

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 1ST QUARTER
ENDED 30 SEPTEMBER 2007**

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/09/2007 RM'000	30/09/2006 RM'000	30/09/2007 RM'000	30/09/2006 RM'000
Revenue	356,527	435,507	356,527	435,507
Other operating income	2,501	7,811	2,501	7,811
Operating expenses	(323,680)	(346,012)	(323,680)	(346,012)
Profit from operations	<u>35,348</u>	<u>97,306</u>	<u>35,348</u>	<u>97,306</u>
Interest income	88	122	88	122
Financing costs *	(19,396)	(1,981)	(19,396)	(1,981)
Share of profit after tax of associates	8,653	4,615	8,653	4,615
Profit before taxation	<u>24,693</u>	<u>100,062</u>	<u>24,693</u>	<u>100,062</u>
Taxation	20,005	(13,921)	20,005	(13,921)
Net profit for the period	<u>44,698</u>	<u>86,141</u>	<u>44,698</u>	<u>86,141</u>
Attributable to:				
Equity holders of the Company	<u>44,698</u>	<u>86,141</u>	<u>44,698</u>	<u>86,141</u>
(a) Basic earnings per share (sen)	6.78	13.06	6.78	13.06
Net profit for the period (RM'000)	44,698	86,141	44,698	86,141
Weighted average number of ordinary shares on issue during the reporting quarter ('000)	659,630	659,630	659,630	659,630
(b) Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

* Included in the financing costs is unrealised foreign exchange loss of RM5,579,000 for the current year quarter and unrealised foreign exchange gain of RM13,806,000 for the preceding year corresponding quarter.

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2007.

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2007

	As at end of current quarter 30/09/2007 RM'000	As at preceding financial year end 30/06/2007 Restated RM'000
Non-current assets		
Property, plant and equipment	687,820	701,288
Forest assets	1,235,809	1,290,833
Timber concession	48,500	50,134
Prepaid lease payments	52,738	53,046
Investment properties	26,880	27,151
Investments in associates	225,203	216,550
Deferred tax assets	10,105	10,107
	2,287,055	2,349,109
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Current assets		
Inventories	227,001	187,051
Receivables, deposits and prepayments	575,138	540,432
Tax recoverable	29,507	22,834
Cash and cash equivalents	53,229	56,801
	884,875	807,118
	-----	-----
Total assets	3,171,930	3,156,227
Equity		
Share capital	329,815	329,815
Reserves	1,353,596	1,345,002
	1,683,411	1,674,817
	1,683,411	1,674,817
Total equity attributable to shareholders of the Company		

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**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2007
(CONT'D)**

	As at end of current quarter 30/09/2007 RM'000	As at preceding financial year end 30/06/2007 Restated RM'000
Non-current liabilities		
Borrowings	474,970	481,592
Deferred tax liabilities	300,304	337,542
	775,274	819,134
Total non-current liabilities	775,274	819,134
Current liabilities		
Payables and accruals	337,535	304,200
Borrowings	373,841	355,714
Current tax liabilities	1,869	2,362
	713,245	662,276
Total current liabilities	713,245	662,276
Total liabilities	1,488,519	1,481,410
	3,171,930	3,156,227
Total equity and liabilities	3,171,930	3,156,227
 Net asset per share attributable to equity holders of the Company (RM)	2.55	2.54

The condensed consolidated balance sheets should be read in conjunction with the annual financial statements for the financial year ended 30 June 2007.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 SEPTEMBER 2007**

	<u>Non-distributable</u>			<u>Distributable</u>		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Fair valuation reserve RM'000	Retained profits RM'000	
At 1 July 2006						
As previously stated	329,815	130,089	163,761	64,535	624,420	1,312,620
Effect of adopting FRS 121	-	-	(11,035)	-	11,035	-
At 1 July 2006, restated	329,815	130,089	152,726	64,535	635,455	1,312,620
Net gain recognised directly in equity						
- Currency translation differences	-	-	50,738	-	-	50,738
- Share of currency translation differences of an associate	-	-	83	-	-	83
Net profit for the quarter	-	-	-	-	86,141	86,141
At 30 September 2006	329,815	130,089	203,547	64,535	721,596	1,449,582
At 1 July 2007	329,815	130,089	282,843	64,535	867,535	1,674,817
Net gain recognised directly in equity						
- Currency translation differences	-	-	(36,104)	-	-	(36,104)
Net profit for the quarter	-	-	-	-	44,698	44,698
At 30 September 2007	329,815	130,089	246,739	64,535	912,233	1,683,411

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 2007.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2007**

	Current period ended 30/09/2007 RM'000	Corresponding period ended 30/09/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,693	100,062
Adjustments for:-		
Depreciation and amortisation	27,257	26,480
Depletion of forest crop	1,207	1,633
Financing costs	13,817	15,500
Interest income	(88)	(122)
Unrealised foreign exchange differences	5,579	(13,806)
Share of profit after tax of associates	(8,653)	(4,615)
Other non-cash items	(1,115)	(5,928)
Operating profit before working capital changes	62,697	119,204
Change in inventories	(40,065)	(17,553)
Change in receivables, deposits and prepayments	(34,797)	(45,348)
Change in payables and accruals	53,323	(9,962)
Cash generated from operations	41,158	46,341
Taxes paid	(12,784)	(2,980)
Net cash generated from operating activities	28,374	43,361
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and forest assets	(13,884)	(15,081)
Proceeds from disposal of property, plant and equipment	1,648	15,700
Interest received	88	122
Fixed deposits pledged	(132)	(432)
Net cash (used in)/generated from investing activities	(12,280)	309
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(13,193)	-
Interest paid	(9,828)	(9,724)
Net borrowings	(15,439)	2,180
Net cash used in financing activities	(38,460)	(7,544)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED
 30 SEPTEMBER 2007 (CONT'D)**

	Current period ended 30/09/2007 RM'000	Corresponding period ended 30/09/2006 RM'000
Net (decrease)/increase in cash and cash equivalents	(22,366)	36,126
Cash and cash equivalents at beginning of the year	(5,177)	(40,265)
Foreign exchange difference on opening balances	1,125	(2,013)
Cash and cash equivalents at end of the period	<u>(26,418)</u> =====	<u>(6,152)</u> =====
 Cash and cash equivalents as at 30 September is represented by:		
Cash and bank balances	21,096	35,978
Deposits	32,133	32,334
Bank overdraft	(47,895)	(42,419)
	<u>5,334</u>	<u>25,893</u>
Less: Fixed deposits and bank balances held as security	(31,752)	(32,045)
	<u>(26,418)</u> =====	<u>(6,152)</u> =====

The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2007.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED
30 SEPTEMBER 2007**

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 2007. 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 2007.

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 2007 except for the adoption of the following new/revised FRS issued by the Malaysian Accounting Standards Board (“MASB”) that are effective for the Group’s financial statements commencing 1 July 2007:-

a) FRS 117, Leases

Prior to the adoption of the FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. Under the FRS 117, leasehold land is an operating lease unless title passes to the lessee at the end of the lease term. With the adoption of the FRS 117, the unamortised carrying amounts of leasehold land are now classified as prepaid lease payments and amortised over the period of its remaining lease term, as allowed by the transitional provisions of the FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparatives in the balance sheet have been restated.

The effects on the comparatives to the Group on adoption of FRS 117 are as follows:

	As previously reported RM’000	Effects of reclassification RM’000	As restated RM’000
Property, plant and equipment	754,334	(53,046)	701,288
Prepaid lease payments	-	53,046	53,046

b) FRS 124, Related Party Disclosures

This standard affects the identification of related parties, and results in additional related party disclosures presented in the financial statements.

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2. Preceding annual financial statements

The audit report of the preceding annual financial statements for the year ended 30 June 2007 was unqualified.

3. Seasonality of Cyclical Factors

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

4. 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.

5. 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.

6. 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.

7. Dividends paid

The Company paid a tax exempt interim dividend of 4% totalling RM13,192,609 in respect of the financial year ended 30 June 2007 on 21 September 2007.

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8. **Segmental information**

The segment information in respect of the Group's business segments are as follows:

	Logs RM'000	Plywood and vener RM'000	Upstream support RM'000	Other timber operations RM'000	Other operations RM'000	Eliminations RM'000	Total RM'000
Revenue from external customers	65,827	181,989	100,813	224	7,674	-	356,527
Inter-segment revenue	21,002	8,916	58,345	-	2,058	(90,321)	-
Total revenue	86,829	190,905	159,158	224	9,732	(90,321)	356,527
Segment results	10,341	18,312	7,133	(516)	78	-	35,348
Interest income							88
Financing costs							(19,396)
Share of profit after tax of associates							8,653
Profit before taxation							24,693
Taxation							20,005
Net profit for the period							44,698

9. **Valuations of property, plant and equipment**

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

10. **Material events subsequent to the end of the reporting quarter**

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

11. **Changes in the composition of the Group**

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

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12. Contingent liabilities or contingent assets

No contingent liabilities or contingent assets have arisen since the last annual balance sheet date except as disclosed in Note 19.

13. Taxation

	Current quarter Jul'07 – Sept'07 RM'000	Current financial year-to-date Jul'07 – Sept'07 RM'000
Current tax expense	4,247	4,247
Deferred tax expense	1,199	1,199
Effect of changes in tax rates	(25,451)	(25,451)
	-----	-----
	<u>(20,005)</u>	<u>(20,005)</u>

The Group recorded a credit for taxation of RM20 million in the quarter under review mainly due to the effect of the change in New Zealand tax rate from 33% to 30% with effect from 1 April 2008.

14. Profits/(Losses) on sale of unquoted investments and/or properties

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

15. Quoted securities

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

(b) Total investments in quoted securities as at 30 September 2007 were as follows:

	RM'000
(i) At carrying value / book value	132,103
(ii) At market value	145,437

16. Status of Corporate Proposals

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

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17. Group borrowings and debt securities

Total Group borrowings as at 30 September 2007 were as follows:

	Long term borrowings	Long term borrowings in foreign currency	Short term borrowings	Short term borrowings in foreign currency
	RM'000		RM'000	
Secured – Foreign currency – USD'000	187,232	55,662	3,078	900
– Foreign currency – NZD'000	89,588	35,222	714	281
– Local currency	61,022		34,911	
– Bond – Local currency	-		150,000	
Unsecured	137,128		185,138	
Total	<u>474,970</u>		<u>373,841</u>	

18. Off balance sheet financial instruments

The Group has entered into interest rate swap agreements for loans denominated in USD and NZD to ensure that the exposure to changes in interest are fixed for the respective tranches throughout the tenure of the term loan. The interest rate swaps range from fixed rates of 5.12% to 8.11% per annum over the loan period.

The net favourable fair value adjustment not recognised as at 30 September 2007 of interest rate swap agreement which hedge interest rates amounted to RM0.9 million.

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19. Material litigation

Suit I : Kelasau Naan, Jawa Nyipa, Pelutan Tiun, Bilong Oyoi & Ors (hereinafter collectively referred to as “Plaintiffs”) vs Government of Sarawak, Samling Plywood (Baramas) Sdn Bhd (“SPK”) and Syarikat Samling Timber Sdn Bhd (“SST”) (hereinafter collectively referred to as “Defendants”)

The Government of Sarawak, SPK and SST are being jointly sued by Penan of four longhouses and settlements situated on the timber concessions held by SPK. The Penans are seeking declaration that they have native customary rights over their claimed land located within the said timber concession areas.

An application was filed by Matthew Uchat Kajan and Jalong Bilong to have themselves added as defendants in this action (on behalf of themselves as well as other inhabitants of the 2 Kenyah kampongs known as Long Semiang and Lio Mato) (“1st Application”).

An application was filed by Gabriel Ajan Jok and Anthony Belarek to have themselves added as defendants in this action (on behalf of themselves as well as some of the other inhabitants of the Kenyah kampongs known as Long Tungan) (2nd Application”).

On 15 January 2003, the Court had

- (a) granted leave to the Government of Sarawak to amend its defence
- (b) granted leave to SPK and SST to amend its defence and counterclaim
- (c) granted leave to the Plaintiffs to amend its pleadings in reply to all the Defendants’ amended pleadings

The Court granted an order in terms as stated in both the 1st and 2nd Applications on 7 April 2003. The Plaintiffs’ advocates appealed against the Court orders dated 7 April 2003 in respect of the 1st and 2nd Applications. The Plaintiffs’ advocates have since withdrawn the said appeal.

The Plaintiffs and the 1st and 3rd Defendants have filed and served their amended pleadings pursuant to the Court Order dated 15 January 2003.

On 14 January 2003, another application was taken out by Joachim Engan Sigau to have himself added as plaintiff in this action (on behalf of himself as well as all other inhabitants of Long Tungan) (“3rd Application”). The 3rd Application was withdrawn by Joachim Engan Sigau’s advocates and Joachim was ordered to pay the cost of the 3rd Application, such costs to be taxed unless otherwise agreed.

The matter was called up for mention on 27 March 2004 and again on 21 April 2004, wherein the Plaintiffs’ counsel undertook to serve the Amended Writ listing on Matthew Uchat Kajan, Jalong Bilong, Gabriel Ajan Jok and Anthony Belarek, (the applicants in the 1st and 2nd Applications) as the 4th to 7th defendants in this action. By a court order dated 21 June 2004, it was ordered inter alia, that the Plaintiffs file and serve the Amended Writ of Summons and Amended Statement of Claim within 14 days from the date thereof and thereafter, the defendants have 14 days to file and serve their amended pleadings. The Defendants have been served with the Amended Writ of Summons and Amended Statement of Claim on 6 August 2004 and these were received on a without prejudice’ basis. The Defendants have filed the Amended Defence and Counterclaim.

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The pre trial case management for the above matter which was originally scheduled on 26 August 2004 had been rescheduled to 24 February 2005 pending the outcome of the hearing of an application to stay this action taken out by the advocates for the 4th to 7th Defendants (“the Stay Application”). The Stay Application was heard on 28 July 2005, where the court ordered that this action be stayed pending the conclusion and determination of native court claim filed by the 4th to 7th Defendants in the native court against the Plaintiffs and awarded cost of the Stay Application to the 4th to 7th Defendants to be taxed unless otherwise agreed (“the Court Order of 28 July 2005”). The court adjourned the pre trial case management of this action to a date to be fixed or to a date to be requested by counsel. The Plaintiff has filed an appeal in the Court of Appeal against the Court Order of 28 July 2005.

On 4 October 2006, the Court has fixed the Civil Suit for Trial on 18 January 2007 and has brought forward for mention before the Senior Assistant Registrar, High Court Bintulu in Miri on 6 October 2006. At the mention on 6 October 2006, the Plaintiffs’ counsel informed the Court that an appeal has been filed against the Court Order 28 July 2005. The Senior Assistant Registrar, High Court Bintulu in Miri fixed the matter for further mention in Miri before the Judicial Commissioner on 6 November 2006 and after hearing counsels, the Court maintained the trial date of 18 January 2007. On 18 January 2007, the Senior Assistant Registrar fixed the matter for further mention on 28 March 2007. On 28 March 2007, the Plaintiff informed the Judge that a reply from the Court of Appeal Registry was received stating that the record of appeal is incomplete as it does not have the Notes of Proceedings. As such, the Court of Appeal Registry has yet to fix a hearing date. The Judge ordered the Plaintiff to write to the Native Court Registry to ascertain the current status so as to decide on their next cause of action. The Judge fixed the above matter for further mention on 22 June 2007. On 22 June 2007, the Plaintiffs informed the Court that they are still awaiting a hearing date for each of their appeals to the Native Court and Court of Appeal respectively. This matter is adjourned for further mention to 3 December 2007. On 3 August 2007, Pelutan Tiun (3rd Plaintiff) has filed the Notice of Discontinuance and Notice of Withdrawal with the Miri High Court Registry and the Court of Appeal Registry respectively.

Suit II : Lasah Mering & Ors v Tamex Timber Sdn Bhd & Ors

A Writ of Summons had been served on 5 June 2003 upon Tamex Timber Sdn Bhd (“Tamex”), a wholly-owned subsidiary company, in respect of Suit II, and named as first defendant. The Superintendent of Lands & Surveys Department Bintulu Division and the Government of the State of Sarawak as second and third defendants respectively, are being jointly sued by Lasah Mering, Mering Anak Madang, Mering Anak Lasah, Imut Anak Ding and Bilong Anak Pudang who are suing on behalf of themselves and all other proprietors, occupiers, holders and claimants of native customary rights land at Kayan Longhouse community known as Rumah Lasah Mering, Sg. Pesu, Jelulong, Tubau, Bintulu, Sarawak (hereinafter collectively known as “Plaintiffs”).

The Plaintiffs are claiming for various reliefs including declarations that issuance of the land title and/or provisional lease of that parcel of land at and/or around the Longhouse community of Rumah Lasah Mering, Sg. Pesu, Jelulong, Tubau, Bintulu, Sarawak where Tamex is the appointed timber logging contractor, was bad and/or void as it was unconstitutional and/or wrongful.

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The first defendant had on 7 August 2003 filed its defence and counterclaim against the Plaintiffs and each of them, from interfering or attempting to interfere with the first defendant's right to carry out its business and harvesting operations in the License Area including its performance of its contract under the Letter Contract with Samling Reforestation (Bintulu) Sdn Bhd. The first defendant is also claiming against the Plaintiffs and each of them for damages, costs, interest and further or other relief. The Plaintiffs had filed its Reply and Defence to Counterclaim on 29 August 2003 and served a copy thereof on Tamex on 10 September 2003. In compliance with procedural requirements, the Plaintiffs had on 6 February 2004 served the Defendants with the following:

- (i) Summons for Directions pursuant to Order 25 dated 18 November 2003

This application originally fixed for hearing on 8 March 2004 was heard on 6 September 2004. At the hearing, it was directed that expert evidence be limited to 2 witnesses for the Plaintiff and the 1st Defendant and 1 witness for the 2nd and 3rd Defendants, a plan and photographs of the locus in quo be agreed, if possible, and at the trial, the Plaintiff will have 8 witnesses and require 5 days, the 1st Defendant 9 witnesses and 5 days and the 2nd and 3rd Defendants 6 witnesses and 5 days. No date has been fixed for the hearing of the action.

- (ii) Notice to Attend Pre-Trial Case Management dated 18 November 2003

Counsel for the respective parties attended the Case Management Meeting with the Judge presiding in Chambers on 9 March 2005. The affidavit and the List of Documents were filed on the 4 April 2005 and a copy therefore served on the Plaintiff and the 2nd and 3rd Defendant. A Pre-Trial Case Management was held on the 21 February 2006 at the High Court. Counsel for the Plaintiff informed the Court that documents had been exchanged between the parties but Statement of Facts has not been agreed and that the Plaintiffs require time to carry out a survey of their area. The Judge then fixed tentative trial date from 9 to 13 October 2006 with another Pre-Trial Management fixed for 14 August 2006 to monitor progress. At the Pre-Trial Case Management hearing on 14 August 2006, the Plaintiffs have not completed their survey works and the Court fixed another Pre-Trial Case Management hearing on 8 November 2006. The said Pre-Trial Case Management was further adjourned to 6 February 2007. On 6 February 2007, the Court had fixed the matter for trial from 17 to 21 September 2007 and subsequently was rescheduled for trial on 3 to 7 December 2007. On 12 September 2007, three of the Plaintiffs namely Lasah Mering, Imut Anak Ding and Bilong Anak Pundang ("1st, 4th and 5th Plaintiffs") had discontinued their action against Tamex Timber, Superintendent of Lands & Surveys and the Government of the State of Sarawak. An application has been filed by Tamex Timber to strike out the claim by the remaining two Plaintiffs ("2nd and 3rd Plaintiffs") and was granted by the Court with the cost of application to be paid by the 2nd and 3rd Plaintiffs to Tamex Timber. With the striking out of the 2nd and 3rd Plaintiffs and the earlier discontinuance of action by the 1st, 4th and 5th Plaintiffs, the hearing which was originally fixed on 3 to 7 December 2007 has been vacated.

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

The Group's revenue for the current quarter under review had decreased by 6% to RM356.5 million from RM377.6 million achieved in the immediate preceding financial quarter mainly due to the softening of the timber prices and demand during the quarter under review.

For the financial quarter under review, the Group sold 109,590 m3 of logs at an average price of RM506/m3 compared to 151,668 m3 sold in the immediate preceding quarter at an average price of RM531/m3. With demand for plywood remaining relatively stable, the Group exported 97,576 m3 of plywood at an average price of RM1,563/m3 during the quarter under review compared to 99,216 m3 of plywood exported at an average price of RM1,616/m3 in the immediate preceding financial quarter.

Whilst the volume sold and selling price achieved by the Group from both logs and plywood were slightly lower than that achieved for the preceding financial quarter, the operating profit recorded in the quarter review were marginally higher than the preceding financial quarter from RM34.2 million to RM35.3 million. This was partly due to efforts by the Group in closely monitoring production costs.

As a result of NZ Dollar weakening against US Dollar during the financial quarter under review as compared to preceding financial quarter, the Group recognised an unrealised loss of RM5.6 million arising from the translation of US Dollar loan by a foreign subsidiary in New Zealand as compared to RM12.4 million gain in preceding financial quarter. As a consequence, the Group recorded a profit before taxation of RM24.7 million for the quarter as compared to RM39.9 million in the preceding financial quarter.

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

For the financial quarter under review, the Group recorded a profit before taxation of RM24.7 million and an earnings before interest, taxation, depreciation and amortisation ("EBITDA") of RM72.5 million. This was after a write off of an amount equivalent to the interest capitalised to the New Zealand plantations assets of RM8.3 million and the recognition of an unrealised foreign exchange loss of RM5.6 million.

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ENDED 30 SEPTEMBER 2007**

The figures have not been audited

22. Commentary on the outlook of the Group

Although prices of Malaysian timber products were impacted by an overstocked position and lower housing starts in Japan coupled with the further softening of the U.S. real estate market, the market for tropical logs remain promising in view of sustained demand for timber products from China and India.

Prices are expected to remain firm as timber supply is constrained due to a general shrinkage in harvestable areas with more focus on forest conservation.

The announcement by the U.S. Federal Reserve to reduce short-term interest rate by fifty basis points has caused the US Dollar to decline further against other currencies. Any further weakening of the US Dollar against Ringgit Malaysia will impact upon the Group's margin from export sales, unless US Dollar prices of our products increase in tandem. Furthermore, a sharp sustained rise of crude oil price, which touched the historic high point in recent months, will also exert an upward pressure on the operating costs of the Group. In view of this, the Group will continue to monitor its costs to minimise the erosion of margins. Plans that were implemented to increase productivity and reduce costs will be constantly monitored.

23. Variation of actual profit from forecast profit and shortfall in profit guarantee

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

24. Dividends

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

BY ORDER OF THE BOARD

TAN GHEE KIAT (MICPA 811)
T.V.SEKHAR A/L T.G.VENKATESAN (MICPA 1371)

Company Secretaries

Kuala Lumpur
16 November 2007