LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2011

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011

	Individual Quarter		**Cumulative Quarter**	
	Current Year Quarter 31/03/2011 *RM'000*	Preceding Year Corresponding Quarter (restated) 31/03/2010 *RM'000*	**Current Year To Date 31/03/2011** *RM'000*	Preceding Year Corresponding Period To Date (restated) 31/03/2010 *RM'000*
Revenue	**377,399**	360,082	**1,166,536**	1,005,336
Cost of sales	**(352,598)**	(336,768)	**(1,088,713)**	(942,917)
Gross profit	**24,801**	23,314	**77,823**	62,419
Other operating income	**15,071**	2,136	**19,439**	7,383
Other operating expenses	**(16,311)**	(15,052)	**(49,201)**	(42,712)
Operating profit before changes in fair value of plantation assets less estimated point-of-sale costs	**23,561**	10,398	**48,061**	27,090
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	**18,882**	17,935	**54,244**	37,472
Profit from operations	**42,443**	28,333	**102,305**	64,562
Interest income	**146**	47	**275**	253
Finance costs	**(4,802)**	(3,885)	**(11,128)**	(9,805)
Net interest income recognised on receivables and payables carried at amortised cost	**1,975**	—	**5,475**	—
Net finance costs	**(2,681)**	(3,838)	**(5,378)**	(9,552)
Unrealised foreign exchange differences	**(4,603)**	(2,632)	**9,059**	12,992
Share of profit after tax of associates	**39,768**	3,194	**80,941**	29,545
Profit before taxation	**74,927**	25,057	**186,927**	97,547
Taxation	**(5,822)**	(930)	**(22,941)**	(8,299)
Profit for the period	**69,105**	24,127	**163,986**	89,248
Attributable to:				
Equity holders of the Company	**69,105**	24,127	**163,986**	89,248
Earnings per share:				
(a) Basic earnings per share *(sen)*	**10.48**	3.66	**24.86**	13.53
(b) Diluted earnings per share *(sen)*	**N/A**	N/A	**N/A**	N/A

The condensed consolidated income statement should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2011

	Individual Quarter		**Cumulative Quarter**	
	Current Year Quarter	Preceding Year Corresponding Quarter (restated)	**Current Year To Date**	Preceding Year Corresponding Period To Date (restated)
	31/03/2011	31/03/2010	**31/03/2011**	31/03/2010
	RM'000	*RM'000*	***RM'000***	*RM'000*
Profit for the period	**69,105**	24,127	**163,986**	89,248
Other comprehensive income for the period:				
Foreign currency translation differences for foreign operations	**(21,780)**	(25,119)	**2,854**	9,018
Total comprehensive income for the period	**47,325**	(992)	**166,840**	98,266
Total comprehensive income attributable to:				
Equity holders of the Company	**47,325**	(992)	**166,840**	98,266

Note: The component of other comprehensive income does not have any significant tax effect.

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	As at end of current quarter 31/03/2011 *RM'000*	As at preceding financial year end (restated) 30/06/2010 *RM'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**671,805**	709,329
Plantation assets	**765,039**	715,628
Timber concession	**25,627**	30,529
Prepaid lease payments	**46,091**	47,051
Investment properties	**37,727**	19,327
Investments in associates	**440,185**	341,775
Deferred tax assets	**414**	195
	1,986,888	1,863,834
Current assets		
Inventories	**179,323**	196,943
Receivables, deposits and prepayments	**342,133**	345,883
Dividend receivable	**1,425**	1,900
Tax recoverable	**16,642**	22,474
Cash and cash equivalents	**94,921**	69,017
	634,444	636,217
TOTAL ASSETS	**2,621,332**	2,500,051
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**329,815**	329,815
Share premium	**130,089**	130,089
Reserves	**1,124,143**	994,235
Total equity	**1,584,047**	1,454,139

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 (CONTINUED)

	As at end of current quarter 31/03/2011 *RM'000*	As at preceding financial year end (restated) 30/06/2010 *RM'000*
Non-current liabilities		
Borrowings	**421,204**	479,674
Deferred tax liabilities	**139,950**	127,405
Total non-current liabilities	**561,154**	607,079
Current liabilities		
Payables and accruals	**241,326**	275,797
Derivative financial instruments	**20,795**	—
Borrowings	**211,369**	159,428
Current tax liabilities	**2,641**	3,608
Total current liabilities	**476,131**	438,833
Total liabilities	**1,037,285**	1,045,912
TOTAL EQUITY AND LIABILITIES	**2,621,332**	2,500,051
Net asset per share attributable to equity holders of the Company (RM)	**2.40**	2.20

The condensed consolidated statement of financial position should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2011

		Attributable to equity holders of the Company					
		Non-distributable				Distributable	
	Note	Share capital *RM'000*	Share premium *RM'000*	Translation reserve *RM'000*	Fair value Reserve *RM'000*	Retained profits *RM'000*	Total *RM'000*
At 1 July 2009							
As previously stated		329,815	130,089	161,756	64,535	837,423	1,523,618
Effects on the changes in accounting policy	2(e)	—	—	(42,323)	—	(115,774)	(158,097)
As restated		329,815	130,089	119,433	64,535	721,649	1,365,521
Total comprehensive income for the period (restated)		—	—	9,018	—	89,248	98,266
Dividends paid during the period		—	—	—	—	(4,947)	(4,947)
At 31 March 2010 (restated)		329,815	130,089	128,451	64,535	805,950	1,458,840

		Attributable to equity holders of the Company					
		Non-distributable				Distributable	
	Note	Share capital *RM'000*	Share premium *RM'000*	Translation reserve *RM'000*	Fair value Reserve *RM'000*	Retained profits *RM'000*	Total *RM'000*
At 1 July 2010							
As previously stated		329,815	130,089	152,674	64,535	855,919	1,533,032
Effects on the changes in accounting policy	2(e)	—	—	(41,804)	—	(37,089)	(78,893)
As restated		329,815	130,089	110,870	64,535	818,830	1,454,139
Effects on the adoption of FRS 139	2(b)	—	—	—	—	(31,985)	(31,985)
		329,815	130,089	110,870	64,535	786,845	1,422,154
Total comprehensive income for the period		—	—	2,854	—	163,986	166,840
Dividends paid during the period		—	—	—	—	(4,947)	(4,947)
At 31 March 2011		329,815	130,089	113,724	64,535	945,884	1,584,047

The condensed consolidated statements of changes in equity should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2011

	9 months Current period ended 31/03/2011 *RM'000*	9 months Corresponding period ended (restated) 31/03/2010 *RM'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**186,927**	97,547
Adjustments for:		
Depreciation and amortisation	**65,334**	73,794
Harvested timber transferred to inventories	**33,255**	35,927
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	**(54,244)**	(37,472)
Interest expense	**14,618**	9,805
Net gain on changes in fair value of financial instruments	**(3,490)**	—
Interest income	**(275)**	(253)
Net interest income recognised on receivables and payables carried at amortised cost	**(5,475)**	—
Unrealised foreign exchange differences	**(9,059)**	(12,992)
Share of profit after tax of associates	**(80,941)**	(29,545)
Other non-cash items	**(13,199)**	(1,638)
Operating cash flow before working capital changes	**133,451**	135,173
Change in inventories	**17,631**	4,756
Change in receivables, deposits and prepayments	**(2,029)**	(28,764)
Change in payables and accruals	**(33,432)**	17,178
Cash generated from operations	**115,621**	128,343
Taxes paid	**(6,574)**	(4,868)
Net cash generated from operating activities	**109,047**	123,475

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2011 (CONTINUED)

	9 months Current period ended 31/03/2011 *RM'000*	9 months Corresponding period ended (restated) 31/03/2010 *RM'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and plantation assets	**(42,118)**	(26,129)
Proceeds from disposal of property, plant and equipment	**1,339**	1,877
Interest received	**275**	253
Dividends received	**5,016**	3,116
Pledged deposits received	**21,054**	71,584
Additional investment in an associate	**(9,374)**	—
Net cash (used in)/generated from investing activities	**(23,808)**	50,701
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(4,947)**	(4,947)
Interest paid	**(26,432)**	(27,301)
Proceeds from borrowings	**76,245**	42,650
Repayment of borrowings	**(92,982)**	(124,018)
Net cash used in financing activities	**(48,116)**	(113,616)
Net increase in cash and cash equivalents	**37,123**	60,560
Cash and cash equivalents at beginning of the year	**19,372**	(14,828)
Foreign exchange difference on opening balances	**157**	995
Cash and cash equivalents at end of the period	**56,652**	46,727

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2011 (CONTINUED)

	9 months Current period ended 31/03/2011 *RM'000*	9 months Corresponding period ended (restated) 31/03/2010 *RM'000*
Cash and cash equivalents as at 31 March is represented by:		
Cash and bank balances	**69,686**	61,665
Deposits	**25,235**	33,216
Bank overdraft	**(35,448)**	(15,340)
	59,473	79,541
Less: Fixed deposits and bank balances held as security	**(2,821)**	(32,814)
	56,652	46,727

The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

The figures have not been audited

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 31 MARCH 2011

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134, *Interim Financial Reporting* and the applicable disclosure provisions 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 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.

2. CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2010.

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

The Group applied revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

(b) FRS 139, *Financial Instruments: Recognition and Measurement*

FRS 139 sets out the new requirements for the recognition and measurement of financial instruments. The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

(i) *Initial recognition and measurement*

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

The figures have not been audited

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) FRS 139, *Financial Instruments: Recognition and Measurement* (continued)

(ii) *Financial instrument categories and subsequent measurement*

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivative designated as hedging instruments in an effective hedge, as appropriate.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in income statement except for derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as held-to-maturity investments which includes debt instruments that are quoted in an active market are subsequently measured at amortised cost using the effective interest method.

Available-for-sale financial assets comprises investments in equity and debt securities that are not held for trading and are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in income statement.

The figures have not been audited

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) FRS 139, *Financial Instruments: Recognition and Measurement* (continued)

(iii) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On the derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the income statement.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

In accordance with the transitional provisions of FRS 139 for first-time adoption, adjustments arising from re-measuring the financial instruments at the beginning of the financial period are recognised as adjustments of the opening balance of retained profits or another appropriate reserve and comparatives are not adjusted. Accordingly, the effects of the initial adoption of FRS on opening retained profits of the Group are as follows:

	Retained profits *RM'000*
Adjustments arising from adoption of FRS 139:	
Recognition of derivatives previously not recognised, net of tax	(24,285)
Re-measurement of receivables and payables	(7,700)
	(31,985)

(c) FRS 123, *Borrowing Costs*

With the adoption of FRS 123 with effect from 1 July 2010, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 123.

Hence, the adoption of FRS 123 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current period's basic and diluted earnings per ordinary share.

The figures have not been audited

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) FRS 140, *Investment Property*

Prior to 1 July 2010, an investment property under construction was classified as property, plant and equipment and measured at cost. Such property would be reclassified as investment property when the construction or development was completed.

With the amendment made to FRS 140 with effect from 1 January 2010, investment property under construction is classified as investment property.

The change in accounting policy has been made prospectively in accordance with the transitional provisions of FRS 140.

Hence, the adoption of FRS 140 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current period's basic and diluted earnings per ordinary share.

(e) Accounting policy for biological assets

With effect from 1 July 2010, the Group changed the accounting policy of its biological assets which include the plantation assets of its subsidiary and oil palm plantation of its associate, with reference made to the International Accounting Standard ("IAS") 41, *Agriculture.*

Prior to the adoption of the new accounting policy, plantation assets include freehold forest land and forest crops. Freehold forest land is not depreciated and forest crops are stated at cost less the timber assets harvested and less impairment, if any. Under the new accounting policy, forest crops are measured on initial recognition and at subsequent reporting dates at fair value less estimated point-of-sale costs, with any changes in fair value of plantation assets during a period recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market. Forest land is accounted for in accordance with FRS 116, *Property, plant and equipment*.

In accordance with FRS 128, *Investment in Associates*, the same accounting policies as those of the investor should be applied when equity method is used to account for associates. As a result of the adoption of new accounting policy on plantation assets, the financial statements of an associate involved in oil palm plantation where the biological assets stated at cost has been adjusted to reflect the new accounting policy.

The figures have not been audited

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(e) Accounting policy for biological assets (continued)

This change in accounting policy has been applied retrospectively and accordingly, the comparative amounts have been adjusted to conform to the current period's presentation. The financial impact to the Group arising from this change in accounting policy are as follows:

	Statement of financial position As at 30 June 2010 *RM'000*
Increase in property, plant and equipment	**67,435**
Decrease in plantation assets	**(322,042)**
Increase in investments in associates	**78,069**
Increase in inventories	**1,255**
Decrease in retained profits	**(37,089)**
Decrease in translation reserve	**(41,804)**
Decrease in deferred tax liabilities	**(96,390)**

	Income statement For the period ended 31 March 2010 *RM'000*
Profit for the period	
As previously stated	20,362
Increase in profit for the period before share of profit of associates, net of tax	55,146
Increase in share of profit of associates, net of tax	13,740
Restated	89,248

3. PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements for the year ended 30 June 2010 was unqualified.

4. SEASONALITY OF CYCLICAL FACTORS

The timber operations results are affected by weather conditions especially at logging areas. Extracting logs during heavy rainfall seasons is made more difficult thereby causing shortage of log supply for both export and processing while a drier season will be more conducive to higher log extraction.

The figures have not been audited

5. EXCEPTIONAL ITEM

There were no items for which by nature or amount affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size, or incidence during the quarter under review.

6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no other issuances, cancellations, repurchases, resale, and repayment of debt and equity securities in the quarter under review.

8. DIVIDENDS

The Board does not propose to declare or recommend any interim dividend for the current quarter and financial year to date.

9. SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by business line. The Group has identified the following six reportable segments in a manner consistent with the way in which information is reported internally to the chief operating decision maker for the purposes of resource allocation and performance assessment:

Logs	The sale of timber logs from concession and forest plantation area.
Plywood and veneer	The manufacture and sale of plywood and veneer.
Upstream support	The provision of supporting services such as tree-falling and barging.
Other timber operations	The manufacture and sale of timber related products such as doorskin and housing products.
Plantation	Operation of oil palm plantations and oil mills derived from the Group's investment in an associate.
Other operations	Other operations include the manufacture and sale of granite aggregates, rubber compound and glue, logistic services, power generating facilities, property investment and investment companies.

The figures have not been audited

9. SEGMENT INFORMATION (CONTINUED)

The segment information in respect of the Group's operating segments for the quarter ended 31 March 2011 and 2010 are as follows:

	For the period ended 31 March 2011						
	Logs *RM'000*	**Plywood and veneer** *RM'000*	**Upstream support** *RM'000*	**Other timber operations** *RM'000*	**Plantation** *RM'000*	**Other operations** *RM'000*	**Total** *RM'000*
Revenue from external customers	**394,044**	**420,928**	**310,607**	**11,333**	**—**	**29,624**	**1,166,536**
Inter-segment revenue	**38,498**	**26,205**	**122,000**	**—**	**—**	**10,508**	**197,211**
Reportable segment revenue	**432,542**	**447,133**	**432,607**	**11,333**	**—**	**40,132**	**1,363,747**
Reportable segment profit/(loss)	**108,102**	**(18,156)**	**(2,471)**	**(3,298)**	**—**	**18,128**	**102,305**
Reportable segment assets	**1,000,283**	**661,268**	**359,277**	**86,098**	**341,365**	**173,041**	**2,621,332**

	For the period ended 31 March 2010						
	Logs *RM'000*	**Plywood and veneer** **RM'000**	**Upstream support** *RM'000*	**Other timber operations** *RM'000*	**Plantation** *RM'000*	**Other operations** **RM'000**	**Total** *RM'000*
Revenue from external customers	282,316	430,650	263,425	6,612	—	22,333	1,005,336
Inter-segment revenue	46,351	34,951	82,093	—	—	6,124	169,519
Reportable segment revenue	328,667	465,601	345,518	6,612	—	28,457	1,174,855
Reportable segment profit/(loss)	69,572	(15,539)	11,137	(2,763)	—	2,155	64,562
Reportable segment assets	1,018,003	723,588	393,760	75,989	244,030	135,439	2,590,809

The figures have not been audited

9. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable segment revenue and profit or loss

	Current period ended 31/03/2011 *RM'000*	Corresponding period ended (restated) 31/03/2010 *RM'000*
(a) Revenue		
Reportable segment revenue	**1,363,747**	1,174,855
Elimination of inter-segment revenue	**(197,211)**	(169,519)
Consolidated revenue	**1,166,536**	1,005,336
(b) Profit		
Reportable segment profit	**102,305**	64,562
Share of profit after tax of associates	**80,941**	29,545
Net financing income	**3,681**	3,440
Consolidated profit before taxation	**186,927**	97,547

10. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group does not have a policy on revaluing its property, plant and equipment.

11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING QUARTER

There have been no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

12. CHANGES IN THE COMPOSITION OF THE GROUP

The Group had on 23 March 2011 acquired additional interest of 1.91% in Glenealy Plantations (Malaya) Berhad ("Glenealy") for a cash consideration of RM9,374,000. It now holds 38.33% interest in Glenealy.

Other than the above, there were no changes in the composition of the Group during the quarter which were previously not announced.

13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

No contingent liabilities or contingent assets have arisen since the last annual reporting period.

The figures have not been audited

14. TAXATION

	Individual quarter 3 months ended 31 March		Cumulative year to date 9 months ended 31 March	
	2011	2010	**2011**	2010
	RM'000	*RM'000*	***RM'000***	*RM'000*
Current tax expense	**(722)**	2,591	**11,441**	6,848
Deferred tax expense	**6,544**	(1,661)	**11,500**	1,451
	5,822	930	**22,941**	8,299

The Group's effective tax rate for the quarter under review is lower than the statutory tax rate due to the effect of double deduction available for certain expenses.

15. PROFITS/(LOSSES) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no disposal of unquoted investments and/or properties during the quarter under review.

16. QUOTED SECURITIES

(a) There were no purchases or disposals of quoted securities for the current quarter and financial year to date.

(b) Total investments in quoted securities as at 31 March 2011 were as follows:

	RM'000
(i) At carrying value/book value	341,365
(ii) At market value	201,151

17. STATUS OF CORPORATE PROPOSALS

There were no new corporate proposals during the current quarter under review.

The figures have not been audited

18. GROUP BORROWINGS AND DEBT SECURITIES

Total Group borrowings as at 31 March 2011 were as follows:

	Long term borrowings *RM'000*	Long term borrowings in foreign currency	Short term borrowings *RM'000*	Short term borrowings in foreign currency
Secured				
— Foreign currency *(USD'000)*	139,753	46,758	—	—
— Foreign currency *(NZD'000)*	59,790	26,313	—	—
— Local currency	22,353	—	22,509	—
Unsecured				
— Foreign currency *(USD'000)*	2,900	951	2,900	951
— Local currency	196,408	—	185,960	—
Total	421,204		211,369	

19. MATERIAL LITIGATION

One of the Company's wholly owned subsidiary, Samling Plywood (Lawas) Sdn Bhd ("**Samling Plywood Lawas**") has been served with the following two (2) writs of summons on 15 December 2009:

(a) Samling Plywood Lawas together with the Director of Forests, Sarawak and State of Government of Sarawak are jointly named as defendants by certain families of the village communities of Long Pakan and Long Lilim and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Long Pakan and Long Lilim, Baram, Sarawak as the plaintiffs (collectively, "**Plaintiff A**"). Plaintiff A are claiming for various orders, reliefs and damages including declarations that issuance of the forest timber licence by the Director of Forests, Sarawak to Samling Plywood Lawas which overlap Plaintiff A's claimed areas are unlawful, unconstitutional, null and void.

(b) Samling Plywood Lawas together with the Director of Forests, Sarawak and State of Government of Sarawak are jointly named as defendants by certain families of the village communities of Ba Abang, Long Item and Long Kawi and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Kampung Ba Abang, Long Item and Long Kawi, Baram, Sarawak as the plaintiffs (collectively, "**Plaintiff B**"). Plaintiff B are claiming for various orders, reliefs and damages including declarations that issuance of the forest timber licence by the Director of Forests, Sarawak to Samling Plywood Lawas which overlap Plaintiff B's claimed areas are unlawful, unconstitutional, null and void.

The Company has made applications to strike out the two (2) writs of summons and waiting for hearing and decision from the court.

The figures have not been audited

19. MATERIAL LITIGATION (CONTINUED)

On 21 December 2010, Samling Plywood (Miri) Sdn Bhd ("**Samling Plywood Miri**"), another subsidiary of the Company, together with the Director of Forests, Sarawak and State of Government of Sarawak are being jointly sued by certain families of the village communities of Ba Jawi and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Ba Jawi, Upper Baram, Sarawak. The plaintiffs are claiming for various orders, reliefs and damages including declarations that issuance of the forest timber licence by the Director of Forests, Sarawak to Samling Plywood Miri which overlap the plaintiffs' claimed areas are unlawful, improper, unconstitutional, null and void. As at 31 March 2011, the proceeding remained pending before the court

The timber licences held by Samling Plywood Lawas and Samling Plywood Miri have been issued by the governmental authorities in Sarawak. The areas claimed by the plaintiffs which form part of the Forest Timber Licence area issued to Samling Plywood Lawas and Samling Plywood Miri are currently not being operated on. As such, there will not be any financial impact on the Company.

20. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE IMMEDIATE PRECEDING QUARTER

Faced with inclement weather conditions that hampered log extraction operations in the financial quarter under review, the volume of hardwood logs extracted and plywood produced fell by approximately 26% and 21% respectively compared to that of the immediate preceding financial quarter. The adverse impact of this lower volume was partially mitigated by an upward trend in hardwood log and plywood prices, driven by strong demand from India, China and Japan. The prices of hardwood log and plywood achieved by the Group in Ringgit terms were higher than that of the immediate preceding financial quarter as US Dollar prices improved, although its effect were partially offset by the stronger Ringgit against the US Dollar. On the cost side, as a result of lower production volume, certain fixed and semi-fixed operating costs were being allocated over lower volumes sold which resulted in a rise in unit production cost. As a consequence, gross profit has decreased to RM24.8 million from RM31.6 million achieved in the immediate preceding financial quarter.

As a result of higher softwood logs prices at the end of the financial quarter under review compared to immediate preceding financial quarter, the Group recognised a gain from changes in fair value of plantation assets of RM18.9 million. With the sound performance achieved by the oil palm plantation associate who benefited from the high crude palm oil prices during the financial quarter under review, the Group's share of its operating results as well as gain from changes in fair value of plantation assets was RM15.3 million higher compared to immediate preceding financial quarter.

Due to the NZ Dollar weakening against US Dollar during the financial quarter under review as compared to immediate preceding financial quarter, the Group recognised an unrealised loss of RM4.3 million arising from the translation of US Dollar loan by a foreign subsidiary in New Zealand as compared to a gain of RM6.5 million in the immediate preceding financial quarter.

After accounting for a gain from the excess of fair value over purchase consideration arising from additional acquisition in an associate of RM12.6 million, the Group recorded a profit before taxation of RM74.9 million for the financial quarter under review, an increase of RM7.9 million as compared to immediate preceding financial quarter.

The figures have not been audited

21. REVIEW OF PERFORMANCE OF THE GROUP FOR THE QUARTER AND FINANCIAL YEAR-TO-DATE

For the financial quarter under review, the Group recorded a profit before taxation of RM74.9 million and an operating cash flow before changes in working capital of RM43.0 million. On a year-to-date basis, the Group recorded a profit before taxation of RM186.9 million and an operating cash flow before changes in working capital of RM133.5 million.

For the financial year-to-date, the Group sold 581,722 m^3 of hardwood logs, 209,700 m^3 of plywood and 99,866 m^3 of veneer. Average prices achieved were RM469/m^3 for hardwood logs, RM1,556/m^3 for plywood and RM950/m^3 for veneer. Prices for timber products achieved by the Group have been on the rising trend for the past three financial quarters due to improving price trends from Japan and firm and stable demand from China and India. However, the continued strengthening of the Ringgit against the US Dollar has impacted upon the Group's results as the Group's export proceeds are mostly predominantly in US Dollar.

The Group recognised a gain from changes in fair value of plantation assets of RM54.2 million as softwood prices improved compared to that of the end of the previous financial year. Share of profit after tax of associates, supported by strong crude palm oil prices, contributed RM80.9 million to the Group's year-to-date results.

22. COMMENTARY ON THE OUTLOOK OF THE GROUP

The Group is expected to benefit from an increase in plywood export volume and prices when reconstruction activities in Japan after the earthquake and tsunami commence. Restocking activities in preparation for this has already kickstarted an upward movement in prices, which is likely to stabilise in the mid term as supplies increase.

Prices for hardwood logs have risen to higher levels since the last financial quarter as log shortage still exist and production costs on the rise with increase in fuel prices. On the longer term, it is expected to stabilise but at higher price levels in view of cost increases. Moreover, with the housing demand and infrastructure development in China remaining robust, hardwood logs prices are expected to remain strong.

The continued strengthening of the Ringgit against the US Dollar has had an adverse effect upon profitability which will be exacerbated by further strengthening unless the selling prices which are in US Dollar increase in tandem. Steps have been taken to export in other currencies to spread the foreign exchange risks.

The Group strives to work on improving its operational efficiency, keeping a tight rein over cost, to ensure it remains competitive.

The figures have not been audited

23. VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT AND SHORTFALL IN PROFIT GUARANTEE

The Group did not issue any profit forecast for this quarter and therefore comments on variances with forecast profit are not applicable.

24. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES LISTING REQUIREMENT

The determination of realised and unrealised profits is based on the Guidance of special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

	As at 31/03/2011 ***RM'000***
Total retained profits of the Group and its subsidiaries:	
Realised	772,472
Unrealised	109,651
	882,123
Total share of retained profits from associated companies:	
Realised	83,412
Unrealised	134,546
	217,958
	1,100,081
Less: consolidation adjustments	(154,197)
Total Group retained profits	945,884

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The figures have not been audited

25. EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the period and 659,630,000 (2010: 659,630,000) ordinary shares in issue during the period.

(b) The Company does not have any diluted earnings per share.

BY ORDER OF THE BOARD

CHEN KEOW CHING (MAICSA 7001905)
PHANG SWEE CHEW (MAICSA 7020805)

Company Secretaries

Kuala Lumpur
16 May 2011