

SEAL INCORPORATED BERHAD (4887-M)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|--|--|
| | Current Year Quarter Ended 30/09/2007 RM' 000 | Preceding Year Corresponding Quarter Ended 30/09/2006 RM' 000 | Current Year To Date 30/09/2007 RM' 000 | Preceding Year Corresponding Period 30/09/2006 RM' 000 |
| Revenue | 7,493 | 3,186 | 7,493 | 3,186 |
| Cost of sales | (2,996) | - | (2,996) | - |
| Gross profit | 4,497 | 3,186 | 4,497 | 3,186 |
| Other income | 227 | 616 | 227 | 616 |
| Operating expenses | (4,445) | (1,445) | (4,445) | (1,445) |
| Other expenses | - | (1,878) | - | (1,878) |
| Finance cost | (165) | (1,307) | (165) | (1,307) |
| Profit / (Loss) before tax | 114 | (828) | 114 | (828) |
| Income tax expenses | - | - | - | - |
| Profit / (Loss) for the year | 114 | (828) | 114 | (828) |
| Attributable to : | | | | |
| Equity holders of the parent | 361 | (740) | 361 | (740) |
| Minority interests | (247) | (88) | (247) | (88) |
| | 114 | (828) | 114 | (828) |
| Earnings per share attributable to equity holders of the parent : | | | | |
| Basic earnings per ordinary share (sen) | 0.20 | (0.40) | 0.20 | (0.40) |
| Diluted earning per ordinary share (sen) | - | - | - | - |

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007)

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2007
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CONDENSED CONSOLIDATED BALANCE SHEET

| | (UNAUDITED) | (AUDITED) |
|---|------------------------|------------------------|
| | As At End Of | As At Preceding |
| | Current Quarter | Financial |
| | 30/09/2007 | Year End |
| | RM' 000 | 30/06/2007 |
| | | RM' 000 |
| | | (Restated) |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 4,523 | 4,595 |
| Investment properties | 38 | 38 |
| Prepaid lease payment | 1,799 | 1,807 |
| Development properties | 17,279 | 17,267 |
| Timber concessions | 12,868 | 8,965 |
| Other investments | 27,004 | 27,004 |
| Goodwill on consolidation | 16,642 | 16,642 |
| Deferred tax assets | 27,542 | 27,542 |
| | <u>107,695</u> | <u>103,860</u> |
| Current assets | | |
| Inventories | 703 | 300 |
| Property development costs | 7,377 | 6,733 |
| Trade receivables | 3,524 | 2,486 |
| Other receivables, deposits and prepayments | 20,725 | 24,987 |
| Tax recoverable | 6 | 6 |
| Fixed deposits with licensed banks | 28,631 | 31,303 |
| Cash and bank balances | 965 | 602 |
| | <u>61,931</u> | <u>66,417</u> |
| TOTAL ASSETS | 169,626 | 170,277 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 183,427 | 183,427 |
| Share premium | 247,847 | 247,847 |
| Reserves | 353 | 353 |
| Accumulated losses | (293,745) | (294,106) |
| | <u>137,882</u> | <u>137,521</u> |
| Minority interests | 3,483 | 3,730 |
| Total equity | 141,365 | 141,251 |
| Non-current liabilities | | |
| Bank borrowings | 637 | 1,088 |
| Current liabilities | | |
| Trade payables | 2,939 | 2,500 |
| Other payables and accruals | 17,753 | 18,345 |
| Provisions for other liabilities | 2,486 | 2,474 |
| Bank borrowings | 4,326 | 4,499 |
| Taxation | 120 | 120 |
| | <u>27,624</u> | <u>27,938</u> |
| Total liabilities | 28,261 | 29,026 |
| TOTAL EQUITY AND LIABILITIES | 169,626 | 170,277 |
| Net assets per share attributable to equity holders of the parent (RM) | | |
| | 0.75 | 0.75 |

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007)

SEAL INCORPORATED BERHAD (4887-M)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to equity holders of the parent → | | | | | | Minority Interest RM'000 | Total Equity RM'000 |
|--|--|-------------------------|-------------------------------|--|------------------------------|-----------------|-----------------------------|------------------------|
| | ← Non-distributable → | | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Exchange Fluctuation Reserve RM'000 | Accumulated losses RM'000 | Total RM'000 | | |
| 3 Months Period Ended 30 September 2007 | | | | | | | | |
| Balance at 1 July 2007 | 183,427 | 247,847 | 353 | - | (294,106) | 137,521 | 3,730 | 141,251 |
| Profit / (Loss) for the period | - | - | - | - | 361 | 361 | (247) | 114 |
| Balance at 30 September 2007 | <u>183,427</u> | <u>247,847</u> | <u>353</u> | <u>-</u> | <u>(293,745)</u> | <u>137,882</u> | <u>3,483</u> | <u>141,365</u> |

| | ← Attributable to equity holders of the parent → | | | | | | Minority Interest RM'000 | Total Equity RM'000 |
|--|--|-------------------------|-------------------------------|--|------------------------------|-----------------|-----------------------------|------------------------|
| | ← Non-distributable → | | | Distributable | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Revaluation Reserve RM'000 | Exchange Fluctuation Reserve RM'000 | Accumulated losses RM'000 | Total RM'000 | | |
| 3 Months Period Ended 30 September 2006 | | | | | | | | |
| Balance at 1 July 2006 | 183,427 | 247,847 | 353 | (102) | (294,249) | 137,276 | 3,693 | 140,969 |
| Currency translation difference | - | - | - | 102 | - | 102 | - | 102 |
| Loss for the period | - | - | - | - | (740) | (740) | (88) | (828) |
| Balance at 30 September 2006 | <u>183,427</u> | <u>247,847</u> | <u>353</u> | <u>-</u> | <u>(294,989)</u> | <u>136,638</u> | <u>3,605</u> | <u>140,243</u> |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2007)

SEAL INCORPORATED BERHAD (4887-M)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Current Year To Date 30/09/2007 RM'000 | Preceding Year Corresponding Period 30/09/2006 RM'000 |
|---|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) before taxation | 114 | (828) |
| Adjustments for: | | |
| Depreciation and amortisation | 85 | 77 |
| Property, plant and equipment written off | 2 | - |
| Gain on disposal of property, plant and equipment | (3) | (3) |
| Gain on disposal of subsidiary company | - | (337) |
| Interest expenses | 165 | 1,307 |
| Interest income | (222) | (83) |
| Operating profit before working capital changes | 141 | 133 |
| Inventories | (403) | - |
| Timber concession | (3,903) | (17) |
| Property development costs | (613) | (10) |
| Trade and other receivables | 3,235 | 43 |
| Trade and other payables | (231) | 38,337 |
| Cash (used in) / generated from operations | (1,774) | 38,486 |
| Interest paid | (119) | (744) |
| Net cash (used in) / generated from operating activities | (1,893) | 37,742 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (7) | (8) |
| Proceeds from disposal of property, plant and equipment | 3 | 3 |
| Interest received | 211 | 51 |
| Net cash generated from investing activities | 207 | 46 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of term loan | (150) | (34,888) |
| Repayment of hire purchase payables | - | (9) |
| Changes in fixed deposit with licensed bank | (5) | (2) |
| Net cash used in financing activities | (155) | (34,899) |
| NET CHANGES IN CASH AND CASH EQUIVALENTS | (1,841) | 2,889 |
| EFFECT OF EXCHANGE RATE CHANGES | (0) | (2) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 28,056 | (5,317) |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 26,215 | (2,430) |

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007)

NOTES TO THE INTERIM FINANCIAL REPORT**1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting and paragraph 9.22 of the 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 2007. 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 2007.

2 Changes in Accounting Policies

The significant accounting policies adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 June 2007 except for the adoption of new/revised Financial Reporting Standards ("FRS") that are effective as stated below:

| FRS | | Effective for financial periods beginning on or after |
|-------------------------------------|---|---|
| FRS 117 | Leases | 01 October 2006 |
| Amendment to FRS119 ₂₀₀₄ | Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures | 01 January 2007 |
| FRS 124 | Related Party Disclosures | 01 October 2006 |

The adoption of these FRSs does not have significant financial impact on the Group other than the change discussed below:

FRS 117 : Leases

The adoption of FRS 117 has resulted in a change in accounting policy relating to the classification of leasehold land. The lease of land and building are classified as operating or finance lease in the same way as leases of other assets. The land and building elements of a lease of land and building are considered separately for the purposes of lease classification. The up-front payments made represent prepaid lease payments and amortised on a straight-line basis over the lease term.

In prior year, leasehold land for own use was classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses, if any. Upon adoption of FRS 117, this leasehold land is now classified as operating lease and the unamortised carrying amount is retained as the surrogate carrying amount of prepaid lease payment as allowed by the transitional provisions.

The classification of leasehold land as prepaid lease payment has been accounted for retrospectively and comparative amounts as at 30 June 2007 have been restated as follows:

| As at 30 June 2007 | Previously stated RM'000 | Adoption of FRS 117 RM'000 | Restated RM'000 |
|-------------------------------|-----------------------------|----------------------------------|--------------------|
| Property, plant and equipment | 6,402 | (1,807) | 4,595 |
| Prepaid lease payment | - | 1,807 | 1,807 |

3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report in respect of financial statements for the financial year ended 30 June 2007 was not subject to any qualification.

4 Seasonality or Cyclicity of Interim Operations

The operations of the Group were not subject to any seasonal or cyclical changes for the current quarter under review.

5 Unusual Items

There were no material unusual items in the current quarter and financial period ended 30 September 2007 that affecting assets, liabilities, equity, net income or cash flows based on their nature, size and/or incidence.

6 Changes in Accounting Estimates

There were no changes in accounting estimates of amounts reported in prior financial year which have material effect in the current quarter and financial period ended 30 September 2007.

7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current quarter and financial period ended 30 September 2007.

8 Dividend

No dividend has been recommended and paid during the current quarter and financial period ended 30 September 2007.

9 Segment Reporting

| Business Segments | Revenue | | Profit / (Loss) before tax | |
|---------------------------|------------------------------|-------------------|----------------------------|-------------------|
| | <----- 3 months ended -----> | | | |
| | 30 September 2007 | 30 September 2006 | 30 September 2007 | 30 September 2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Investment properties | 3,353 | 3,186 | 156 | (934) |
| Property Construction | - | - | - | - |
| Property Development | (496) | - | (62) | (13) |
| Timber Related Industries | 4,569 | - | 16 | (219) |
| Others | 67 | - | 4 | 338 |
| | <u>7,493</u> | <u>3,186</u> | <u>114</u> | <u>(828)</u> |

10 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 2007.

(a) Property, plant and equipment

The valuations of property, plant and equipment have been brought forward without any amendment from the last audited financial statements.

(b) Investment property

| | |
|-----------------------------|---------------|
| At fair value, | RM'000 |
| Freehold land and buildings | <u>37,820</u> |

(c) Development properties

| | |
|--|----------------|
| At 1 July 2007 | RM'000 |
| Freehold land | 4,354 |
| Development costs | <u>10,894</u> |
| | <u>15,248</u> |
| Add: Costs incurred during the period | |
| Freehold land | - |
| Development costs | <u>212</u> |
| | <u>212</u> |
| Less: Costs recognised in income statement | |
| At 1 July 2007 | (8,515) |
| Recognised during the period | <u>432</u> |
| At 30 September 2007 | <u>(8,083)</u> |
| At 30 September 2007 | <u>7,377</u> |

11 Material Subsequent Events

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

12 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the current quarter and financial period ended 30 September 2007.

13 Contingent Liabilities and Contingent Assets

(a) Guarantees

| | |
|--|---------|
| Guarantees to banks for credit facilities extended to subsidiary companies | RM' 000 |
| | 7,260 |

(b) Litigations

Certain creditors have filed claims against the Group and the Company to recover the principal debts amounting to approximately RM1.08 million and RM0.68 million respectively plus interest and costs which pending the outcome and settlement of the legal proceedings. The Directors are of the opinion that such contingent liabilities, if any, are not significant to the financial statements of the Group and the Company.

14 Write-down of Inventories to Net Realisable Value and the Reversal of Such a Write-Down

There was no write-down of inventories to net realisable value and the reversal of such a write-down for the current quarter and financial period ended 30 September 2007.

15 Loss from the Impairment of Property, Plant and Equipment, Intangible Assets or Other Assets and the Reversal of Such An Impairment Loss

There was no provision and/or reversal on the impairment of property, plant and equipment, intangible assets or other assets during the current quarter and financial period ended 30 September 2007.

16 Reversal of any Provision for the Costs of Restructuring

There was no provision for the costs of restructuring has been made as at financial period ended 30 September 2007.

17 Acquisitions and Disposals of Items of Property, Plant and Equipment

| | Current quarter RM | Financial year to date RM |
|--|-----------------------|---------------------------------|
| a) Acquisitions of property, plant and equipment - at cost | <u>6,725</u> | <u>6,725</u> |
| b) Disposals of property, plant and equipment: | | |
| Proceeds from disposal | 3,400 | 3,400 |
| Net Book Value at the date of disposals | <u>(1)</u> | <u>(1)</u> |
| Gain on disposals | <u>3,399</u> | <u>3,399</u> |

18 Commitments for the Purchase of Property, Plant and Equipment

There were no material capital commitments for current quarter and financial period ended 30 September 2007.

19 Litigation Settlements

On 20 January 2005, Great Eastern Mills Berhad (GEM), a subsidiary of the Group, had entered into a settlement agreement with the Timber Employee Union of Malaysia (Union) for the claim of RM4,989,877.98 being termination benefit, notice pay, pro-rated bonuses and payment in lieu of annual leave for 472 employees of GEM. GEM had received a letter of award dated 13 April 2006 from the Industrial Court. Settlement of the claim will be commenced upon re-commencement of logging operations of GEM and with the condition that GEM is making profit from the logging operations.

20 Fundamental Errors

There were no corrections of fundamentals errors in previously reported financial data during current quarter and financial period ended 30 September 2007.

21 Debt Default or Any Breach of a Debt Covenant

As at 30 September 2007, the Group was not in default in payments to financial institutions in respect of credit facilities granted to the Group.

22 Related Party Transactions

There were no significant related party transactions occurred during the current quarter and financial period ended 30 September 2007.

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

23 Review of Performance of the Company and Its Principal Subsidiaries

The Group recorded a revenue of RM7.49 million and profit before taxation of RM0.11 million as compared to the revenue of RM3.19 million and loss before taxation of RM0.83 million in the preceding year corresponding period. The improvement mainly contributed by timber related activities which the extraction works have been carried out simultaneously in Kelantan and Kedah State during the financial period.

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

The commencement of timber activities in Kedah State at beginning of current quarter has resulted an increase in revenue of the Group from RM4.01 million in the preceding quarter to RM7.49 million in the current quarter under review.

25 Prospect for the Current Financial Year

Barring unforeseen circumstances, the Board is confident of achieving satisfactory result in forthcoming financial quarters in view of continuous effort for exploring new business opportunity to enhance the earnings of the Group.

26 Variance of Actual Profit from Forecast Profit

The Company has not provided any profit forecast or profit guarantee.

27 Tax Charges and Variance Between the Effective and Statutory Tax Rate

There were no tax charges for the current quarter and financial period ended 30 September 2007.

28 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial period ended 30 September 2007.

29 Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities during the current quarter and financial period ended 30 September 2007.

The investments in quoted securities as at 30 September 2007 is:

| | RM |
|-------------------|--------|
| i) Cost | 4,000 |
| ii) Book value | 4,000 |
| iii) Market value | 13,866 |

30 Corporate Proposals

Proposed Sale and Leaseback of Selayang Mall

On 23 December 2005, MIMB Investment Bank Berhad ("MIMB") had, on behalf of the Board, announced that Amanah Raya Berhad ("ARB"), vide its letter dated 21 December 2005 had extended an offer to acquire from SEAL a piece of land held under H.S.(M) 7114, Lot PT 12299 (38451), Mukim Batu, District of Gombak, State of Selangor, together with all the erected buildings / structures on the site ("Property") at a cash consideration of RM120,000,000 upon terms and conditions in the offer letter. The Property will then be leaseback by ARB to SEAL. The offer had been accepted by SEAL on the same date ("Proposed Sale and Leaseback"). Subsequently, on 17 January 2006, SEAL had entered into a conditional sale and purchase agreement and a conditional lease annexure with ARB in relation to the Proposed Sale and Leaseback. An announcement was made on the same date.

The Proposed Sale and Leaseback was approved by Company's shareholders at Extraordinary General Meeting held on 11 May 2006. An announcement was made on the even date. On 17 July 2006, MIMB had, on behalf of the Board, announced that Securities Commission had, vide its letter dated 14 July 2006 approved the Proposed Sale and Leaseback.

On 24 November 2006, MIMB had, on behalf of the Board, announced that the Proposed Sale and Leaseback has been completed and the leaseback period for Selayang Mall Shopping Centre will be effective 23 November 2006.

The disposal proceeds were being utilised in accordance with the usage approved by Securities Commission.

31 Memorandum of Understanding

On 29 June 2007, the Company had entered into a Memorandum of Understanding ("MOU") with Great Eastern Mills Berhad, a 60% owned subsidiary of the Company, in developing part of leasehold land held under Lot No. 1421 in the Mukim of Kuala Nal, District of Kuala Krai. An announcement was made on the same date.

On 29 October 2007, the Company announced that there has been no material development to the MOU. Both parties are still working on the areas of collaboration as envisaged under the MOU.

32 Group Borrowings

Group Borrowings as at the end of the reporting period are as follows:

| | Unsecured RM' 000 | Secured RM' 000 | Total RM' 000 |
|--|----------------------|--------------------|------------------|
| Bank Overdrafts | 416 | 2,610 | 3,026 |
| Term Loan (Repayable within 12 months) | - | 1,300 | 1,300 |
| Term Loan (Repayable after 12 months) | - | 637 | 637 |
| | <u>416</u> | <u>4,547</u> | <u>4,963</u> |

33 Financial Instruments with Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk for the Group as at the date of quarterly report.

34 Changes in Material Litigation

There were no pending material litigations as at the date of this announcement.

35 Earnings Per Share**Basic Earnings per Share**

The calculation of basic earnings per share is based on the profit attributable to the ordinary holders of the parent of RM360,709 divided by the number of ordinary shares in issue as at 30 September 2007 of 183,427,167 shares.

Diluted Earnings per Share

There is no diluted earnings per share as there were no potential dilutive ordinary shares as at the end of the reporting period.

36 Non-cash Transactions

The principal non-cash transactions for the financial period ended 30 September 2007 are the direct remittance of certain rental income amounting to RMNil (financial year ended 30 June 2007 : RM1,028,675) to repay the borrowings of the Group and the Company.