	-	1,194	4,810	342	11,024
Segment results	(1,105)	1,586	84	(1,428)	1,492	(4,368)	(3,739)
Interest income							2,628
Loss from operations							(1,111)
Finance cost							(2,724)
Loss before tax							(3,835)
Tax expense							(1,276)
Loss for the period							(5,111)

9-Month Period Ended 31 March 2023

	Property Construction RM'000	Property Management RM'000	Timber Related RM'000	Property Development RM'000	Property Investment RM'000	Other Segment RM'000	Total RM'000
Segment revenue	-	166	-	6,919	4,161	378	11,624
Segment results	(1,007)	19	(6)	1,278	1,662	(2,821)	(875)
Interest income							2,620
Profit from operations							1,745
Finance cost							(2,927)
Loss before tax							(1,182)
Tax expense							(1,151)
Loss for the period							(2,333)

8. Revaluation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment undertaken by the Group during the current interim period.

9. Material Events Subsequent to the End of Financial Period

Save as disclosed in Notes 10(iii) and 19, there were no other material events subsequent to the end of the current interim period that have not been reflected in the interim financial report.

10. Changes in Composition of the Group

Save as disclosed in Note 19 on the status of corporate proposals announced, there were no material changes in the composition of the Group for the current financial period ended 31 March 2024, except for the following:-

- (i) Seal Properties (PG) Sdn Bhd, a wholly owned subsidiary of the Company increased its equity interest in Mutiara Biopolis Developments Sdn Bhd by increasing its paid up capital from 1,000 to 6,000,000 via an allotment and issuance of 5,999,000 ordinary shares to the Company by way of cash;
- (ii) On 03 October 2023, the Company completed the proposed acquisition of 100% equity interest of Daiman Majumas Sdn Bhd for a total consideration of RM17 million satisfied via a combination of cash and allotment of 40,677,966 new ordinary shares which was approved by the shareholders of the Company at the Company's EGM held on 12 May 2022.
- (iii) The Company had on 6 February 2024 entered into a Subscription Agreement with MSR Green Energy Sdn Bhd ("MSRGE") where the Company will subscribe to a 20% equity stake in MSRGE for an aggregate investment amount of RM15 million. All the conditions precedent as set out in the Subscription Agreement have been fulfilled and have become unconditional on 05 April 2024. MSRGE allotted 1,464,926 ordinary shares and 1,059,583 irredeemable convertible preference shares both at an issue price of RM5.9417 per share on 08 April 2024. MSRGE became an associate company to the Group on 08 April 2024.

11. Contingent Liabilities and Contingent Assets

Save for the material litigations disclosed in Note 21, there were no other contingent liabilities or contingent assets that have arisen since the last annual financial statements of the Group for the financial year ended 30 June 2023.

12. Capital Commitments

The amount of capital commitment as at 31 March 2024 is as follows:

	Financial Period ended 31/03/2024 RM'000	Financial Period ended 31/03/2023 RM'000
Contracted but not provided for:		
- Reclamation of land	19,929	-

Save as disclosed above, there were no other material capital commitments as at the end of the current interim period.

13. Significant Related Party Transactions

There were no significant related party transactions during the current interim period.

14. Review of Performance

	Quarter ended 31/03/2024 RM'000	Quarter ended 31/03/2023 RM'000	Financial Period ended 31/03/2024 RM'000	Financial Period ended 31/03/2023 RM'000
Revenue				
Property construction	2,987	-	2,987	-
Property management	566	166	1,691	166
Property development	-	-	1,194	6,919
Property investment	1,760	1,424	4,810	4,161
Other segment	140	21	342	378
	<u>5,453</u>	<u>1,611</u>	<u>11,024</u>	<u>11,624</u>
(Loss) / Profit before tax				
Property construction	242	(208)	829	806
Property management	472	54	1,583	37
Timber related	94	(5)	84	(6)
Property development	(1,160)	(158)	(1,090)	1,379
Property investment	(188)	(392)	(855)	(584)
Other segment	(1,629)	(1,096)	(4,386)	(2,814)
	<u>(2,169)</u>	<u>(1,805)</u>	<u>(3,835)</u>	<u>(1,182)</u>

Performance of the current quarter against the immediate preceding year corresponding quarter

The Group recorded a higher revenue of RM5.45 million for the current quarter (Q3FY2024) under review, RM3.84 million or 238% higher than the RM1.61 million recorded in the preceding year's corresponding quarter (Q3FY2023). The increase was mainly due to:-

- Higher revenue of RM2.99 million was contributed from the property construction segment driven by the commencement of the Queensville Phase 2a construction project in the current quarter;
- Higher revenue of RM0.4 million was contributed from car park management, which is located at Queensville, Bandar Sri Permaisuri, Kuala Lumpur, and Elit Height and Elit Avenue at Penang; commencing its business operations in the year 2023; and
- Higher revenue of RM0.3 million was recorded under the investment properties segment, attributable to an increase in tenancy revenue from newly acquired investment properties in June 2023.

Notwithstanding the above, the Group recorded a loss before tax of RM2.17 million in the current quarter (Q3FY2024) compared to a loss before tax of RM1.8 million recorded in the preceding year's corresponding quarter (Q3FY2023), which is mainly due to interest expense accrued under material litigation, late delivery interest expenses of the reclamation land and higher administrative expenses arose due to increased business activities, particularly the commencement of Queensville Phase 2a construction project and Bayan Suite development project.

Performance of the current financial period against the preceding year corresponding financial period.

The Group recorded a revenue of RM11.0 million for the current year financial period, RM 0.6 million or 5% lower than RM11.6 million in the preceding year's corresponding financial period. The increase/lower revenue was due to the following net impact:-

- A lower revenue of RM1.19 million was recorded under the property development segment, mainly due to sale of only 2 units of completed properties for a project named North Avenue, Sungai Petani, Kedah, 82.7% lower compared to RM6.92 million in the preceding year's corresponding financial period, which has sold 8 units of completed properties and vacant land in the same location;
- Higher revenue of RM2.99 million contributed from the property construction segment driven by the commencement of the Queensville Phase 2a construction project in the current quarter.
- Higher revenue of RM1.52 million revenue contributed by the car park management, located at Queensville, Bandar Sri Permaisuri, Kuala Lumpur, and Elit Height and Elit Avenue at Penang which car park commenced its operation in the year 2023; and
- A higher revenue of RM0.6 million, or 16% higher from RM4.16 million to RM4.81 million as compared to the preceding year's corresponding financial period under the investment properties segment, attributable to an increase in tenancy rate from newly acquired investment properties in June 2023.

Notwithstanding the above, the Group recorded a loss before tax of RM3.84 million in the current year's financial period compared to a loss before tax of RM1.18 million recorded in the preceding year's financial period, mainly due to an increase in administrative expense arising from increased business activities, particularly the commencement of Queensville Phase 2a construction project and Bayan Suite development project, late payment interest expense accrued under material litigation and late delivery interest expenses of reclamation land.

15. Changes in Current Quarter as compared with Preceding Quarter

	Current quarter 31/03/2024 RM'000	Immediate preceding quarter 31/12/2023 RM'000
Revenue	<u>5,453</u>	<u>2,827</u>
Loss before tax	<u>(2,169)</u>	<u>(1,297)</u>

For the current quarter, revenue increased 93% to RM5.45 million compared to revenue of RM2.83 million in the preceding quarter (Q2FY2024). However, the Group reported an operating loss of RM2.17 million compared to an operating loss of RM1.3 million in the preceding quarter. This loss is mainly caused by the increase in administrative expenses, late payment interest expense accrued under material litigation, and the late delivery interest expenses of the reclamation land.

16. Prospect

Malaysia's property market is expected to remain stable with a gradual and sustainable growth trajectory in light of improving economic conditions and consumer sentiments, following numerous measures, incentives, and promotions implemented by both the government and developers. The Group is currently focusing on the Queensville Phase 2a construction project, located in Bandar Sri Permaisuri, Kuala Lumpur ("Quartz Residence"), and a property development project in Penang, Bayan Suites. Quartz Residence with an estimated gross construction value of RM132 million while Bayan Suites with an estimated gross development value of RM204 million comprises 20 units of shop lots and 326 units of residential units. These projects are significant undertakings by the Group that will contribute to its overall revenue growth.

Subsequent to the financial period, the Group ventured into the solar renewable energy businesses through the subscription of 20% equity interest in MSRGE. MSRGE is principally involved in the business of installation and servicing of solar photovoltaic systems, renewable energy projects management, consultancy and construction, electrical works, and any other ancillary business. MSRGE had completed and delivered an engineering, procurement, construction, and commissioning job for a 19MWp solar power plant subsequent to the financial period. The venture by the Group into solar renewable energy businesses is expected to contribute positively to the Group's future earnings. The Group is also exploring other renewable energy businesses.

The Board remains cautiously optimistic of the Group's prospects.

17. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee for the financial period under review.

18. Tax Expense

	Current quarter RM'000	Financial year to date RM'000
Malaysian income tax:		
Current tax - current year	195	942

The effective tax rate is higher than the statutory tax rate in Malaysia mainly due to certain expenses which are not deductible for tax purposes and losses of certain companies which are not allowed to be offset against the profits of other companies within the Group.

19. Corporate Proposals

(a) Private Placement

The Company had on 13 March 2023 allotted 28,312,618 new ordinary shares at the issue price of RM0.25 per share pursuant to the private placement exercise undertaken under the general mandate granted by the Company's shareholders pursuant to Section 75 and Section 76 of the Companies Act 2016 at the Company's Annual General Meeting held on 22 December 2022. The private placement had completed following the listing and quotation of the above-mentioned ordinary shares on the Main Market of Bursa Securities on 15 March 2023.

Utilisation of Proceeds	Actual Proceeds Raised (RM'000)	Actual Utilised (RM'000)	Balance Unutilised (RM'000)	Intended Timeframe for Utilisation
Payment of salaries to staff of the Group	2,048	2,048	-	within 12 months
Operating expenses and administrative expenses such as payment to suppliers and contractors, utilities, rental costs and upkeep of office	4,780	4,780	-	within 12 months
Estimated expenses for the Private Placement	250	250	-	Immediate
Total	7,078	7,078	-	

Subsequently, on 18 July 2023, the Company had allotted 62,287,760 new ordinary shares to Chen Khai Voon ("Subscriber") at an issue price of RM0.26 per share pursuant to the private placement exercise undertaken vide a conditional subscription agreement entered into between the Company and the Subscriber on 8 May 2023. The private placement was approved by the Company's shareholders at the Company's EGM held on 13 July 2023 and completed on 20 July 2023 following the listing and quotation of the said shares on the Main Market of Bursa Securities.

Utilisation of Proceeds	Actual Proceeds Raised (RM'000)	Actual Utilised (RM'000)	Balance Unutilised (RM'000)	Intended Timeframe for Utilisation
Acquisition of/investment in new viable business involved in renewable energy and its related activities, including those involved in engineering, procurement, construction and commissioning ("EPCC") for solar and related renewable energy activities.	15,595	15,508	87	within 18 months
Estimated expenses for the Private Placement	600	600	-	within 1 month
Total	16,195	16,108	87	

(b) Proposed Acquisition

On 2 January 2022, the Company announced that the Company had proposed to undertake the proposed acquisition of 100% equity interest of Daiman Majumas Sdn Bhd ("Daiman"), comprising 100 ordinary shares in Daiman, from Wan Chun Yeow and Chen Chieh Rong (collectively, the "Vendors") for a total purchase consideration of RM17.00 million, to be satisfied via a combination of cash payment of RM5.00 million and the issuance of 40,677,966 new ordinary shares of the Company at the issue price of RM0.295 each ("Proposed Acquisition"). Further details of the Proposed Acquisition are set out in the announcement dated 2 January 2022.

On 29 September 2023, the Company announced that all the conditions subsequent pursuant to the share sale agreement dated 01 January 2022 entered into between the Company and the Vendors for the Proposed Acquisition (as varied by the Supplemental Letter dated 18 October 2022) have been fulfilled and the Proposed Acquisition has become unconditional. The Proposed Acquisition was completed on 03 October 2023 following the listing and quotation of the consideration shares on the Main Market of Bursa Securities. The issuance of shares as disclosed in Note 5(b).

19. Corporate Proposals (continued)

(c) Proposed Investments

The Company has announced on 06 September 2023 that the Company had on this date entered into a Binding Term Sheet ("BTS") with Hutan Melintang Power Plant Sdn Bhd ("HMPP"), the sole shareholder of HMPP, namely Tan Tang Seong ("TTS"), Ikhtiar Gawa Sdn Bhd ("IGSB") and the shareholders of IGSB, namely TTS and Tan Shun Yu ("TSY") for the proposed subscription by the Company or its wholly-owned subsidiary of preference shares in HMPP and IGSB as follows:

- (a) 387,500 new redeemable convertible preference shares in HMPP for a total subscription price of RM5,000,000;
 - (b) 222,234 redeemable convertible preference shares in IGSB for a total subscription price of RM5,000,000; and
 - (c) 5,000,000 redeemable preference shares in IGSB for a total subscription price of RM5,000,000.
- (collectively the "Proposed Investments")

The Proposed Investments provide an opportunity for the Company to diversify its existing businesses into renewable energy to tap into the potential opportunities arising from the government's intense effort to decarbonise the power sector. The venturing into biomass renewable energy will enable the Group to develop a more resilient business model and generate more consistent revenue and profits.

The Company, HMPP and IGSB have agreed to enter into the Definitive Agreements within 90 days from the date of the BTS or such other date as may be mutually agreed by the Parties. Further details of the BTS are set out in the announcement dated 06 September 2023.

The Company has announced on 24 November 2023 that the Company entered into a Supplemental Letter Agreement to mutually agree to extend the deadline for execution of the Definitive Agreements for the Proposed Investments from 5 December 2023 to 31 January 2024.

On 31 January 2024, The Company has announced that the Parties entered into a Supplemental Letter Agreement to mutually agree to further extend the deadline for execution of the Definitive Agreements for the Proposed Investments from 31 January 2024 to 31 March 2024.

The Company has on 9 April 2024 served a written notice to IGSB, HMPP, TTS and TSY to terminate the BTS with immediate effect due to unsatisfactory outcome of due diligence carried out by the Company on IGSB and HMPP ("Termination Event").

In accordance with the terms and conditions of the duly executed and stamped BTS, in the event the BTS is terminated, IGSB is obliged to refund the refundable deposit with accrued interests for a total sum of RM5,100,000 ("Refundable Amount") to the Company within 30 days from the date of Termination Event, ie: on or before 9 May 2024.

However, on 8 May 2024, HMPP and IGSB via a letter dated 7 May 2024 requested for an extension of time to refund the Refundable Amount to the Company where IGSB will pay RM1.1 million on 17 May 2024 and the remaining amount will be paid in monthly installments of RM0.5 million. The Company had received part of the Refundable Amount amounting to RM1.1 million on 17 May 2024.

(d) Proposed MSRGE Investment

The Company has announced on 06 February 2024 that, the Company had on the even date entered into a subscription agreement with MSR Green Energy Sdn Bhd ("MSRGE") for a proposed subscription of 20% equity stake in MSRGE by the Company for an aggregate subscription price of RM15,000,000.00 ("Subscription Amount") in the following manner:-

- (a) 1,464,926 ordinary shares in MSRGE which represents an equity stake of 20% in MSRGE, for a total subscription price of RM8,704,220; and
 - (b) 1,059,583 irredeemable convertible preference shares in MSRGE for a total subscription price of RM6,295,780.
- (collectively, "Proposed MSRGE Investment")

The Proposed MSRGE Investment provide an opportunity for the Company to diversify its existing businesses into renewable energy, in particular for the Engineering, Procurement, Construction and Commissioning ("EPCC") works for solar and renewable energy segment to tap into the potential opportunities arising from the government's intense effort to decarbonise the power sector.

All the conditions precedent as set out in the Subscription Agreement have been fulfilled, met and/or waived as at 5 April 2024 and the Subscription Agreement has become unconditional on even date.

On 08 April 2024, the Company also announced that the Proposed MSRGE Investment has been completed on 8 April 2024 in accordance with the terms and conditions of the Subscription Agreement.

Save as disclosed above, there were no other corporate proposals announced but not completed during the current interim period.

20. Group Borrowings and Debt Securities

The Group's borrowings, all denominated in Ringgit Malaysia, as at the end of the reporting period are as follows::

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long term borrowings</u>			
Term loans	51,038	-	51,038
<u>Short term borrowings</u>			
Term loans	5,086	-	5,086
Overdrafts	8,276	-	8,276
	13,362	-	13,362
Total	64,400	-	64,400

21. Material Litigations

Save as disclosed below, there were no other changes in material litigations since the date of the last annual statement of financial position:

(a) Civil Suit and Arbitration between Seal Properties (KL) Sdn Bhd and Wabina Constructions & Engineering Sdn Bhd

On 16 December 2019, Seal Properties (KL) Sdn Bhd ("SPKL"), a subsidiary of the Company, has filed a Writ and Statement of Claim against Wabina Constructions & Engineering Sdn Bhd (formerly known as Wabina Construction & Engineering Sdn Bhd) ("Wabina") at the High Court of Malaya to claim, inter-alia, the following:

- (a) a sum of RM22,816,000 as liquidated damages;
- (b) a declaration that SPKL entitled to deduct liquidated damages from interim certificates of payment for a total sum of RM7,033,696;
- (c) liquidated damages of RM1,468,500 in respect of the TNB sub-station and the three mock-up sample units;
- (d) outstanding overtime claims of RM105,852;
- (e) outstanding TNB charges of RM230,800 for temporary electricity supply to the project site from February 2019 to July 2019;
- (f) cost to employ third party contractors of RM34,994 to rectify for the damages to external bus stop roof and to clear-up and de-silt drains at project site;
- (g) loss and damages for breach of contract;
- (h) interest at 5% per annum on items (a) to (f); and
- (i) costs.

Wabina had also counterclaimed against SPKL the following:

- (a) a sum of RM26,401,538 under Final Account Claim dated 20 January 2020;
- (b) a sum of RM17,500,000 as general, aggravated and/or exemplary damages;
- (c) interest at 5% per annum on items (a) and (b); and
- (d) costs.

Pursuant to the contract entered between SPKL and Wabina, the date of commencement of works shall be 1 July 2016 and the works shall be completed within the completion period of 26 months from the date of commencement of works i.e. 31 August 2018. An extension of 3 months had been granted to Wabina to complete the entire project. As at 5 August 2019, Wabina has breached its obligations under the contract as the works for the project was not yet completed. SPKL had disputed Wabina's counterclaim on the basis, amongst others, that the Final Account Claim is premature as the dispute resolution process has yet to be fully exhausted whilst the claim for damages is without basis as the construction contract had been wrongfully terminated by Wabina.

Currently, all proceedings have been stayed pursuant to Section 10 of the Arbitration Act 2005 and the dispute is now being referred to arbitration.

Pursuant to Asian International Arbitration Centre ('AIAC')'s appointment, the Arbitrator had issued Procedural Order No. 1 and the parties are to comply with the Arbitrator's procedural orders stated therein. The Hearing for the Arbitration is now fixed at 15 August 2022 until 7 October 2022.

On 30 September 2022, the Arbitration between SPKL and Wabina is now fixed for Hearing on 9 January 2023 until 12 January 2023 and on 20 February 2023 until 24 February 2023.

On 09 February 2023, the Arbitration between SPKL and Wabina is further fixed for Hearing on 12 June 2023 until 16 June 2023 and on 3 July 2023 until 7 July 2023.

On 19 May 2023, the Arbitration between SPKL and Wabina is further fixed for Hearing on 22 January 2024 until 26 January 2024 and on 19 February 2024 until 23 February 2024.

On 26 January 2024, the Arbitration between SPKL and Wabina is further fixed for Hearing on 20 February 2024 until 23 February 2024, 27 June 2024 until 28 June 2024, 1 July 2024, 08 August 2024 until 10 August 2024 and 12 August 2024.

(b) SPKL vs. Fulloop Sdn. Bhd. ("Fulloop")

Fulloop, who is Wabina's nominated sub-contractor, had obtained an adjudication decision dated 27 January 2022 against Wabina awarding the adjudicated sum of RM1,497,280 excluding costs and interest. As a result of Wabina failing to pay the said adjudicated sum, Fulloop brought the action against SPKL to claim for direct payment of the sum of RM1,898,030 from SPKL, being the overall sums allegedly due under the said adjudication decision. However, SPKL disputed Fulloop's entitlement on the basis that there were no sums due and owing to Wabina at the time of the delivery of Fulloop's notice of demand dated 17 February 2022 pursuant to Section 30 of the Construction Industry Payment and Adjudication Act 2012.

On 5 July 2023, the High Court has allowed Fulloop's application. SPKL has appealed against the High Court's decision to the Court of Appeal ("SPKL's Appeal"). The case management is further fixed on 14 May 2024.

On 14 August 2023, SPKL has brought an application against Fulloop for a Fortuna injunction to prevent the presentation of a winding up petition being made against SPKL by Fulloop based on the High Court Order dated 5 July 2023. On 27 September 2023, the High Court has granted an injunction to restrain Fulloop from presenting a winding up petition against SPKL until the disposal of SPKL's Appeal on 27 May 2024. However, the Court on 27 May 2024 dismissed the appeal with costs to be paid by SPKL to Fulloop subject to allocator fees.

(c) SPKL vs. LDE Project Sdn. Bhd. ("LDE")

LDE, who is Wabina's nominated sub-contractor, had obtained an adjudication decision dated 29 December 2022 against Wabina awarding the adjudicated sum of RM1,378,803 excluding costs and interest. As a result of Wabina failing to pay the adjudicated sum, LDE brought the action against SPKL to claim for direct payment of the sum of RM1,713,627 from SPKL, being the overall sums allegedly due under the adjudication decision. However, SPKL disputed LDE's entitlement on the basis that there were no sums due and owing to Wabina at the time of the delivery of LDE's notice of demand dated 16 January 2023 pursuant to Section 30 of the Construction Industry Payment and Adjudication Act 2012.

On 8 August 2023, the High Court has allowed LDE's application. SPKL has appealed against the High Court's decision to the Court of Appeal. The case management is now fixed on 16 May 2024 and the hearing date is fixed on 30 May 2024.

21. Material Litigations (continued)

(c) SPKL vs. LDE Project Sdn. Bhd. ("LDE")

SPKL had on 17 May 2024 been served with a sealed copy of the Winding Up Petition dated 16 May 2024 by the solicitors of LDE. SPKL is consulting with its solicitors on the immediate appropriate action to be taken in respect of LDE's Winding Up Petition in order to protect SPKL's rights and interests.

Save as disclosed above, there was no material financial impact on the Group.

22. Dividend

No dividend has been declared during the current interim period.

23. Earnings/(Loss) per Share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Quarter ended 31/03/2024 RM'000	Quarter ended 31/03/2023 RM'000	Financial period ended 31/03/2024 RM'000	Financial period ended 31/03/2023 RM'000
Loss attributable to owners of the Company	(2,578)	(2,030)	(4,953)	(2,201)
Weighted average number of ordinary shares in issue ('000)	415,292	288,474	601,173	284,883
Basic earnings/(loss) per share (sen)	(0.62)	(0.70)	(0.82)	(0.77)

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is calculated as there were no dilutive potential ordinary shares during the current interim period.

24. (Loss)/Profit before Tax

	Current quarter RM'000	Financial year to date RM'000
(Loss)/Profit before tax is arrived at after crediting/(charging):		
Dividend income	2	26
Interest income	880	2,628
Depreciation	(137)	(354)
Gain on disposal of investment properties	-	(18)
Gain on redemption of investment	23	217
Interest expense	(887)	(2,724)
Property, plant and equipment written off	-	(12)
Gain on disposal of property, plant and equipment	42	51

Save as disclosed above, the other items as required under Paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements are not applicable.

25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report in respect of the financial statements of the Group for the financial year ended 30 June 2023 was unqualified.