

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2012 RM'000	Preceding Year Corresponding Quarter 31/03/2011 RM'000	Current Year To Date 31/03/2012 RM'000	Preceding Year Corresponding Period To Date 31/03/2011 RM'000
Revenue	374,149	377,399	1,306,050	1,166,536
Cost of sales	(361,194)	(352,598)	(1,219,978)	(1,088,713)
Gross profit	12,955	24,801	86,072	77,823
Other operating income	2,448	2,433	8,792	6,801
Other operating expenses	(20,750)	(16,311)	(54,838)	(49,201)
Operating profit before changes in fair value of biological assets less estimated point-of-sale costs	(5,347)	10,923	40,026	35,423
(Loss)/Gain from changes in fair value of biological assets less estimated point-of-sale costs	(7,537)	18,882	(25,529)	54,244
(Loss)/Profit from operations	(12,884)	29,805	14,497	89,667
Interest income	138	146	543	275
Finance costs	(5,389)	(5,091)	(15,676)	(15,502)
Changes in fair value of financial instruments	2,565	(225)	(684)	3,490
Net interest income on receivables and payables	-	1,975	-	5,475
Net finance cost	(2,686)	(3,195)	(15,817)	(6,262)
Foreign exchange differences	5,334	(4,089)	5,966	9,943
Share of profit after tax of associates and jointly-controlled entities	19,652	52,406	25,646	93,579
Profit before taxation	9,416	74,927	30,292	186,927
Taxation	4,176	(5,822)	237	(22,941)
Profit for the period	13,592	69,105	30,529	163,986
Attributable to:				
Owners of the Company	13,592	69,105	30,529	163,986
Earnings per share:				
(a) Basic earnings per share (sen)	2.06	10.48	4.63	24.86
(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 2011.

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**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3RD QUARTER
 ENDED 31 MARCH 2012**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 31 MARCH 2012**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2012 RM'000	Preceding Year Corresponding Quarter 31/03/2011 RM'000	Current Year To Date 31/03/2012 RM'000	Preceding Year Corresponding Period To Date 31/03/2011 RM'000
Profit for the period	13,592	69,105	30,529	163,986
Other comprehensive income for the period:				
Foreign currency translation differences for foreign operations	849	(21,780)	(6,691)	2,854
Share of other comprehensive income of associates and jointly-controlled entities	(549)	-	(422)	-
	13,892	47,325	23,416	166,840
	13,892	47,325	23,416	166,840
Total comprehensive income for the period				
Total comprehensive income attributable to:				
Owners of the Company	13,892	47,325	23,416	166,840
	13,892	47,325	23,416	166,840
	13,892	47,325	23,416	166,840

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 2011.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

	As at end of current quarter 31/03/2012 RM'000	As at preceding financial year end 30/06/2011 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	685,201	696,002
Biological assets	737,327	786,984
Timber concession	19,092	23,994
Prepaid lease payments	45,009	45,770
Investment properties	36,819	37,804
Investments in associates and jointly-controlled entities	451,527	431,223
Deferred tax assets	121	137
	<u>1,975,096</u>	<u>2,021,914</u>
Current assets		
Inventories	240,023	217,149
Receivables, deposits and prepayments	347,770	295,055
Dividend receivable	1,425	1,425
Current tax assets	8,324	11,651
Cash and cash equivalents	94,901	104,280
	<u>692,443</u>	<u>629,560</u>
TOTAL ASSETS	<u><u>2,667,539</u></u>	<u><u>2,651,474</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	329,815	329,815
Share premium	130,089	130,089
Reserves	1,198,196	1,184,674
Total equity	<u>1,658,100</u>	<u>1,644,578</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2012

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012 (CONT'D)

	As at end of current quarter 31/03/2012 RM'000	As at preceding financial year end 30/06/2011 RM'000 (restated)
Non-current liabilities		
Borrowings	430,446	442,925
Deferred tax liabilities	122,409	133,721
Total non-current liabilities	552,855	576,646
Current liabilities		
Payables and accruals	232,710	225,758
Derivative financial instruments	17,673	16,989
Borrowings	199,180	180,620
Current tax liabilities	7,021	6,883
Total current liabilities	456,584	430,250
Total liabilities	1,009,439	1,006,896
TOTAL EQUITY AND LIABILITIES	2,667,539	2,651,474
Net asset per share attributable to owners of the Company (RM)	2.51	2.49

The condensed consolidated statement of financial position should be read in conjunction with the annual financial statements for the financial year ended 30 June 2011.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2012

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2012

	<----- <i>Attributable to owners of the Company</i> ----->					
	<----- <i>Non-distributable</i> ----->			<i>Distributable</i>		
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2010						
- As previously stated	329,815	130,089	110,870	14,224	837,156	1,422,154
- Prior year adjustment (Note 2)	-	-	-	-	(15,878)	(15,878)
At 1 July 2010, restated	329,815	130,089	110,870	14,224	821,278	1,406,276
Profit for the period	-	-	-	-	163,986	163,986
Foreign currency translation differences for foreign operation	-	-	2,854	-	-	2,854
Total comprehensive income for the period	-	-	2854	-	163,986	166,840
Dividends paid during the period	-	-	-	-	(4,947)	(4,947)
At 31 March 2011, restated	329,815	130,089	113,724	14,224	980,317	1,568,169

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2012 (CONT'D)

	<----- Attributable to owners of the Company----->					
	<----- Non-distributable ----->			Distributable		
	Share Capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2011						
- As previously stated	329,815	130,089	162,406	14,224	1,023,922	1,660,456
- Prior year adjustment (Note 2)	-	-	-	-	(15,878)	(15,878)
At 1 July 2011, restated	329,815	130,089	162,406	14,224	1,008,044	1,644,578
Profit for the period	-	-	-	-	30,529	30,529
Foreign currency translation differences for foreign operation	-	-	(6,691)	-	-	(6,691)
Share of other comprehensive income of associated companies	-	-	177	(599)	-	(422)
Total comprehensive income for the period	-	-	(6,514)	(599)	30,529	23,416
Dividends paid during the period	-	-	-	-	(9,894)	(9,894)
At 31 March 2012	329,815	130,089	155,892	13,625	1,028,679	1,658,100

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 2011.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2012

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2012

	Current period ended 31/03/2012 RM'000	Corresponding period ended 31/03/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,292	186,927
Adjustments for:-		
Depreciation and amortisation	63,418	65,334
Harvested timber transferred to inventories	42,061	33,255
Loss/(Gain) from changes in fair value of biological assets less estimated point-of-sale costs	25,529	(54,244)
Interest expense	15,676	15,502
Net loss/(gain) on changes in fair value of financial instruments	684	(3,490)
Interest income	(543)	(275)
Net interest income recognised on receivables and payables carried at amortised cost	-	(5,475)
Unrealised foreign exchange differences	1,663	(9,059)
Share of profit after tax of associates and jointly-controlled entities	(25,646)	(93,579)
Other non-cash items	(323)	(561)
 	<hr/>	<hr/>
Operating cash flow before working capital changes	152,811	134,335
Change in inventories	(22,926)	17,631
Change in receivables, deposits and prepayments	(54,598)	(2,913)
Change in payables and accruals	4,017	(33,432)
 	<hr/>	<hr/>
Cash generated from operations	79,304	115,621
Income tax paid	(6,118)	(6,574)
 	<hr/>	<hr/>
Net cash generated from operating activities	73,186	109,047
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CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and biological assets	(40,408)	(42,118)
Proceeds from disposal of property, plant and equipment	1,689	1,339
Interest received	543	275
Dividends received	4,920	5,016
Pledged deposits received	3,043	21,054
Additional investment in an associate	-	(9,374)
 	<hr/>	<hr/>
Net cash used in investing activities	(30,213)	(23,808)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2012 (CONT'D)

	Current period ended 31/03/2012 RM'000	Corresponding period ended 31/03/2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(9,894)	(4,947)
Interest paid	(27,313)	(26,432)
Proceeds from borrowings	133,615	76,245
Repayment of borrowings	(149,596)	(92,982)
Net cash used in financing activities	<u>(53,188)</u>	<u>(48,116)</u>
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(10,215)	37,123
Cash and cash equivalents at beginning of the year	90,215	19,372
Foreign exchange difference on opening balances	(269)	157
Cash and cash equivalents at end of the period	<u>79,731</u>	<u>56,652</u>
	=====	=====
Cash and cash equivalents as at 31 March is represented by:		
Cash and bank balances	39,188	69,686
Deposits with licensed banks	55,713	25,235
Bank overdraft	(15,139)	(35,448)
	<u>79,762</u>	<u>59,473</u>
Less: Fixed deposits and bank balances held as security	(31)	(2,821)
	<u>79,731</u>	<u>56,652</u>
	=====	=====

The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2011.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 31 MARCH 2012

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 2011. 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 2011.

The significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Group’s audited financial statements for the financial year ended 30 June 2011 except for the adoption of the following new and revised standards, amendments and interpretations that are effective for financial period from 1 July 2011:

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- *Improvements to FRSs (2010)*
- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

The adoption of above standards, amendments and interpretations has no material impact on the financial statements to the Group.

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2. Prior year adjustment and comparative figures

With effect from 1 July 2010, the Group changed its accounting policy of its biological assets which include the plantation assets of its subsidiary in New Zealand and oil palm plantations of its associate, Glenealy Plantations (Malaya) Berhad (“Glenealy”), with reference made to the International Accounting Standard (“IAS”) 41, *Agriculture* (“IAS 41”). The comparative financial information for the year ended 30 June 2010 had been restated for such change in the accounting policy.

It was brought to the Directors’ attention that a formula error had been found in the calculations which supported the valuations of plantation assets of Glenealy, and these calculations were adopted by the valuer in forming their conclusions on the fair values of the plantation assets that was prepared in accordance with the accounting policies of IAS 41, which were included in their previously issued valuation reports on the fair value of plantation assets as at 30 June 2010 and 30 June 2011 (“original valuation reports”). On 12 April 2012, the valuer re-issued the valuation reports on the plantation assets of Glenealy as at 30 June 2010 and 30 June 2011 (“re-issued valuation reports”) to replace the original valuation reports to correct the formula error and restate the fair values of the plantation assets of Glenealy as at those dates.

Based on the re-issued valuation reports, the Directors determined that the Group’s investments in associates and jointly-controlled entities as at 30 June 2010 and 30 June 2011, and the restated comparative profits for the financial year ended 30 June 2010 as reported in the Group’s consolidated financial statements for the financial year ended 30 June 2011 issued on 9 September 2011, should be reduced by RM15,878,000 in order to correct this error. The correction of this error had no material impact on profits reported for the financial year ended 30 June 2011.

The effect of the prior year adjustments in respect of the consolidated financial statements for the financial year ended 30 June 2011 is summarised as follows:

	As restated RM’000	As previously reported RM’000
Condensed consolidated statement of financial position		
Non-current assets		
Investments in associates and jointly-controlled entities	431,223	447,101
Condensed consolidated statement of changes in equity		
Retained earnings at 1 July 2010	821,278	837,156
Retained earnings at 1 July 2011	1,008,044	1,023,922
	=====	=====

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3. Preceding annual financial statements

The audit report of the preceding annual financial statements for the year ended 30 June 2011 was unqualified.

4. Seasonality of cyclical factors

The timber operations results are affected by rainfall pattern 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.

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 paid

There were no dividends paid during the quarter under review.

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9. 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, housing products and kitchen retail.
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 segment information in respect of the Group's operating segments for the quarter ended 31 March 2012 is as follows:-

For the period ended 31 March 2012

	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	432,488	424,748	415,259	9,365	24,190	1,306,050
Inter-segment revenue	26,294	22,981	140,239	-	10,332	199,846
Reportable segment revenue	458,782	447,729	555,498	9,365	34,522	1,505,896
Reportable segment profit/(loss)	15,125*	4,713	142	(5,367)	(116)	14,497
Reportable segment assets	984,509	685,243	351,874	22,662	107,046	2,151,334

* included in reportable segment profit of logs segment is a loss from changes in fair value of biological assets less estimated point-of-sale costs of RM25,529,000.

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The segment information in respect of the Group's operating segments for the quarter ended 31 March 2011 is 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	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)	5,490	89,667
Reportable segment assets	1,000,283	651,536	357,021	12,256	111,023	2,132,119

[^] included in reportable segment profit of logs segment is a gain from changes in fair value of biological assets less estimated point-of-sale costs of RM54,244,000.

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9. Segment information (continued)

Reconciliations of reportable segment revenue, profit or loss and assets

	Current period ended 31/03/2012 RM'000	Corresponding period ended 31/03/2011 RM'000
(a) Revenue		
Reportable segment revenue	1,505,896	1,363,747
Elimination of inter-segment revenue	(199,846)	(197,211)
	1,306,050	1,166,536
	1,306,050	1,166,536
(b) Profit		
Reportable segment profit	14,497	89,667
Share of profit after tax of associates and jointly-controlled entities	25,646	93,579
Net financing costs	(15,817)	(6,262)
Foreign exchange differences	5,966	9,943
	30,292	186,927
	30,292	186,927
(c) Assets		
Reportable segment assets	2,151,334	2,132,119
Investments in associates and jointly-controlled entities (restated)	451,527	424,307
Deferred tax assets	121	414
Current tax assets	8,324	16,642
Unallocated head office and corporate assets	56,233	31,972
	2,667,539	2,605,454
	2,667,539	2,605,454

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.

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12. 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.

13. Contingent liabilities or contingent assets

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

14. Profit before taxation

Profit before taxation is derived after taking into consideration of the following:

	Current period ended 31/03/2012 RM'000	Cumulative year to date 31/03/2012 RM'000
Interest income	138	543
Other income	2,448	8,792
Interest expenses	(5,389)	(15,676)
Depreciation and amortisation	(21,076)	(63,418)
Allowance for doubtful debt	-	(1,442)
Inventories written down to net realisable value	-	(14,595)
Gain/(Loss) on foreign exchange:		
- realised	806	7,629
- unrealised	4,528	(1,663)
Gain/(Loss) from changes in fair value of financial instruments	2,565	(684)
	=====	=====

15. Taxation

	Individual quarter 3 months ended 31 March		Cumulative year to date 9 months ended 31 March	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense	682	(722)	9,583	11,441
Deferred tax expense	(4,858)	6,544	(9,820)	11,500
	-----	-----	-----	-----
	(4,176)	5,822	(237)	22,941
	=====	=====	=====	=====

The Group's taxation charge for the quarter under review and year-to-date was in credit mainly due to the recognition of losses from changes in fair value of biological assets less estimated point-of-sale costs and the effect of double deduction available for certain expenses.

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16. Status of corporate proposals

The Board of Directors of Lingui Developments Berhad (“Board”) had on 20 January 2012 received a letter dated 20 January 2012 from Samling Strategic Corporation Sdn. Bhd. (“SSC”) (“Approach Letter”) which was addressed to Samling Global Limited (“SGL”). The Approach Letter sets out SSC’s interest to pursue a proposed privatisation of SGL (“SGL Privatisation”) by SSC and in turn, a proposed privatisation of Lingui (“Lingui Privatisation”) and Glenealy Plantations (Malaya) Berhad (“Glenealy Privatisation”) by SGL (to be collectively referred to as “Proposal”).

The Proposal is subject to a number of matters being satisfied and there is no guarantee that the Approach Letter will lead to a formal offer being made by SSC for SGL. If proposed and implemented, the Lingui Privatisation and the Glenealy Privatisation will be conditional upon the completion of the SGL Privatisation.

On 22 March 2012, the Board has received a formal offer letter from SGL in respect of Lingui Privatisation. On 10 April 2012, the Board has agreed to put forward the Lingui Privatisation to the shareholders for their consideration at the court convened meeting of the Company to be convened for the Lingui Privatisation.

17. Group borrowings and debt securities

Total Group borrowings as at 31 March 2012 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	145,815	48,491	2,598	864
– Foreign currency – NZD’000	61,723	25,105	-	-
– Local currency	53,074	-	18,110	-
Unsecured – Foreign currency – USD’000	-	-	2,859	951
– Local currency	169,834	-	175,613	-
Total	430,446		199,180	

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The figures have not been audited

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 licences 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 31 March 2012, the above proceedings remained pending before the court.

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

The performance of the Group for the financial quarter under review was affected by the slowdown in demand for timber products from major importing countries. The slower pace of economic growth in China, the still lacklustre Japanese market and the effects of the weakened Indian rupee against the US Dollar which affected Indian importer's purchasing power resulted in the Group recording lower export sales volumes and lower export selling prices for both hardwood logs and plywood during the financial quarter under review. The operating results were further impacted by cost pressures brought about by higher diesel prices during the financial quarter under review. As a consequence, the Group recorded an operating loss before changes in fair value of biological assets less estimated point-of-sale costs of RM5.3 million during the financial quarter under review.

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 RM7.5 million as compared to a gain of RM7.9 million achieved in the immediate preceding financial quarter.

After accounting for net finance cost of RM2.7 million, foreign exchange gains of RM5.3 million and share of profit after tax of associates of RM19.7 million which included the share of gain from changes in fair value of plantation assets from oil palm associate amounting to RM13.2 million, the Group recorded a profit before taxation of RM9.4 million during the financial quarter under review.

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20. Review of performance of the Group for the quarter and financial year-to-date

For the financial quarter under review, the Group achieved revenue of RM374.1 million and an operating loss before changes in fair value of biological assets less estimated point-of-sale costs of RM5.3 million. On a year-to-date basis, the Group recorded revenue and operating profit before changes in fair value of biological assets less estimated point-of-sale costs of RM1,306.1 million and RM40.0 million respectively.

Although demand from China and India had shown signs of slowing down during the financial quarter under review, the logs segment continued to be the key contributor to the Group's operating profits contributing an operating profit (before changes in fair value of biological assets less estimated point-of-sale costs) of RM6.7 million and RM40.7 million during the financial quarter under review and financial year-to-date respectively. For the financial year-to-date, the Group sold 619,593 m³ hardwood logs and 448,645 m³ of softwood logs with average prices of RM469/m³ and RM317/m³ respectively.

Plywood and veneer contributed 31% and 33% to the Group's total revenue for the financial quarter under review and financial year-to-date respectively. Total plywood and veneer volumes sold for the financial year-to-date were 172,911 m³ and 102,785 m³ with average prices of RM1,824/m³ and RM1,064/m³ respectively. Demand for timber for reconstruction activities in areas affected by the Japanese earthquake remained relatively soft.

Revenue recorded by upstream support from external sales was lower during the financial quarter under review due to lower extraction volumes. Consequently, upstream support recorded a lower operating profit during the financial quarter under review as semi-fixed and fixed operating cost were allocated over the lower volumes extracted.

21. Commentary on the outlook of the Group

The global economy remains complex with increasing uncertainty. On the one hand, the recovery in the United States has shown signs of sustainable growth and the emerging markets are expected to continue their gradual growth, albeit with somewhat reduced momentum in some countries, especially China. On the other hand, the outlook for Europe remains unfavourable.

The short term outlook for timber industry is expected to be constrained due to more purchasers taking a cautious approach with the uncertain world economic conditions. The timing of Japan's major reconstruction activities in areas affected by the earthquake and tsunami will be a key impetus for an increase in plywood demand and hopefully selling prices. The demand from China for timber products has shown sign of slowing down with implementation of various macro-economic control measures by the Chinese government to curb the over-heating of the Chinese economy.

Operating under a challenging environment with uncertain outlook and likely greater competition, as various producers strive to increase or at least maintain market share against a likely lower demand base, the Group will continue to manage its cost to remain lean and efficient.

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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.

23. Earnings per share

(a) The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period and 659,630,441 (2011: 659,630,441) ordinary shares in issue during the period.

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

24. Dividends

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

25. 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 31/03/2012 RM'000	As at 30/06/2011 RM'000
Total retained earnings of the Group		
Realised	904,204	920,681
Unrealised	(4,175)	(11,609)
	<u>900,029</u>	<u>909,072</u>
Total share of retained earnings from associates and jointly-controlled entities:		
Realised	119,410	96,137
Unrealised (restated)	124,435	118,030
	<u>243,845</u>	<u>214,167</u>
	1,143,874	1,123,239
Less: Consolidated adjustments	(115,195)	(115,195)
Total retained earnings (restated)	<u>1,028,679</u>	<u>1,008,044</u>
	=====	=====

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.

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ENDED 31 MARCH 2012**

The figures have not been audited

BY ORDER OF THE BOARD

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

Company Secretaries

Kuala Lumpur
10 May 2012