



LION INDUSTRIES CORPORATION BERHAD

(Incorporated in Malaysia)

(415-D)

Interim Financial Report for the Second Quarter Ended 31 December 2011

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LION INDUSTRIES CORPORATION BERHAD (415-D)
(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2011
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
		31.12.2011 RM'000	31.12.2010 RM'000 restated	31.12.2011 RM'000	31.12.2010 RM'000 restated
Continuing operations					
Revenue		1,459,594	1,114,946	2,786,593	2,050,987
Operating expenses		(1,531,454)	(1,123,745)	(2,840,369)	(2,101,619)
Other operating income		53,553	18,364	56,956	29,618
Profit/(Loss) from operations		(18,307)	9,565	3,180	(21,014)
Finance costs		(18,427)	(25,025)	(36,040)	(49,216)
Share in results of associated companies and jointly controlled entity		43,359	18,555	68,679	31,282
Investment income		9,749	6,929	17,553	12,565
Profit/(Loss) before tax	22	16,374	10,024	53,372	(26,383)
Tax (expense)/credit	16	(677)	4,880	(7,451)	18,766
Profit/(Loss) for the period from continuing operations		15,697	14,904	45,921	(7,617)
Discontinued operations					
Profit for the period from discontinued operations	9	-	176,452	-	180,038
Profit for the period		15,697	191,356	45,921	172,421
Profit attributable to:					
- Owners of the Company		7,027	142,781	34,665	124,002
- Non-controlling interests		8,670	48,575	11,256	48,419
Profit for the period		15,697	191,356	45,921	172,421
Earnings per share attributable to owners of the Company (sen):	24				
Basic:					
Continuing operations		0.98	4.78	4.83	1.75
Discontinued operations		-	15.15	-	15.56
		0.98	19.93	4.83	17.31
Diluted:					
Continuing operations		0.98	4.78	4.83	1.75
Discontinued operations		-	15.15	-	15.56
		0.98	19.93	4.83	17.31

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

LION INDUSTRIES CORPORATION BERHAD (415-D)
(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2011
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	15,697	191,356	45,921	172,421
<u>Other comprehensive income/(loss)</u>				
Exchange differences on translation of foreign operations	(2,129)	(17,102)	2,620	(22,321)
Net (loss)/gain on fair value changes on available-for-sale financial assets	(423)	(1)	(3,984)	32
Other comprehensive income/(loss) for the period, net of tax	(2,552)	(17,103)	(1,364)	(22,289)
Total comprehensive income for the period	<u>13,145</u>	<u>174,253</u>	<u>44,557</u>	<u>150,132</u>
Profit/(Loss) attributable to :				
Owners of the Company	15,175	138,465	44,040	115,425
Non-controlling interests	(2,030)	35,788	517	34,707
	<u>13,145</u>	<u>174,253</u>	<u>44,557</u>	<u>150,132</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

LION INDUSTRIES CORPORATION BERHAD (415-D)
(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2011
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT 31.12.2011 RM'000	AS AT 30.6.2011 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,305,169	1,316,699
Investment properties		44,212	44,226
Prepaid land lease payments		52,930	53,389
Land held for property development		35,041	34,839
Investment in associated companies		768,018	789,431
Investment in jointly controlled entity		39,873	20,321
Long-term investments		85,075	84,767
Deferred tax assets		40,451	46,603
Goodwill		130,443	130,443
Total Non-Current Assets		<u>2,501,212</u>	<u>2,520,718</u>
Current Assets			
Property development costs		53,811	20,536
Inventories		1,126,644	1,153,575
Short-term investments		15,680	20,726
Trade receivables		1,108,289	846,271
Other receivables, deposits and prepayments		315,623	395,631
Amount owing by jointly controlled entity		25,847	24,383
Deposits, cash and bank balances		804,658	1,030,016
		<u>3,450,552</u>	<u>3,491,138</u>
Assets classified as held for sale		404	14,264
Total Current Assets		<u>3,450,956</u>	<u>3,505,402</u>
Total Assets		<u>5,952,168</u>	<u>6,026,120</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital		717,909	717,909
Reserves		2,554,613	2,540,013
Equity attributable to owners of the Company		<u>3,272,522</u>	<u>3,257,922</u>
Non-controlling interests		387,302	382,582
Total equity		<u>3,659,824</u>	<u>3,640,504</u>
Non-Current and Deferred Liabilities			
Redeemable cumulative convertible preference shares		12,388	12,833
Long-term borrowings	20	453,881	527,831
Hire-purchase and finance lease payables		131,582	139,293
Deferred tax liabilities		18,633	20,467
Total Non-Current and Deferred Liabilities		<u>616,484</u>	<u>700,424</u>
Current Liabilities			
Trade payables		502,863	748,832
Other payables, deposit and accrued expenses		632,831	553,996
Provisions		55,000	15,000
Short-term borrowings	20	436,486	331,827
Hire-purchase and finance lease payables		16,684	15,158
Tax liabilities		31,996	20,379
Total Current Liabilities		<u>1,675,860</u>	<u>1,685,192</u>
Total Liabilities		<u>2,292,344</u>	<u>2,385,616</u>
Total Equity and Liabilities		<u>5,952,168</u>	<u>6,026,120</u>
Net assets per share attributable to owners of the Company (RM)		<u>4.56</u>	<u>4.54</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

LION INDUSTRIES CORPORATION BERHAD (415-D)

(Incorporated in Malaysia)

Interim financial report for the second quarter ended 31 December 2011

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000			
31 December 2011								
At 1 July 2011	717,909	532,627	(239)	(1,939)	2,009,564	3,257,922	382,582	3,640,504
Total comprehensive income for the period	-	-	-	9,375	34,665	44,040	517	44,557
Dividend payable for the financial year ended 30 June 2011	-	-	-	-	(23,326)	(23,326)	(1,407)	(24,733)
Purchase of treasury shares	-	-	(32)	-	-	(32)	-	(32)
Disposal of associated companies	-	-	-	12,804	(19,209)	(6,405)	6,405	-
Acquisition of non-controlling interests	-	-	-	-	323	323	(795)	(472)
At 31 December 2011	717,909	532,627	(271)	20,240	2,002,017	3,272,522	387,302	3,659,824
31 December 2010								
At 1 July 2010	715,344	529,706	(147)	17,778	1,775,722	3,038,403	382,016	3,420,419
Dividends	-	-	-	-	(5,383)	(5,383)	(16,887)	(22,270)
Total comprehensive income for the period	-	-	-	(8,577)	124,002	115,425	34,707	150,132
Share-based payments	-	2,123	-	(2,123)	-	-	-	-
Issue of shares	2,565	798	-	-	-	3,363	-	3,363
Purchase of treasury shares	-	-	(92)	-	-	(92)	-	(92)
Disposal of subsidiary companies	-	-	-	(161)	-	(161)	(101)	(262)
At 31 December 2010	717,909	532,627	(239)	6,917	1,894,341	3,151,555	399,735	3,551,290

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR-TO-DATE	
	31.12.2011	31.12.2010
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit/(Loss) before tax		
- Continuing operations	53,372	(26,383)
- Discontinued operations	-	187,251
	<u>53,372</u>	<u>160,868</u>
Adjustments for:		
Non-cash items	47,536	50,151
Non-operating items	(55,851)	(185,198)
	<u>45,057</u>	<u>25,821</u>
Operating profit before changes in working capital		
Changes in working capital:		
Net changes in current assets	(149,500)	298,118
Net changes in current liabilities	(202,314)	(322,692)
Others	(684)	(468)
	<u>(307,441)</u>	<u>779</u>
INVESTING ACTIVITIES		
Dividends received	23,377	64,560
Proceeds from disposal of an associated company	27,942	-
Proceeds from redemption of investments	1,835	2,115
Purchase of property, plant and equipment	(45,066)	(63,695)
Proceeds from disposal of property, plant and equipment	511	13,354
Net cash inflow from disposal of subsidiary companies	54,623	426,745
Purchase of investment	(431)	(42)
Acquisition of non-controlling interests	(958)	-
Others	16,152	4,912
	<u>77,985</u>	<u>447,949</u>
FINANCING ACTIVITIES		
Issue of shares	-	3,363
Repayment of BalDS	-	(110,000)
Borrowings	(56,496)	(32,813)
Redemption/Repayment of Bonds and USD Debts	-	(51,740)
Increase/(Decrease) in cash and cash equivalents - restricted	144,159	(2,564)
Dividends paid to shareholders of the Company	-	(5,383)
Dividends paid to minority shareholders of a subsidiary company	-	(1,255)
Purchase of treasury shares	(32)	(92)
	<u>87,631</u>	<u>(200,484)</u>
Net changes in cash and cash equivalents	(141,825)	248,244
Effects of changes in exchange rate	(6)	(379)
Cash and cash equivalents at beginning of the period	457,383	295,540
Cash and cash equivalents at end of the period	<u>315,552</u>	<u>543,405</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements)

LION INDUSTRIES CORPORATION BERHAD (415-D)
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(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134: "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2011. These explanatory notes 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 year ended 30 June 2011.

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2011, except for the adoption of the following Financial Reporting Standards ("FRSs") and IC Interpretations effective for financial period beginning 1 July 2011:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments)
FRS 2	Share-based Payment (Amendment)
FRS 7	Financial Instruments: Disclosures (Amendments)
Improvements to FRSs (2010)	
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendment)
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above mentioned FRSs and IC Interpretations did not have any significant effect on the financial performance, position or presentation of the financials of the Group.

2. Comments about seasonal or cyclical factors

The Group's performance is not affected by any material seasonal or cyclical factors.

3. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year-to-date.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter and financial year-to-date results.

5. Debt and equity securities

During the financial year-to-date, the Company repurchased a total of 20,000 ordinary shares of its issued ordinary shares from the open market at an average price of RM1.60 per share. The total consideration paid for the repurchase including transaction costs amounting to RM32,234 was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 December 2011, the number of treasury shares held were 170,000 shares.

Other than as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date.

6. Dividends paid

There was no dividend paid during the current quarter and financial year-to-date.

7. Segmental information

The Group's segmental report for the financial year-to-date was as follows :

	Steel RM'000	Building materials RM'000	Property development RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	2,357,996	378,881	5,746	43,970	-	2,786,593
Inter-segment revenue	46,876	-	-	-	(46,876)	-
Total revenue	<u>2,404,872</u>	<u>378,881</u>	<u>5,746</u>	<u>43,970</u>	<u>(46,876)</u>	<u>2,786,593</u>
Results						
Segment results	2,731	8,898	(3,522)	(1,883)	-	6,224
Unallocated costs						(3,044)
Finance costs						(36,040)
Share in results of associated companies and jointly controlled entity	1,596	-	19,552	47,531	-	68,679
Investment income						17,553
Profit before tax						<u>53,372</u>
Tax expense						(7,451)
Profit for the period						<u>45,921</u>
Assets						
Segment assets	3,683,571	447,383	295,996	223,636	-	4,650,586
Investment in associated companies and jointly controlled entity	20,195	-	39,873	747,823	-	807,891
Unallocated corporation assets						493,691
Consolidated total assets						<u>5,952,168</u>

8. Subsequent events

Other than as disclosed in Note 17(a), there were no material events subsequent to the end of the current quarter.

9. Changes in composition of the Group

There were no material changes in the composition of the Group during the financial year-to-date.

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 30 June 2011 except for the litigation claim by Harapan Permai Sdn Bhd against Sabah Forest Industries Sdn Bhd ("SFI"), a former subsidiary company for RM184,456,769 for alleged wrongful termination of the Timber Sale Agreement.

The contingent liabilities are as follows:

	AS AT 31.12.2011 RM'000	AS AT 30.6.2011 RM'000
Litigation claims in respect of the termination of contracts for the extraction and sale of timber	313,331	313,331
Less: Provisions	(55,000)	(15,000)
	<u>258,331</u>	<u>298,331</u>
Back pay labour claims from SFI's employees	23,427	23,427
	<u>281,758</u>	<u>321,758</u>

11. Performance review

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2011 RM'000	31.12.2010 RM'000 restated	31.12.2011 RM'000	31.12.2010 RM'000 restated
Revenue				
Steel	1,260,606	1,013,522	2,404,872	1,886,986
Building materials	194,931	61,236	378,881	119,243
Property development	3,664	30,538	5,746	31,884
Others	21,618	20,195	43,970	37,882
Eliminations	(21,225)	(10,545)	(46,876)	(25,008)
	<u>1,459,594</u>	<u>1,114,946</u>	<u>2,786,593</u>	<u>2,050,987</u>
Segment Profit/(Loss)				
Steel	(17,082)	(292)	2,731	(34,258)
Building materials	4,280	1,464	8,898	2,306
Property development	(2,195)	2,111	(3,522)	8,004
Others	(1,645)	7,382	(1,883)	4,979
Unallocated costs	(1,665)	(1,100)	(3,044)	(2,045)
Profit/(Loss) from operations	(18,307)	9,565	3,180	(21,014)
Finance costs	(18,427)	(25,025)	(36,040)	(49,216)
Share in results of associated companies and jointly controlled entity	43,359	18,555	68,679	31,282
Investment income	9,749	6,929	17,553	12,565
Profit/(Loss) before tax	<u>16,374</u>	<u>10,024</u>	<u>53,372</u>	<u>(26,383)</u>

For the six months of the financial year under review, the Group posted a 36% higher revenue of RM2,787 million compared to RM2,051 million recorded in the same period last year. This was mainly due to the improved performance by our steel and building materials divisions. Together with higher share of profit of associated companies and a jointly controlled entity, the Group recorded a profit before tax of RM53.4 million against a loss before tax of RM26.4 million in the same period last year.

Steel

Steel division recorded a 27% higher revenue of RM2,405 million compared to RM1,887 million in the same period last year. The higher revenue was mainly due to higher sales tonnage and selling price of our steel products resulting in the division recording a profit from operations of RM2.7 million against a loss of RM34.3 million a year ago.

Building materials

Building materials division achieved a higher revenue of RM378.9 million, more than threefold of RM119.2 million recorded in the same period last year, mainly due to higher sales of steel related products. Correspondingly, the division's profit increased to RM8.9 million from RM2.3 million recorded a year ago.

Property development

Property development division registered lower revenue and a loss from operations of RM5.7 million and RM3.5 million respectively as most of the Group's major property projects were completed last year.

Others

Others comprise petroleum, lubricants and automotive products businesses which recorded a higher revenue of RM44.0 million as compared to RM37.9 million. The higher revenue was mainly attributable to higher sales volume and selling prices. Included in the results of Others segment was a gain of RM41.3 million on the disposal of associated companies and provision for damages of RM40.0 million arising from the litigation claim by Harapan Permai Sdn Bhd against Sabah Forest Industries Sdn Bhd, a former subsidiary company.

The higher share of profit of the associated companies was largely attributable to higher profit from Parkson Holdings Berhad and a tax refund on capital gains tax paid on a disposal of an investment received by Lion Asiapac Limited, while the profit from jointly controlled entity was contributed by the St Mary Residences project.

12. Comment on material change in profit

	Revenue	Profit
	RM'000	before tax RM'000
Current quarter (31 December 2011)	1,459,594	16,374
Immediate preceding quarter (30 September 2011)	<u>1,326,999</u>	<u>36,998</u>

Revenue of the Group for the quarter under review was RM1,460 million, representing an increase of 10% against RM1,327 million in the immediate preceding quarter. The increase was mainly due to higher sales of steel products and building materials. The Group recorded a loss from operations of RM18.3 million as compared with a profit of RM21.5 million in the immediate preceding quarter mainly due to higher raw material costs and lower margins.

Included in the current quarter's results was a gain of RM41.3 million on disposal of associated companies and provision for damages of RM40.0 million arising from a litigation claim.

After accounting for higher profit from associated companies and jointly controlled entity of RM43.4 million, the Group posted a lower profit before tax of RM16.4 million compared with RM37.0 million in the immediate preceding quarter.

13. a) Prospects

The operating environment for the Group's businesses is expected to remain challenging especially in view of the uncertainties surrounding the global economy, particularly the slow pace in resolving the European debt crisis and the slowdown in economic growth in China. International steel prices remain soft while raw material prices continue to be volatile. On the domestic front, infrastructure projects under the Economic Transformation Programme should benefit the steel and building materials businesses. Under such circumstances, our steel and building materials businesses are expected to achieve a satisfactory set of results in the remaining quarters of the current financial year.

b) Forecast or target previously announced

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

14. Statement of the Board of Directors' opinion on achievement of forecast or target

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Tax expense/(credit)

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2011 RM'000	31.12.2010 RM'000 restated	31.12.2011 RM'000	31.12.2010 RM'000 restated
Continuing operations				
Estimated tax payable				
Current provision	6,093	2,330	9,577	7,116
Overprovision in prior years	-	-	(5,000)	-
Deferred taxation				
Current provision	(5,416)	(6,925)	2,874	(24,175)
Overprovision in prior years	-	(285)	-	(1,707)
	<u>677</u>	<u>(4,880)</u>	<u>7,451</u>	<u>(18,766)</u>

Excluding the share in results of the associated companies and the jointly controlled entity, the effective tax rate of the Group for the current quarter is higher than the statutory tax rate principally due to certain expenses not deductible for tax purposes.

17. Corporate proposalsa) Status of corporate proposals

No	Date of Announcements	Subjects	Status
1.	3.3.2011 2.6.2011 3.8.2011 26.8.2011 31.10.2011	i) Proposed joint venture between Lion Industries Corporation Berhad ("LICB"), Lion Diversified Holdings Berhad ("LDHB") and Lion Forest Industries Berhad ("LFIB") in Lion Blast Furnace Sdn Bhd ("LBF") in the shareholding of 29%, 51% and 20% respectively; ii) Proposed disposal by Amsteel Mills Sdn Bhd (a 99% owned subsidiary of LICB) to LBF of a parcel of freehold land located in Mukim Tanjung Duabelas, Daerah Kuala Langat, Negeri Selangor Darul Ehsan measuring approximately 41.36 acres, for a cash consideration of approximately RM16.22 million; and iii) Proposed provision of financial assistance by LICB in the form of a corporate guarantee and pledge of securities proportionate to its shareholding in LBF for the latter and its subsidiary company to secure a loan facility in relation to the Blast Furnace Project.	Pending approvals of: i) Shareholders of LICB, LDHB and LFIB; and ii) Any other relevant authorities.

The status of the corporate proposals of LFIB, a subsidiary of the Company, is reported in the Interim Financial Report of LFIB.

Other than the aforementioned, there were no corporate proposals pending completion at the date of this report.

18. Borrowings and debt securities

The Group's borrowings as at end of the reporting period were as follows :

	Short-Term RM'000	Long-Term RM'000	Total RM'000
Bank borrowings			
Secured	431,256	158,694	589,950
Unsecured	5,230	-	5,230
Sukuk			
Secured	-	295,187	295,187
	<u>436,486</u>	<u>453,881</u>	<u>890,367</u>

	Foreign Currency	
The Group's borrowings were denominated in the following currencies :		
	'000	RM'000
- Ringgit Malaysia	-	758,667
- US Dollar	41,546	131,700
		<u>890,367</u>

19. Changes in material litigation

There were no changes in material litigation since 30 June 2011.

20. Dividend proposed

The Board of Directors does not recommend any dividend for the current quarter and financial year-to-date.

21. Earnings per share ("EPS")**Basic**

Basic EPS is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the financial period.

	3 MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2011	31.12.2010 restated	31.12.2011	31.12.2010 restated
Profit attributable to owners of the Company (RM'000)				
- Continuing operations	7,027	34,264	34,665	12,570
- Discontinued operations	-	108,517	-	111,432
	<u>7,027</u>	<u>142,781</u>	<u>34,665</u>	<u>124,002</u>
Weighted average number of ordinary shares in issue ('000)	<u>717,744</u>	<u>716,472</u>	<u>717,752</u>	<u>716,482</u>
Basic EPS (sen)				
- Continuing operations	0.98	4.78	4.83	1.75
- Discontinued operations	-	15.15	-	15.56
	<u>0.98</u>	<u>19.93</u>	<u>4.83</u>	<u>17.31</u>

The basic EPS and diluted EPS are the same for the period as the Company has no dilutive potential ordinary shares as of the end of the reporting period.

22. Profit/(Loss) before tax

Profit before taxation is arrived at after crediting/(charging) the following income/(expenses):

	3 MONTHS ENDED	YEAR-TO-DATE ENDED
	31.12.2011	31.12.2011
	RM'000	RM'000
(a) Interest income	9,749	17,553
(b) Other income including investment income	672	1,343
(c) Interest expense	(18,427)	(36,040)
(d) Depreciation and amortisation	(24,255)	(52,918)
(e) Provision for and write off of receivables	(772)	(1,544)
(f) Provision for and write off of inventories	(7,419)	(15,693)
(g) Gain/(Loss) on disposal of quoted or unquoted investments or properties	874	1,004
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss)	9,863	13,293
(j) Gain/(Loss) on derivatives	-	-
(k) Exceptional items	(2,069)	(2,069)
- gain on disposal of associated companies	41,316	41,316
- provision for damages arising from litigation claim	(40,000)	(40,000)
- log extraction premium paid to State Government of Sabah	(3,385)	(3,385)

23. Realised and Unrealised Profits/Losses Disclosure

	AS AT	AS AT
	31.12.2011	30.6.2011
	RM'000	RM'000
Total retained earnings of the Company and subsidiary companies		
- Realised	1,703,176	1,717,397
- Unrealised	(38,508)	23,375
	1,664,668	1,740,772
Total share of retained earnings from associated companies and a jointly controlled entity		
- Realised	335,078	267,893
- Unrealised	(2,044)	(3,416)
Consolidated adjustments	4,315	4,315
Total retained earnings	2,002,017	2,009,564

24. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2011 was not qualified.