

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**  
**( THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter Ended 31/12/2010 RM' 000	Preceding Year Corresponding Quarter Ended 31/12/2009 RM' 000	Current Year To Date 31/12/2010 RM' 000	Preceding Year Corresponding Period 31/12/2009 RM' 000
<b>Revenue</b>	11,662	7,209	18,088	12,873
Cost of sales	(4,268)	(2,211)	(5,658)	(3,386)
<b>Gross profit</b>	7,394	4,998	12,430	9,487
Other income	1,508	2,881	1,766	3,145
Operating expenses	(5,705)	(4,001)	(10,147)	(6,870)
Finance cost	(2)	(1)	(3)	(3)
<b>Profit before tax</b>	3,195	3,877	4,046	5,759
Income tax expenses	-	-	-	-
<b>Profit for the period</b>	3,195	3,877	4,046	5,759
<b>Other comprehensive income</b>				
Fair value movement on available-for-sale investment	(0)	-	(3)	-
<b>Total comprehensive income for the period</b>	3,195	3,877	4,043	5,759
<b>Profit attributable to:</b>				
Owners of the parent	3,207	3,898	4,165	5,472
Non-controlling interests	(12)	(21)	(119)	287
	3,195	3,877	4,046	5,759
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	3,207	3,898	4,162	5,472
Non-controlling interests	(12)	(21)	(119)	287
	3,195	3,877	4,043	5,759
<b>Earnings per share (sen)</b>				
- Basic	1.79	2.18	2.33	3.06
- Diluted	-	-	-	-

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
	<b>As At End Of</b>	<b>As At Preceding</b>
	<b>Current Quarter</b>	<b>Financial</b>
	<b>31/12/2010</b>	<b>Year End</b>
	<b>RM' 000</b>	<b>30/06/2010</b>
		<b>RM' 000</b>
		<b>(Restated)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,299	5,350
Investment properties	1,532	1,269
Land held for development	17,403	17,390
Other investments	-	27,964
Loans and receivables	27,960	-
Available-for-sale investments	22	-
Timber concessions	24,409	22,742
Deferred tax assets	21,463	21,463
	98,088	96,178
<b>Current assets</b>		
Property development costs	6,809	4,068
Inventories	1,538	-
Trade receivables	4,989	7,632
Other receivables, deposits and prepayments	7,206	6,670
Tax recoverable	188	8
Short term investments	-	6,732
Financial assets held for trading	6,821	-
Fixed deposits with licensed banks	16,510	15,029
Cash and bank balances	3,596	1,504
	47,657	41,643
<b>TOTAL ASSETS</b>	<b>145,745</b>	<b>137,821</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	73,371	183,427
Share premium	43,774	247,847
Treasury shares	(1,455)	(1,455)
Revaluation reserves	353	353
Fair value reserves	18	-
Retained profits/(Accumulated losses)	11,121	(307,169)
	127,182	123,003
<b>Non-controlling interests</b>	4,048	4,167
<b>Total equity</b>	<b>131,230</b>	<b>127,170</b>
<b>Non-current liabilities</b>		
Hire purchase payable	62	72
<b>Current liabilities</b>		
Trade payables	1,728	3,354
Other payables and accruals	12,706	7,178
Hire purchase payable	18	17
Current tax payable	1	30
	14,453	10,579
<b>Total liabilities</b>	14,515	10,651
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>145,745</b>	<b>137,821</b>
<b>Net assets per share attributable to owners of the parent (RM)</b>	0.71	0.69

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**  
**( THE FIGURES HAVE NOT BEEN AUDITED)**

	← Attributable to owners of the parent →					Distributable Retained profits/ (Accumulated losses) RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000				
<b>6 Months Ended 31 December 2010</b>									
Balance at 1 July 2010	183,427	247,847	(1,455)	353	-	(307,169)	123,003	4,167	127,170
Effects of applying FRS 139	-	-	-	-	21	(4)	17	-	17
Restated balance	183,427	247,847	(1,455)	353	21	(307,173)	123,020	4,167	127,187
Purchase of treasury shares	-	-	0	-	-	-	0	-	0
Capital reduction	(110,056)	(204,073)	-	-	-	314,129	-	-	-
Total comprehensive income for the period	-	-	-	-	(3)	4,165	4,162	(119)	4,043
Balance at 31 December 2010	<u>73,371</u>	<u>43,774</u>	<u>(1,455)</u>	<u>353</u>	<u>18</u>	<u>11,121</u>	<u>127,182</u>	<u>4,048</u>	<u>131,230</u>
<b>6 Months Ended 31 December 2009</b>									
Balance at 1 July 2009	183,427	247,847	(1,454)	353	-	(314,129)	116,044	4,273	120,317
Total comprehensive income for the period	-	-	-	-	-	5,472	5,472	287	5,759
Balance at 31 December 2009	<u>183,427</u>	<u>247,847</u>	<u>(1,454)</u>	<u>353</u>	<u>-</u>	<u>(308,657)</u>	<u>121,516</u>	<u>4,560</u>	<u>126,076</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 2010)

**SEAL INCORPORATED BERHAD (4887-M)**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**  
**( THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>Current Year To Date 31/12/2010 RM'000</b>	<b>Preceding Year Corresponding Period 31/12/2009 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,046	5,759
Adjustments for:		
Non-cash items	(78)	(1,322)
Non-operating items	5	-
Interest expenses	3	3
Interest income	(185)	(229)
Dividend income	(1,318)	(1,413)
Operating profit before working capital changes	2,473	2,798
Inventories	(1,538)	-
Timber concession	(1,667)	(1,145)
Property development costs	(2,755)	204
Trade and other receivables	2,091	(267)
Trade and other payables	4,147	(1,105)
Cash generated from operations	2,751	485
Interest paid	(3)	(3)
Tax paid	(209)	(311)
<b>Net cash generated from operating activities</b>	<b>2,539</b>	<b>171</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment properties	(263)	-
Purchase of property, plant and equipment	(108)	(8)
Placement of Institutional Bond Fund	(83)	(1,787)
Placement of Principal Money Market Income Fund	(7)	(603)
Proceeds from redemption of financial assets held for trading	-	500
Dividend received	1,318	1,413
Interest received	185	152
<b>Net cash generated from / (used in) investing activities</b>	<b>1,042</b>	<b>(333)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of hire purchase payable	(9)	(8)
Purchase of treasury shares	0	-
Changes in fixed deposits with licensed bank	(4)	(5)
<b>Net cash used in financing activities</b>	<b>(13)</b>	<b>(13)</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>3,568</b>	<b>(175)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>16,129</b>	<b>16,697</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>19,697</b>	<b>16,522</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010)

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

**1 Basis of Preparation and Accounting Policies**

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 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 2010. 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 2010.

Except as described below, the accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 June 2010:

**FRS 101(revised), Presentation of Financial Statements**

FRS 101 requires all owner changes in equity to be presented in the consolidated statement of changes in equity and all non-owner changes in equity to be presented in the consolidated statement of comprehensive income. Adoption of this standard only affects presentation of the components of the interim financial report and does not have any impact on the financial position and results of the Group.

**FRS 139, Financial Instruments: Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. With adoption of FRS 139, all financial assets and financial liabilities are recognised at contract dates when, and only when, the Group becomes a party to the contractual provisions of the instruments. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus, in the case of financial instruments not at fair value through profit and loss, transaction costs directly attributable to the acquisition or issuance of the financial instruments. Subsequent measurement depends on the classification of the financial instruments.

The Group determines the classification at initial recognition bases on the nature and purpose of the assets and liabilities that acquired and incurred. The major changes on the classification as follows:

*(i) Loans and receivables*

The Group's loans and receivables consist of financial asset with fixed or determinable payments that are not quoted in an active market, trade and other receivables. Financial assets categorised as loan and receivables are subsequently measured at amortised cost using the effective interest method.

*(ii) Available-for-sale financial asset*

The Group's available-for-sale financial asset consist of financial asset that is not held for trading purposes. Subsequent measurement is at fair value with gain or loss recognised in other comprehensive income. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss.

*(iii) Financial assets at fair value through profit or loss*

The Group's financial assets at fair value through profit or loss consist of financial assets that held for trading purposes. Such financial assets are initially measured at fair value and subsequent changes in fair value will be recognised as gains or losses in the income statement.

*(iv) Financial liabilities*

The Group's financial liabilities consist of trade and other payables. These financial liabilities are initially measured at fair value and subsequently measured at amortised cost using effective interest method.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives are not restated. Instead, the changes have been accounted for by making adjustments to the following opening balances:

	As previously reported RM'000	Effect of Applying FRS 139 RM'000	After adoption of FRS 139 RM'000
Non-current assets			
Other investments	27,964	(27,964)	-
Loans and receivables	-	27,960	27,960
Available-for-sale investments	-	25	25
Current assets			
Short term investments	6,732	(6,732)	-
Financial assets held for trading	-	6,727	6,727
Equity			
Fair value reserves	-	21	21
Accumulated losses	(307,169)	(5)	(307,174)

### Amendment to FRS 117, Leases

With adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. The Group has reassessed and determined that the leasehold land of the Group is in substance finance lease and has changed the classification from prepaid land lease payment to property, plant and equipment in the current quarter. This change in classification has been made retrospectively and the effect on the consolidated statement of financial position as at 30 June 2010 is as follow:

	As previously reported RM'000	Effect of Amendment to FRS 117 RM'000	As restated RM'000
As at 30 June 2010			
Property, plant and equipment	4,394	956	5,350
Prepaid land lease payment	956	(956)	-

### 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 current quarter and financial period ended 31 December 2010.

### 4 Changes in Estimates

There were no changes in estimates that have had any material effect in the current quarter and financial period ended 31 December 2010.

### 5 Issuances, Repurchases, and Repayments of Debts and Equity Securities

#### Share Buy Backs

During the financial period ended 31 December 2010, the Company has repurchased 1,000 of its issued ordinary shares from the open market for total consideration of RM431, including the transaction costs, and this was financed by internally generated funds. The total number of shares repurchased as at 31 December 2010 was 4,322,500, being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

### 6 Dividend Paid

No dividend has been paid during financial period ended 31 December 2010.

### 7 Segment Reporting

Year ended 31 December 2010	Investment Properties RM'000	Property Construction RM'000	Property Development RM'000	Timber Related RM'000	Others RM'000	Total RM'000
Segment revenue	8,625	-	2,958	6,505	-	18,088
Segment results	2,943	-	781	1,104	(964)	3,864
Interest income						185
Profit from operations						4,049
Finance cost						(3)
Profit before tax						4,046
Income tax expenses						-
Profit for the period						4,046
Year ended 31 December 2009	Investment Properties RM'000	Property Construction RM'000	Property Development RM'000	Timber Related RM'000	Others RM'000	Total RM'000
Segment revenue	7,925	-	3,368	1,580	-	12,873
Segment results	3,997	-	1,216	696	(376)	5,533
Interest income						229
Profit from operations						5,762
Finance cost						(3)
Profit before tax						5,759
Income tax expenses						-
Profit for the period						5,759

## 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 2010.

## 9 Material Subsequent Events

There were no material subsequent events at the date of this announcement other than the following:

- i) On 14 February 2011, Seal Properties (Bayan City) Sdn Bhd, a subsidiary of the Company, entered into a Supplemental Agreement with Koperasi Tunas Muda Sungai Ara Berhad pertaining to the additional 1.7 acres in area arising from the survey of the development land which at the time the joint venture agreement was executed was stated to be approximately 6 acres only. The total joint venture development land is now 7.7 acres for additional consideration of RM11,107,800. An announcement was made on the even date.
- ii) On 14 February 2011, the subsidiaries of the Company, Seal Concepts Sdn Bhd ("SC") and Seal Lifestyle Development Sdn Bhd ("SL"), entered into a Deed of Assignment cum Supplemental Agreement with Koperasi Tunas Muda Sungai Ara Berhad ("Koperasi") for SC to assign to SL all of its rights and obligations under the lease agreement for the lease of 6 acres of land and for Koperasi to grant SL the option to extend the lease period for the 12 acres of the land for further period of 30 years upon expiry of initial period of 30 years. An announcement was made on the even date.

## 10 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period ended 31 December 2010.

## 11 Contingent Liabilities and Contingent Assets

There were no significant changes in contingent liabilities or contingent assets since the end of the last annual reporting date.

## 12 Capital Commitments

	As at 31 December 2010 RM'000
Contracted but not provided for	
- Land held for development	<u>1,602</u>

## 13 Operating Lease Commitments

	As at 31 December 2010 RM'000
Not later than one year	9,312
Later than one year and not later than five years	<u>48,134</u>
	<u>57,446</u>

The operating lease commitments are in respect of leaseback of Selayang Mall for a term of ten years.

## 14 Related Party Transactions

	As at 31 December 2010 RM'000
Seal Incorporated Berhad and its subsidiaries	
- Administration fee	76
- Project management fee	<u>1,617</u>

## **ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

### 15 Review of Performance of the Company and Its Principal Subsidiaries

For the current quarter under review, the Group recorded total revenue of RM11.66 million and profit before taxation of RM3.20 million as compared to the revenue of RM7.21 million and profit before taxation of RM3.88 million in the preceding year corresponding quarter.

The Group recorded a revenue of RM18.09 million and profit before taxation of RM4.05 million as compared to the revenue of RM12.87 million and profit before taxation of RM5.76 million in the preceding year corresponding period. The improvement in Group's revenue is mainly contributed by timber activities in Perak State. The decrease in profit before taxation is due to the absence of other income generated from deposit received forfeited and reversal of previously expensed off items featured in the preceding year corresponding period.

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

Timber activities in Perak State was the main contributor of the increase in revenue of the Group from RM6.43 million in preceding quarter to RM11.66 in the current quarter under review. Furthermore, the receipt of income from Institutional Trust Account has resulted an increase in profit before taxation of the Group from RM0.85 million as recorded in the preceding quarter to RM3.2 million in the current quarter.

#### 17 Prospect for the Current Financial Year

Barring unforeseen circumstances, the Board expects to further improve its performance for the remaining quarters. Activities in the property sector continue to be bullish, we have in fact gained sufficient grounds in the property market. However, with all that the Board will remain vigilant against unnecessary spending and risk taking.

#### 18 Variance from Forecast Profit and Profit Guarantee

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

#### 19 Income Tax Expenses

There were no tax charges for the current quarter and financial period ended 31 December 2010.

#### 20 Sale of Unquoted Investments and Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial period ended 31 December 2010.

#### 21 Quoted Securities

There were no purchase or disposal of quoted securities during the current quarter and financial period ended 31 December 2010.

The investments in quoted securities as at 31 December 2010 is:

	RM
i) Cost	4,000
ii) Book value	4,000
iii) Market value	21,865

#### 22 Corporate Proposals

##### Proposed Capital Reduction, Proposed Private Placement, Proposed ESOS, and Proposed Amendment to the MA

On 26 May 2010, MIDF Amanah Investment Bank Berhad ("MIDF") had, on behalf of the Board, announced that the Company was proposing to undertake the following proposals:

(i) Proposed reduction of RM204,072,607 in the share premium account of SEAL and capital reduction by the cancellation of RM0.60 of the par value of every existing ordinary share of RM1.00 each to RM0.40 each in SEAL to be off-set against the accumulated losses of SEAL ("Proposed Capital Reduction")

(ii) Proposed private placement of up to 18,342,717 new ordinary shares of RM0.40 each in SEAL representing approximately ten per centum (10%) of the issued and paid-up share capital of SEAL after the Proposed Capital Reduction ("Proposed Private Placement");

(iii) Proposed establishment of an Employees' Share Option Scheme ("ESOS") of up to ten per centum (10%) of the issued and paid-up share capital of SEAL for the Directors (including Non-Executive Directors) and eligible employees of SEAL and its subsidiaries (which are not dormant) after the Proposed Capital Reduction ("Proposed ESOS"); and

(iv) Proposed amendment to the Memorandum of Association of SEAL ("MA") to facilitate the change in the par value of the ordinary share of SEAL resulting from the Proposed Capital Reduction ("Proposed Amendment to the MA").

(Collectively referred to as the "Proposals").

On 10 June 2010, MIDF had, on behalf of the Board, announced that Bursa Malaysia Securities Berhad had, vide its letter dated 9 June 2010 approved the Proposed Private Placement and Proposed ESOS. Subsequently, the Proposals was approved by the Company's shareholders at Extraordinary General Meeting held on 15 July 2010. An announcement was made on the even date.

On 12 November 2010, MIDF had, on behalf of the Board, announced that the High Court Malaya in Penang had granted an order confirming the capital reduction of the issued and paid up share capital of the Company via the cancellation of RM0.60 of the par value of each share pursuant to Section 64 of the Companies Act, 1965. An announcement was made on the even date.

#### 23 Group Borrowings and Debts Securities

There were no borrowings or debts securities as at 31 December 2010.

#### 24 Off Balance Sheet Financial Instruments

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

#### 25 Changes in Material Litigation

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

#### 26 Dividends

No dividend has been proposed for the financial period ended 31 December 2010.



## 27 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 RM4,165,564 divided by the weighted average number of ordinary shares in issue as at 31 December 2010 of 179,104,770 shares after taking into 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 2010.

## 28 Disclosure of Realised and Unrealised Profits/Losses

	As at 31 December 2010 RM'000	As at 30 September 2010 RM'000
The retained profits/(accumulated losses) of the Company and its subsidiaries		
- Realised	(10,342)	(327,678)
- Unrealised	21,463	21,463
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>11,121</u>	<u>(306,215)</u>

## 29 Auditors' Report on Preceding Annual Financial Statements

The auditors' report in respect of financial statements for the financial year ended 30 June 2010 was not subject to any qualification.