LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter (restated)	Current Year To Date	Preceding Year Corresponding Period To Date (restated)
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Revenue	484,507	436,641	1,651,043	1,441,977
Cost of sales	(426,737)	(415,782)	(1,515,450)	(1,358,699)
Gross profit	57,770	20,859	135,593	83,278
Other operating income	2,845	1,883	9,646	9,266
Other operating expenses	(21,183)	(15,301)	(70,384)	(58,013)
Operating profit before changes in fair value of plantation assets less estimated point-of-sale costs	39,432	7,441	74,855	34,531
(Loss)/gain from changes in fair value of plantation assets less estimated point-of-sale costs	(39,789)	10,691	14,455	48,163
(Loss)/profit from operations	(357)	18,132	89,310	82,694
Interest income	200	79	475	332
Finance costs	(1,029)	(3,132)	(13,041)	(15,970)
Net interest income recognised on receivables and payables carried at amortised cost	(1,204)	-	4,271	-
Net finance costs	(2,033)	(3,053)	(8,295)	(15,638)
Foreign exchange differences	13,602	(6,372)	23,545	9,653
Share of profit after tax of associates	7,115	4,646	100,694	34,191
Profit before taxation	18,327	13,353	205,254	110,900
Taxation	9,400	(473)	(13,541)	(8,772)
Profit for the period	27,727	12,880	191,713	102,128
Attributable to:				
Equity holders of the Company	27,727	12,880	191,713	102,128
Earnings per share:				
(a) Basic earnings per share (sen)	4.20	1.95	29.06	15.48
(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 4TH QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter (restated)	Current Year To Date	Preceding Year Corresponding Period To Date (restated)
	30/06/2011 RM'000	30/06/2010 RM'000	30/06/2011 RM'000	30/06/2010 RM'000
Profit for the period	27,727	12,880	191,713	102,128
Other comprehensive income for the period:				
Foreign currency translation differences for foreign operations	48,682	(17,581)	51,536	(8,563)
Total comprehensive income for the period	76,409	(4,701)	243,249	93,565
Total comprehensive income attributable to:				
Equity holders of the Company	76,409	(4,701)	243,249	93,565

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 CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	As at end of current quarter 30/06/2011 RM'000	As at preceding financial year end (restated) 30/06/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	696,002	709,329
Plantation assets	786,984	715,628
Timber concession	23,994	30,529
Prepaid lease payments	45,770	47,051
Investment properties	37,804	19,327
Investments in associates	447,101	341,775
Deferred tax assets	137	195
	2,037,792	1,863,834
Current assets		
Inventories	217,149	196,943
Receivables, deposits and prepayments	295,055	345,883
Dividend receivable	1,425	1,900
Current tax assets	11,651	22,474
Cash and cash equivalents	104,280	69,017
	629,560	636,217
TOTAL ASSETS	2,667,352	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	1,200,552	994,235
Total equity	1,660,456	1,454,139

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011 (CONT'D)

	As at end of current quarter 30/06/2011 RM'000	As at preceding financial year end (restated) 30/06/2010 RM'000
Non-current liabilities		
Borrowings	442,925	479,674
Deferred tax liabilities	133,721	127,405
Total non-current liabilities	576,646	607,079
Current liabilities		
Payables and accruals	225,758	275,797
Derivative financial instruments	16,989	-
Borrowings	180,620	159,428
Current tax liabilities	6,883	3,608
Total current liabilities	430,250	438,833
Total liabilities	1,006,896	1,045,912
TOTAL EQUITY AND LIABILITIES	2,667,352	2,500,051
Net asset per share attributable to equity holders of the Company (RM)	2.52	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 CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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)	(50,311)	(65,463)	(158,097)
As restated		329,815	130,089	119,433	14,224	771,960	1,365,521
Total comprehensive income for the year (restated)		-	-	(8,563)	-	102,128	93,565
Dividends paid during the year		-	-	-	-	(4,947)	(4,947)
At 30 June 2010 (restated)		329,815	130,089	110,870	14,224	869,141	1,454,139

		<-------- *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)	(50,311)	13,222	(78,893)
As restated		329,815	130,089	110,870	14,224	869,141	1,454,139
Effects on the adoption of FRS 139	2(b)	-	-	-	-	(31,985)	(31,985)
		329,815	130,089	110,870	14,224	837,156	1,422,154
Total comprehensive income for the year		-	-	51,536	-	191,713	243,249
Dividends paid during the year		-	-	-	-	(4,947)	(4,947)
At 30 June 2011		329,815	130,089	162,406	14,224	1,023,922	1,660,456

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.

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2011

	12 months Current period ended 30/06/2011 RM'000	12 months Corresponding period ended (restated) 30/06/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	205,254	110,900
Adjustments for:-		
Depreciation and amortisation	86,554	97,214
Harvested timber transferred to inventories	46,754	42,324
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	(14,455)	(48,163)
Interest expense	20,337	15,970
Net gain on changes in fair value of financial instruments	(7,296)	-
Interest income	(475)	(332)
Net interest income recognised on receivables and payables carried at amortised cost	(4,271)	-
Unrealised foreign exchange differences	(20,477)	(11,770)
Share of profit after tax of associates	(100,694)	(34,191)
Other non-cash items	104	(2,035)
Operating cash flow before working capital changes	211,335	169,917
Change in inventories	(20,027)	4,580
Change in receivables, deposits and prepayments	42,717	40,081
Change in payables and accruals	(45,663)	(13,846)
Cash generated from operations	188,362	200,732
taxes paid/(refunded)	(6,723)	3,110
Net cash generated from operating activities	181,639	203,842
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and plantation assets	(64,340)	(63,050)
Proceeds from disposal of property, plant and equipment	1,397	6,713
Interest received	475	332
Dividends received	5,016	3,116
Additional investment in associate/ joint venture	(9,374)	(113)
Net cash used in investing activities	(66,826)	(53,002)

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2011 (CONT'D)

	12 months Current period ended 30/06/2011 RM'000	12 months Corresponding period ended (restated) 30/06/2010 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Pledged deposits received	20,801	80,523
Dividends paid	(4,947)	(4,947)
Interest paid	(39,016)	(40,734)
Proceeds from borrowings	129,297	61,642
Repayment of borrowings	(152,679)	(212,604)
Net cash used in financing activities	(46,544)	(116,120)
Net increase in cash and cash equivalents	68,269	34,720
Cash and cash equivalents at beginning of the year	19,372	(14,828)
Foreign exchange difference on opening balances	2,574	(520)
Cash and cash equivalents at end of the period	90,215	19,372
Cash and cash equivalents as at 30 June is represented by:		
Cash and bank balances	81,410	44,766
Deposits	22,870	24,251
Bank overdraft	(10,991)	(25,770)
	93,289	43,247
Less: Fixed deposits and bank balances held as security	(3,074)	(23,875)
	90,215	19,372

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 4TH QUARTER ENDED 30 JUNE 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.

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
Increase in retained profits	13,222
Decrease in translation reserve	(41,804)
Decrease in fair value reserve	(50,311)
Decrease in deferred tax liabilities	(96,390)
	========

	Income statement For the period ended 30 June 2010 RM'000
<u>Profit for the period</u>	
As previously stated	23,443
Increase in profit for the period before share of profit of associates, net of tax	63,036
Increase in share of profit of associates, net of tax	15,649

Restated	102,128
	=======

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. Segment information

The Group manages its business by divisions, which are organised by business line. The Group has identified the following five 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.
Other operations	Other operations include the manufacture and sale of granite aggregates, rubber compound and glue, logistic services, power generating facilities and property investment.

The figures have not been audited

8. Segment information (continued)

The segment information in respect of the Group's operating segments for the quarter ended 30 June 2011 and 2010 are as follows:-

For the period ended 30 June 2011

	Logs RM'000	Plywood and veneer RM'000	Upstream support RM'000	Other timber operations RM'000	Other operations RM'000	Total RM'000
Revenue from external customers	552,736	581,589	462,931	14,591	39,196	1,651,043
Inter –segment revenue	51,496	38,012	177,613	-	14,246	281,367
Reportable segment revenue	604,232	619,601	640,544	14,591	53,442	1,932,410
Reportable segment profit/(loss)	93,193	(3,958)	503	(5,731)	5,303	89,310
Reportable segment assets	1,033,320	664,508	341,572	18,064	107,770	2,165,234

For the period ended 30 June 2010

	Logs RM'000	Plywood and veneer RM'000	Upstream support RM'000	Other timber operations RM'000	Other operations RM'000	Total RM'000
Revenue from external customers	450,537	593,783	355,710	10,384	31,563	1,441,977
Inter –segment revenue	60,248	51,943	144,316	-	8,472	264,979
Reportable segment revenue	510,785	645,726	500,026	10,384	40,035	1,706,956
Reportable segment profit/(loss)	100,900	(19,172)	939	(3,329)	3,356	82,694
Reportable segment assets	970,668	694,758	354,510	8,022	100,065	2,128,023

The figures have not been audited

8. Segment information (continued)

Reconciliations of reportable segment revenue and profit or loss

	Current period ended 30/06/2011	Corresponding period ended (restated) 30/06/2010
	RM'000	RM'000
(a) Revenue		
Reportable segment revenue	1,932,410	1,706,956
Elimination of inter-segment revenue	(281,367)	(264,979)
Consolidated revenue	1,651,043	1,441,977
(b) Profit		
Reportable segment profit	89,310	82,694
Share of profit after tax of associates	100,694	34,191
Net finance income/(costs)	15,250	(5,985)
Consolidated profit before taxation	205,254	110,900
(c) Assets		
Reportable segment assets	2,165,234	2,128,023
Investments in associates	447,101	341,775
Deferred tax assets	137	195
Current tax assets	11,651	22,474
Unallocated head office and corporate assets	43,229	7,584
Consolidated total assets	2,667,352	2,500,051

9. Valuations of property, plant and equipment

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

10. 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.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter which were previously not announced.

12. Contingent liabilities or contingent assets

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

13. Taxation

	Individual quarter 3 months ended 30 June		Cumulative year to date 12 months ended 30 June	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Current tax expense	9,383	1,963	20,824	8,811
Deferred tax expense	(18,783)	(1,490)	(7,283)	(39)
	(9,400)	473	13,541	8,772

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

14. 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.

15. 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 30 June 2011 were as follows:

	RM’000
(i) At carrying value / book value	348,108
(ii) At market value	240,944

16. Status of Corporate Proposals

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

The figures have not been audited

17. Group borrowings and debt securities

Total Group borrowings as at 30 June 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	148,887	49,015	3,999	1,317
– Foreign currency – NZD'000	62,576	25,206	129	52
– Local currency	48,882	-	22,470	-
Unsecured – Foreign currency – USD'000	2,170	713	2,893	951
– Local currency	180,410	-	151,129	-
Total	442,925		180,620	

18. Material litigation

Two of the Group's subsidiaries, Samling Plywood (Lawas) Sdn Bhd ("Samling Plywood Lawas") and Samling Plywood (Miri) Sdn Bhd ("Samling Plywood Miri") together with the Director of Forests, Sarawak and State of Government of Sarawak were being jointly sued by certain inhabitants of longhouses and settlements situated on timber concessions held by Samling Plywood Lawas and Samling Plywood Miri. The plaintiffs are claiming various orders, reliefs and damages including declarations that issuance of the forest timber licence by the Director of Forests, Sarawak to Samling Plywood Lawas and Samling Plywood Miri which overlap the plaintiffs' claimed areas are unlawful, unconstitutional, null and void.

As at 30 June 2011, the above proceedings remained pending before the court.

19. Material changes in the quarterly results compared to the results of the immediate preceding quarter

Weather conditions have been improving in Sarawak allowing uninterrupted timber extraction activities. During the financial quarter under review, hardwood log extracted by the Group increased approximately 46% compared to that of the immediate preceding financial quarter. Export hardwood log prices, on the back of strong demand from China and India, increased by 22% compared to that of the immediate preceding financial quarter. Plywood price rose sharply in the financial quarter under review after the tragic earthquake and subsequent tsunami in Japan as buyers rushed to replenish their stocks.

With the higher selling prices for both plywood and hardwood logs, the gross profit achieved during the financial quarter under review was RM57.8 million, an increase of RM33.0 million compared to that of the immediate preceding financial quarter.

Prices in the market for softwood logs moved downwards at the end of the financial quarter under review and as a result, the Group recognised a loss from changes in fair value of plantation assets of RM39.8 million as compared to a gain of RM18.9 million achieved in the immediate preceding financial quarter. Similarly, as crude palm oil prices softened at the end of financial quarter under review, the Group recognised its share of loss from changes in fair value of plantation assets of the associate involved in oil palm plantation of RM0.7 million as compared to a gain of RM30.7 million recognised in the immediate preceding financial quarter.

After accounting for an unrealised foreign exchange gain of RM10.1 million arising from the translation of US Dollar loan by a foreign subsidiary in New Zealand, the Group recorded a profit before taxation of RM18.3 million for the financial quarter under review, a decrease of RM56.6 million as compared to immediate preceding financial quarter.

20. 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 RM18.3 million and an operating cash flow before changes in working capital of RM77.9 million. On a year-to-date basis, the Group recorded a profit before taxation of RM205.3 million and an operating cash flow before changes in working capital of RM211.3 million.

For the financial year under review, the Group sold 806,838 m^3 of hardwood logs, 513,622 m^3 of softwood logs, 274,521 m^3 of plywood and 142,287 m^3 of veneer. Average prices achieved were RM472/m^3 for hardwood logs, RM335/m^3 for softwood logs, RM1,613/m^3 for plywood and RM960/m^3 for veneer. Prices for timber products have been on the rising trend due to a general recovery in the world economy, culminating in a sharp spike in the fourth quarter after the Japanese earthquake and tsunami. However, the Group's results were impacted upon by the strengthening of the Ringgit against the US Dollars as the Group's proceeds are mainly denominated in US Dollars.

The Group recognised a gain from changes in fair value of plantation assets of RM14.5 million as softwood prices as at the end of the financial year under review was higher 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 RM100.7 million to the Group's year-to-date results.

The figures have not been audited

21. Commentary on the outlook of the Group

With the world economic outlook turning negative in the first few months of the financial year ending 30 June 2012, principally brought about by the debt crisis in the USA which resulted in its credit rating being downgraded and the revived debt crisis in Europe, the performance of the Group in the financial year ending 30 June 2012 will depend much on recovery in Japan with the post-tsunami reconstruction activities and the continued strong demand of logs from China and India. In Japan, the timing of reconstruction activities in earthquake and tsunami affected areas will be a key determinant on the rate of growth in timber demand. China's economic growth, supported by rising level of affluence of its large population, is expected to remain relatively robust. However, its economy will be impacted by the various tightening measures implemented by the Chinese government and its effect on the housing sector will much depends on the resilience of this sector. India will continue to be a key buyer for the harder species logs to meet its increasing demand for better housing although growth may slow down in the financial year ending 30 June 2012.

Faced with this volatile and uncertain operating environment, the Group will, in the financial year ending 30 June 2012, continue to work on improving operational efficiency by enhancing the productivity of its workforce and its equipment fleet, and emphasising tight control over cash cost of production.

The Group's investment in its oil palm associate, Glenealy Plantations (Malaya) Berhad, with increased CPO production from the processing of higher FFB crop from maturing areas is expected to continue its positive contribution to the results of the Group.

22. 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.

The figures have not been audited

23. 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 30/06/2011 **RM'000**
Total retained profits of the Group and its subsidiaries	
Realised	920,681
Unrealised	(11,609)
	909,072
Total share of retained profits from associated companies:	
Realised	96,137
Unrealised	133,908
	230,045
	1,139,117
Less: Consolidation adjustments	(115,195)
Total Group retained profits	1,023,922
	=========

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.

24. 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.

25. Dividends

The Board proposes a final dividend of 2.00 sen per share less tax totalling RM9,894,457 (2010: final dividend at 1.00 sen per share less tax totalling RM4,947,228) for the financial year ended 30 June 2011 subject to the approval of the shareholders at the forthcoming Annual General Meeting. The book closure date will be announced later.

BY ORDER OF THE BOARD

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

Company Secretaries

Kuala Lumpur
26 August 2011