



**Interim Report for the
Third Quarter Ended
31 March 2011**

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LION FOREST INDUSTRIES BERHAD (82056-X)
(Incorporated in Malaysia)

Interim report for the third quarter ended 31 March 2011
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010 RM'000	CURRENT YEAR TO-DATE 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010 RM'000
Continuing Operations					
Revenue		395,710	74,656	552,836	203,904
Operating expenses		(389,015)	(71,213)	(542,408)	(192,014)
Other operating income		7,201	5,487	19,062	16,717
Profit from operations		13,896	8,930	29,490	28,607
Finance costs		(291)	(2,312)	(599)	(5,835)
Share in results of associated companies		(2,927)	(5,389)	(7,778)	50,128
Gain from:					
Acquisition of bonds and debts issued by subsidiary companies		-	11,305	-	11,305
Bonds and debts restructuring by subsidiary companies		-	11,117	-	11,117
Profit before taxation		10,678	23,651	21,113	95,322
Taxation	16	(2,804)	(3,102)	(5,462)	(5,547)
Profit for the period from continuing operations		7,874	20,549	15,651	89,775
Discontinued Operations	9 & 19				
Profit/(Loss) for the period from discontinued operations		(5,596)	6,156	174,442	25,994
Profit for the period		<u>2,278</u>	<u>26,705</u>	<u>190,093</u>	<u>115,769</u>
Attributable to :					
- Owners of the parent		5,764	18,969	198,305	104,499
- Minority interests		(3,486)	7,736	(8,212)	11,270
Profit for the period		<u>2,278</u>	<u>26,705</u>	<u>190,093</u>	<u>115,769</u>
Earnings per share attributable to owners of the parent (sen) :					
- Basic :	24				
For continuing operations		4.60	5.88	21.82	35.64
For discontinued operations		(2.11)	2.34	63.83	9.70
		<u>2.49</u>	<u>8.22</u>	<u>85.65</u>	<u>45.34</u>
- Diluted :	24				
For continuing operations		N/A	5.87	N/A	35.63
For discontinued operations		N/A	2.34	N/A	9.70
		<u>N/A</u>	<u>8.21</u>	<u>N/A</u>	<u>45.34</u>

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

LION FOREST INDUSTRIES BERHAD (82056-X)
(Incorporated in Malaysia)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010 RM'000	CURRENT YEAR TO-DATE 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010 RM'000
Profit for the period	2,278	26,705	190,093	115,769
<u>Other comprehensive income/(loss)</u>				
- Translation difference & other movements	(4,591)	(5,703)	(11,178)	(11,953)
- Net gain on fair value changes on available-for-sale financial assets	251	-	206	-
Other comprehensive loss for the period, net of tax	(4,340)	(5,703)	(10,972)	(11,953)
Total comprehensive income/(loss) for the period	<u>(2,062)</u>	<u>21,002</u>	<u>179,121</u>	<u>103,816</u>
Attributable to :				
- Owners of the parent	(2,518)	15,040	184,046	95,109
- Minority interests	456	5,962	(4,925)	8,707
	<u>(2,062)</u>	<u>21,002</u>	<u>179,121</u>	<u>103,816</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

LION FOREST INDUSTRIES BERHAD (82056-X)

(Incorporated in Malaysia)

Interim report for the third quarter ended 31 March 2011

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	AS AT END OF CURRENT QUARTER 31/3/2011 RM'000	AS AT PRECEDING FINANCIAL YEAR END 30/6/2010 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		28,445	350,674
Investment properties		1,283	1,305
Prepaid land lease payments		-	8,661
Investments in associated companies		83,310	130,587
Other investments		-	25,933
Available-for-sale investments		1,485	-
Held-to-maturity investments		14,418	-
Deferred tax assets		862	862
Total Non-current Assets		<u>129,803</u>	<u>518,022</u>
Current Assets			
Inventories		122,373	121,705
Other investments		-	10,552
Available-for-sale investments		40,805	-
Held-to-maturity investments		13,172	-
Trade receivables		284,199	140,163
Other receivables and prepaid expenses		185,996	182,878
Tax recoverable		1,499	1,060
Fixed deposits, cash and bank balances		418,724	408,794
		<u>1,066,768</u>	<u>865,152</u>
Assets classified as held for sale		202,492	-
Total Current Assets		<u>1,269,260</u>	<u>865,152</u>
TOTAL ASSETS		<u>1,399,063</u>	<u>1,383,174</u>
EQUITY AND LIABILITIES			
Share capital		231,572	231,342
Reserves		972,694	851,365
Equity attributable to owners of the parent		<u>1,204,266</u>	<u>1,082,707</u>
Minority interests		38,626	67,512
Total Equity		<u>1,242,892</u>	<u>1,150,219</u>
Non-current and Deferred Liabilities			
Redeemable cumulative convertible preference shares		12,833	13,672
Hire-purchase payables		3,611	5,332
Deferred tax liabilities		1,392	4,875
Total Non-current and Deferred Liabilities		<u>17,836</u>	<u>23,879</u>
Current Liabilities			
Trade payables		23,999	72,513
Other payables and accrued expenses		31,436	79,377
Provisions		15,000	15,000
Hire-purchase payables		2,573	2,234
Bank borrowings	20	3,348	36,577
Tax liabilities		2,863	3,375
		<u>79,219</u>	<u>209,076</u>
Liabilities classified as held for sale		59,116	-
Total Current Liabilities		<u>138,335</u>	<u>209,076</u>
TOTAL LIABILITIES		<u>156,171</u>	<u>232,955</u>
TOTAL EQUITY AND LIABILITIES		<u>1,399,063</u>	<u>1,383,174</u>
Net assets per share attributable to owners of the parent (RM)		<u>5.20</u>	<u>4.68</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

LION FOREST INDUSTRIES BERHAD (82056-X)
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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the parent →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profit RM'000			
<u>31 March 2011</u>							
At 1 July 2010	231,342	688,987	(2,281)	164,659	1,082,707	67,512	1,150,219
Total comprehensive income for the period	-	-	(14,259)	198,305	184,046	(4,925)	179,121
Dividends	-	-	-	(62,525)	(62,525)	(10,773)	(73,298)
Issuance of shares	230	28	-	-	258	-	258
Share-based payments	-	315	(315)	-	-	-	-
Disposal of subsidiary companies	-	-	(220)	-	(220)	(42)	(262)
Acquisition of minority interests	-	-	-	-	-	(13,146)	(13,146)
At 31 March 2011	<u>231,572</u>	<u>689,330</u>	<u>(17,075)</u>	<u>300,439</u>	<u>1,204,266</u>	<u>38,626</u>	<u>1,242,892</u>
<u>31 March 2010</u>							
At 1 July 2009	230,367	688,028	11,352	12,142	941,889	59,009	1,000,898
Total comprehensive income for the period	-	-	(9,390)	104,499	95,109	8,707	103,816
Issuance of shares	725	42	-	-	767	-	767
Share-based payments	-	509	19	-	528	-	528
At 31 March 2010	<u>231,092</u>	<u>688,579</u>	<u>1,981</u>	<u>116,641</u>	<u>1,038,293</u>	<u>67,716</u>	<u>1,106,009</u>

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR TO-DATE 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010 RM'000
<u>OPERATING ACTIVITIES</u>		
Profit before taxation:		
- Continuing operations	21,113	95,322
- Discontinued operations	181,655	32,200
	202,768	127,522
Adjustments for:		
Non-cash items	29,010	(35,011)
Non-operating items	(193,339)	(8,756)
	38,439	83,755
Operating profit before changes in working capital		
Changes in working capital :		
Net changes in current assets	(384,646)	(59,471)
Net changes in current liabilities	47,305	50,076
Others	(1,491)	(6,740)
	(300,393)	67,620
<u>INVESTING ACTIVITIES</u>		
Purchase of property, plant and equipment	(11,057)	(17,347)
Purchase of other investments	-	(25,015)
Proceeds from disposal of property, plant and equipment	582	522
Proceeds from redemption of investments	1,932	1,318
Acquisition of minority interests	(20,341)	-
Dividend received from an associated company	34,436	-
Net cash inflow from disposal of subsidiary companies	406,464	-
Decrease in amount owing by holding company	19,938	-
Decrease in amount owing by other related companies	19,775	-
Cash at banks held under Escrow Account and fixed deposits pledged	(4,547)	(704)
Others	13,265	252
	460,447	(40,974)
<u>FINANCING ACTIVITIES</u>		
Repayment of bank borrowings	(14,747)	(38,506)
Repayment of bonds	-	(3,854)
Dividend paid to equity holders of the Company	(62,525)	-
Dividend paid to minority shareholders of a subsidiary company	(10,773)	-
Proceeds from issue of shares	258	-
Others	(1,216)	3,194
	(89,003)	(39,166)
Net changes in cash and cash equivalents	71,051	(12,520)
Effects of exchange rate changes	(475)	(1,136)
Cash and cash equivalents at beginning of the period	79,515	65,070
Cash and cash equivalents at end of the period	150,091	51,414

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements)

LION FOREST INDUSTRIES BERHAD (82056-X)
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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

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

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 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.

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 2010 except for the adoption of the following new/revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations effective for the financial period beginning 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendment)
FRS 2	Share-based Payment (Amendment)
FRS 3	Business Combinations (Revised)
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendment)
FRS 7	Financial Instruments: Disclosures (Amendment)
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Amendment)
FRS 132	Financial Instruments: Presentation (Amendment)
FRS 138	Intangible Assets (Amendment)
FRS 139	Financial Instruments: Recognition and Measurement (Amendment)
Improvements to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

Other than for the application of FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

a) FRS 101 Presentation of Financial Statements (Revised)

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity are presented as a single line labelled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, has been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

b) FRS 139 Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the reporting date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when the Group becomes a party to the contractual provisions of the instruments.

The measurement bases applied to the financial assets and liabilities in the prior financial year are changed to conform to the measurement standards of the FRS 139 in the current financial period. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows:

• Financial instruments at fair value through profit or loss	: At fair value through profit or loss
• Held-to-maturity investments	: At amortised cost effective interest method
• Loans and receivables	: At amortised cost effective interest method
• Available-for-sale investments	: At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
• Loans and other financial liabilities	: At amortised cost effective interest method

In accordance with FRS 139, the recognition, derecognition and measurement are applied prospectively from 1 July 2010. The effects of the remeasurement on 1 July 2010 of the financial assets and financial liabilities brought forward from the previous financial year are adjusted to the opening retained earnings.

The adoption of FRS 139 has the following effects:

	As at 30.6.2010	Effects of FRS 139	As at 1.7.2010
	RM'000	RM'000	RM'000
Non-Current Assets			
Long term investments	25,933	(25,933)	-
Available-for-sale investments	-	1,468	1,468
Held-to-maturity investments	-	24,465	24,465
Current Assets			
Short term investments	10,552	(10,552)	-
Held-to-maturity investments	-	10,552	10,552
		-	

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 issued and paid-up share capital of the Company was increased from RM231,341,632 to RM231,571,732 by the issuance of 158,000 new ordinary shares of RM1.00 each at an issue price of RM1.16 per share and 72,100 new ordinary shares of RM1.00 each at an issue price of RM1.04 per share for cash pursuant to the Executive Share Option Scheme of the Company.

Silverstone Corporation Berhad, a subsidiary of the Company, had during the financial year fully redeemed/repaid its SCB Bonds and SPV Debts amounting to RM354.5 million.

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

6. Dividend paid

During the financial year-to-date, a first and final dividend of 2.0 sen per ordinary share tax exempt, amounting to RM4.6 million in respect of the previous financial year ended 30 June 2010 was paid by the Company.

The Company had on 21 January 2011 paid the following special dividends in respect of the financial year ending 30 June 2011:

- i. 20 sen per share less 25% taxation amounting to RM34.7 million; and
- ii. 10 sen per share, tax exempt amounting to RM23.2 million.

7. Segmental information

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

	<u>Tyre</u>	<u>Building Materials</u>	<u>Petroleum and Automotive Products</u>	<u>Others</u>	<u>Total</u>
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Total revenue	-	492,561	50,789	10,008	553,358
Inter-segment sales	-	-	(522)	-	(522)
External customers	-	492,561	50,267	10,008	552,836
Results					
Continuing Operations					
Segment results	-	8,434	7,376	13,680	29,490
Finance costs					(599)
Share in results of associated companies	-	-	-	(7,778)	(7,778)
Profit before taxation					21,113
Taxation					(5,462)
Profit for the period from continuing operations					15,651
Discontinued Operations					
Profit for the period from discontinued operations	174,972	-	-	(530)	174,442
Profit for the period					190,093
Assets					
Continuing Operations					
Segment assets	-	434,277	61,379	181,769	677,425
Investments in associates	-	-	-	83,310	83,310
Unallocated corporate assets					435,836
					1,196,571
Assets classified as held for sale					
Segment assets	202,492	-	-	-	202,492
Consolidated total assets					1,399,063

8. Subsequent events

Other than as disclosed in Note 19(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 except for the disposal of the entire 100% equity interest in Silverstone Berhad on 10 December 2010 and Lion Motor Sdn Bhd on 28 February 2011.

An analysis of the results of discontinued operations is as follows:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER 31/3/2011</u> RM'000	<u>PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010</u> RM'000	<u>CURRENT YEAR TO-DATE 31/3/2011</u> RM'000	<u>PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010</u> RM'000
Revenue	308	113,730	234,946	330,608
Operating expenses	(904)	(103,079)	(207,470)	(292,417)
Other operating income	1	5	6	15
Profit/(Loss) from operations	(595)	10,656	27,482	38,206
Finance costs	-	(191)	(478)	(670)
Gain recognised on the measurement to fair value less costs to sell	1,316	-	173,578	-
Profit before taxation	721	10,465	200,582	37,536
Taxation	-	(1,758)	(7,213)	(6,206)
Profit for the period from discontinued operations	<u>721</u>	<u>8,707</u>	<u>193,369</u>	<u>31,330</u>

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date.

11. Performance review

For the nine months of the financial year, the Group posted a higher revenue of RM552.8 million from its continuing operations compared to RM203.9 million a year ago. The increase in revenue was mainly attributed to higher sales of building materials and petroleum products. However, rising raw material costs and operating costs had eroded profit margins.

Coupled with losses from associated companies, the Group registered a profit before taxation of RM21.1 million from its continuing operations compared to RM95.3 million in the preceding year corresponding period. The profit from associated companies of RM50.1 million recorded in the preceding year corresponding period arose mainly from the disposal of investment in China by a listed associated company.

Overall, the Group posted a higher profit of RM190.1 million compared to RM115.8 million in the preceding year corresponding period. This was due to a gain of RM172.3 million from the disposal of Silverstone Berhad on 10 December 2010.

12. Comment on material change in profit

	Revenue		Profit/(Loss) Before Taxation	
	Current Quarter 31/3/2011 RM'000	Immediate Preceding Quarter 31/3/2010 RM'000	Current Quarter 31/3/2011 RM'000	Immediate Preceding Quarter 31/3/2010 RM'000
Continuing operations				
- Existing operations	395,710	81,431	10,678	10,319
- Tyre operations in China and motor (Classified as discontinued operations in current quarter)	-	63,208	-	(8,261)
	<u>395,710</u>	<u>144,639</u>	<u>10,678</u>	<u>2,058</u>

Group revenue from continuing operations for the quarter under review increased to RM395.7 million from RM81.4 million in the preceding quarter. This was mainly attributable to higher sales of petroleum products and building materials, especially steel related products. Profit for both the Building Materials, and the Petroleum and Automotive divisions rose correspondingly.

However, foreign exchange loss and higher losses from associated companies had resulted in the profit before taxation for the current quarter to increase marginally to RM10.7 million.

Overall, the Group recorded a profit of RM2.3 million after accounting for losses from the discontinued tyre operations in China upon the execution of the agreement for its disposal during the quarter under review.

13. a) Prospects

Our local operations expect to record satisfactory results in view of the positive measures undertaken by the Government to further boost the country's economic growth.

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. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010 RM'000	CURRENT YEAR TO-DATE 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010 RM'000
Continuing operations				
In respect of current period:				
- income tax	2,804	3,102	5,862	5,547
- deferred tax	-	-	(400)	-
Total income tax expense from continuing operations	<u>2,804</u>	<u>3,102</u>	<u>5,462</u>	<u>5,547</u>

After excluding the results of associates, the effective tax rates of the Group for the current quarter and financial year-to-date were lower than the statutory tax rate mainly due to certain income not subject to tax.

17. Sale of unquoted investments and properties

There were no material sale of unquoted investments or properties for the current quarter and financial year-to-date.

18. Quoted securities

There were no material purchases or disposals of quoted securities for the current quarter and financial year-to-date.

Details of investments in quoted securities (excluding investments in associates) as at the end of the reporting period were as follows :

	RM'000
At cost	1,138
At carrying value	859
At market value	859

19. Corporate proposalsa) Status of corporate proposals

No	Date of Announcements	Subjects	Status
1.	18.03.2005 20.04.2006	Proposed joint-venture between the Company and the Pemerintah Kabupaten Malinau (the Regency Government of Malinau) for the proposed development of 40,000 hectares of oil palm plantation and the construction of 2 crude palm oil mills in Malinau Regency, Kalimantan Timur, Republic of Indonesia ("Indonesia").	Pending approvals from: i) Ministry of Forestry, Indonesia; ii) Ministry of Agriculture, Indonesia; and iii) any other relevant authorities in Indonesia and Malaysia. Approval was obtained from Bank Negara Malaysia.
2.	14.10.2010 13.01.2011 28.02.2011 13.04.2011	Proposed disposal of : (i) The Company's entire 20% equity interest in Kinabalu Motor Assembly Sendirian Berhad ("KMA") for a total cash consideration of RM1; and (ii) The entire 100% equity interest in Lion Motor Sdn Bhd ("Lion Motor") by Silverstone Corporation Berhad ("SCB"), an 84.16% owned subsidiary of the Company, and by 3 subsidiaries of SCB, for a total cash consideration of RM4 and a cash settlement of inter-company debts of an amount of approximately RM3 million.	(i) The proposed disposal of KMA is pending approval from Ministry of International Trade and Industry. Parties to the agreements had mutually agreed to extend the date of fulfillment of the conditions precedent for another two months to 13 June 2011. The waiver from the remaining shareholders of KMA on the share transfer is no longer required. (ii) The proposed disposal of Lion Motor was completed on 28 February 2011.
3.	10.02.2010 16.02.2011 09.03.2011 06.04.2011	Proposed subscription by Jadeford International Limited ("Jadeford"), a wholly-owned subsidiary of the Company, of 17,000,000 3-year Redeemable Cumulative Preference Shares at USD1.00 each in Megasteel Harta (L) Limited ("Megasteel Harta"), a wholly-owned subsidiary of Megasteel Sdn Bhd, which is in turn a subsidiary of Lion Corporation Berhad, for cash of USD17 million ("Proposed Subscription of RCPS").	Jadeford and Megasteel Harta had mutually agreed to terminate the Subscription Agreement dated 10 February 2011 in relation to the Proposed Subscription of RCPS.

19. Corporate proposals (continued)

No	Date of Announcements	Subjects	Status
4.	03.03.2011	<p>(i) Proposed joint venture between the Company, Lion Diversified Holdings Berhad ("LDHB") and Lion Industries Corporation Berhad ("LICB") in Lion Blast Furnace Sdn Bhd ("LBF") in the shareholding of 20%, 51% and 29% respectively; and</p> <p>(ii) Proposed provision of financial assistance by the Company in favour of LBF in the form of a corporate guarantee and pledge of security to be given by the Company to secure a loan facility to be obtained by LBF and its subsidiary in relation to the Blast Furnace Project.</p>	<p>Pending approvals of:</p> <p>(i) Shareholders of the Company, LDHB and LICB; and</p> <p>(ii) any other relevant authorities.</p>
5.	12.04.2011	<p>Proposed disposal of 75% equity interest in Shandong Silverstone LuHe Rubber & Tyre Co Ltd ("Shandong Silverstone") by Lion Rubber Industries Sdn Bhd ("LRI"), a wholly-owned subsidiary of the Company, to Toyo Tire & Rubber Co. Ltd ("Toyo Tire") for a cash consideration of approximately USD21.6 million (equivalent to approximately RM65.9 million) subject to adjustments and a settlement of intercompany debts of approximately USD24.4 million (equivalent to approximately RM74.4 million) ("Proposed Disposal").</p> <p>Simultaneous with the Proposed Disposal, LRI has entered into a Joint-Venture Agreement as well as a Put and Call Option Agreement with Toyo Tire on the balance 25% stake in Shandong Silverstone ("Subsequent Transactions").</p>	<p>Pending approval from:</p> <p>(i) Ministry of Commerce of the People's Republic of China; and</p> <p>(ii) any other regulatory approval (if required).</p>

b) Status of utilisation of proceeds

Please refer to Appendix 1 attached.

c) Discontinued operations

Pursuant to the proposed disposal of Shandong Silverstone as disclosed in Note 19(a)(5) above, the assets and liabilities of Shandong Silverstone have been presented on the consolidated statement of financial position as a disposal group held for sale and its results are presented separately on the consolidated income statement as discontinued operations.

The proposed disposal is expected to be completed by the next quarter of the current financial year.

An analysis of the results of discontinued operations is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010 RM'000	CURRENT YEAR TO-DATE 31/3/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010 RM'000
Revenue	52,017	29,150	160,101	97,459
Operating expenses	(59,374)	(31,921)	(180,791)	(103,181)
Other operating income	1,040	427	2,215	1,079
Loss from operations	(6,317)	(2,344)	(18,475)	(4,643)
Finance costs	-	(207)	(452)	(693)
Loss before taxation	(6,317)	(2,551)	(18,927)	(5,336)
Taxation	-	-	-	-
Loss for the period from discontinued operations	(6,317)	(2,551)	(18,927)	(5,336)

20. Borrowings

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
<u>Bank borrowings</u>			
Unsecured	3,348	-	3,348
	<u>3,348</u>	<u>-</u>	<u>3,348</u>

21. Financial Instruments

(a) Disclosure of Derivative

There were no derivative financial instruments.

(b) Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no material gains/losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

22. Changes in material litigation

There were no material litigation since the last annual balance sheet date.

23. Dividends

The Board does not recommend any interim dividend for the financial quarter ended 31 March 2011.

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

Basic EPS is calculated by dividing the Group's profit attributable to owners of the parent for the period by the weighted average number of ordinary shares of the Company in issue during the financial period as follows:

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	CURRENT YEAR QUARTER 31/3/2011	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010	CURRENT YEAR TO-DATE 31/3/2011	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010
Profit attributable to owners of the parent (RM'000)				
- Continuing operations	10,657	13,554	50,523	82,134
- Discontinued operations	(4,893)	5,415	147,782	22,365
	<u>5,764</u>	<u>18,969</u>	<u>198,305</u>	<u>104,499</u>
Weighted average number of shares in issue ('000)	<u>231,572</u>	<u>230,634</u>	<u>231,531</u>	<u>230,455</u>
Basic EPS (sen)				
- Continuing operations	4.60	5.88	21.82	35.64
- Discontinued operations	(2.11)	2.34	63.83	9.70
	<u>2.49</u>	<u>8.22</u>	<u>85.65</u>	<u>45.34</u>

24. Earnings per share ("EPS")(continued)**Diluted**

For the purpose of calculating diluted EPS, the profit for the period attributable to equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. shares granted under the Executive Share Option Scheme ("ESOS").

There was no dilutive effects on the EPS as the Executive Share Option Scheme expired on 31 August 2010.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2011	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2010	CURRENT YEAR TO-DATE 31/3/2011	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2010
Profit attributable to owners of the parent (RM'000)				
- Continuing operations	10,657	13,554	50,523	82,134
- Discontinued operations	(4,893)	5,415	147,782	22,365
	<u>5,764</u>	<u>18,969</u>	<u>198,305</u>	<u>104,499</u>
Weighted average number of ordinary shares in issue ('000)	N/A	230,634	N/A	230,455
Effect of dilution ('000)	N/A	319	N/A	33
	<u>N/A</u>	<u>230,953</u>	<u>N/A</u>	<u>230,488</u>
Diluted EPS (sen)				
- Continuing operations	N/A	5.87	N/A	35.63
- Discontinued operations	N/A	2.34	N/A	9.70
	<u>N/A</u>	<u>8.21</u>	<u>N/A</u>	<u>45.34</u>

25. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2011 and 31 December 2010 is analysed as follows:

	Current Quarter 31/3/2011 RM'000	Immediate Preceding Quarter 31/12/2010 RM'000
Total retained profits/(accumulated losses) of the Company and subsidiaries:		
- Realised	387,891	379,123
- Unrealised	(6,866)	(7,050)
	<u>381,025</u>	<u>372,073</u>
Total share of (accumulated losses)/retained profit from associated companies:		
- Realised	(81,386)	(78,167)
- Unrealised	800	769
	<u>300,439</u>	<u>294,675</u>
Total group retained profits as per consolidated financial statements		

26. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2010 was not qualified. However, the auditors drew attention to the uncertainties regarding the provision for damages arising from a litigation claim.

LION FOREST INDUSTRIES BERHAD (82056-X)

(Incorporated in Malaysia)

Interim report for the third quarter ended 31 March 2011

(The figures have not been audited)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

- 19. b)** Status of utilisation of proceeds arising from the disposal of 97.78% equity interest in Sabah Forest Industries Sdn Bhd for a cash consideration of USD261.0 million (approximately RM944.82 million):

	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation		Explanation
	RM'Million	RM'Million		Amount	%	
				RM'Million		
Purpose:						
(i) Capital distribution	420.31	420.55	No fixed timeframe	(0.24) *	-	Fully utilised
(ii) Tyre division	104.36	17.00	No fixed timeframe	87.36	-	Not fully utilised
(iii) Plantation division	70.00	7.26	No fixed timeframe	62.74	-	Not utilised
(iv) Payment to the State Government of Sabah	4.08	-	No fixed timeframe	4.08	-	Not utilised
(v) Estimated expenses	1.50	1.50	No fixed timeframe	-	-	Fully utilised
(vi) Acquisition of debts issued by AMB Harta (L) Limited, a wholly-owned subsidiary of SCB and the bonds and redeemable cumulative convertible preference shares issued by SCB and estimated expenses related thereto	229.97	94.43	No fixed timeframe	135.54 **	-	Not fully utilised
	<u>830.22</u>	<u>540.74</u>		<u>289.48</u>		
(vii) Funding and investment relating to the business and/or working capital of the Group#	42.33	-		42.33	-	
	<u>872.55</u>	<u>540.74</u>		<u>331.81</u>		
(viii) Provisional and final adjustment	25.54					
(ix) Adjustment on foreign exchange	46.73					
	<u><u>944.82</u></u>					

* A total cash payment of approximately RM420.55 million was distributed to all entitled shareholders of which RM0.24 million was sourced from internally generated funds

** A total cash of approximately RM117.70 million was sourced from internally generated funds for the acquisition of SCB bonds and debts

Pending the Securities Commission's approval