

**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
ENDED 31 MARCH 2008**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/03/2008 RM'000</b>	<b>31/03/2007 RM'000</b>	<b>31/03/2008 RM'000</b>	<b>31/03/2007 RM'000</b>
Revenue	346,458	406,624	1,066,479	1,252,001
Other operating income	1,697	1,913	5,950	13,360
Operating expenses	(340,923)	(338,522)	(1,007,509)	(1,004,848)
<b>Profit from operations</b>	<u>7,232</u>	<u>70,015</u>	<u>64,920</u>	<u>260,513</u>
Interest income	60	72	281	327
Financing costs *	(10,898)	(11,907)	(36,439)	(15,919)
Share of profit after tax of associates	5,222	3,516	32,624	13,641
<b>Profit before taxation</b>	<u>1,616</u>	<u>61,696</u>	<u>61,386</u>	<u>258,562</u>
Taxation	1,309	(14,426)	18,837	(49,023)
Net profit for the period	<u>2,925</u>	<u>47,270</u>	<u>80,223</u>	<u>209,539</u>
<b>Attributable to:</b>				
Equity holders of the Company	<u>2,925</u>	<u>47,270</u>	<u>80,223</u>	<u>209,539</u>
(a) Basic earnings per share (sen)	0.44	7.17	12.16	31.77
Net profit for the period (RM'000)	2,925	47,270	80,223	209,539
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 gain of RM5,617,000 for the current year quarter (current year to date gain : RM8,399,000) and unrealised foreign exchange gain of RM1,992,000 for the preceding year corresponding quarter (preceding year to date gain : RM28,868,000).

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

**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
ENDED 31 MARCH 2008**

---

The figures have not been audited

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008**

	As at end of current quarter 31/03/2008	As at preceding financial year end 30/06/2007 Restated
	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	676,339	701,288
Forest assets	1,244,296	1,290,833
Timber concession	45,232	50,134
Prepaid lease payments	52,113	53,046
Investment properties	26,969	27,151
Investments in associates	241,909	216,550
Deferred tax assets	10,105	10,107
	2,296,963	2,349,109
	2,296,963	2,349,109
<b>Current assets</b>		
Inventories	218,471	187,051
Receivables, deposits and prepayments	521,684	540,432
Tax recoverable	35,160	22,834
Cash and cash equivalents	57,525	56,801
	832,840	807,118
	832,840	807,118
<b>Total assets</b>	3,129,803	3,156,227
	3,129,803	3,156,227
<b>Equity</b>		
Share capital	329,815	329,815
Reserves	1,374,954	1,345,002
	1,704,769	1,674,817
<b>Total equity attributable to shareholders of the Company</b>	1,704,769	1,674,817
	1,704,769	1,674,817

**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
ENDED 31 MARCH 2008**

---

The figures have not been audited

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008 (CONT'D)**

	As at end of current quarter 31/03/2008 RM'000	As at preceding financial year end 30/06/2007 Restated RM'000
<b>Non-current liabilities</b>		
Borrowings	487,232	481,592
Deferred tax liabilities	293,621	337,542
	780,853	819,134
<b>Total non-current liabilities</b>	780,853	819,134
<b>Current liabilities</b>		
Payables and accruals	280,890	304,200
Borrowings	359,068	355,714
Current tax liabilities	4,223	2,362
	644,181	662,276
<b>Total current liabilities</b>	644,181	662,276
<b>Total liabilities</b>	1,425,034	1,481,410
<b>Total equity and liabilities</b>	3,129,803	3,156,227
Net asset per share attributable to equity holders of the Company (RM)	2.58	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.**

**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER ENDED 31 MARCH 2008**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2008**

	<u>Non-distributable</u>				<u>Distributable</u>	
	Share capital RM'000	Share premium RM'000	Exchange reserve RM'000	Fair valuation reserve RM'000	Retained profits RM'000	Total equity RM'000
<b>At 1 July 2006</b>						
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	-
<b>At 1 July 2006, restated</b>	329,815	130,089	152,726	64,535	635,455	1,312,620
Net gain recognised directly in equity						
- Currency translation differences	-	-	70,270	-	-	70,270
- Share of currency translation differences of an associate	-	-	(17)	-	-	(17)
Net profit for the period	-	-	-	-	209,539	209,539
Dividends paid during the period	-	-	-	-	(9,499)	(9,499)
<b>At 31 March 2007</b>	329,815	130,089	222,979	64,535	835,495	1,582,913
<b>At 1 July 2007</b>	329,815	130,089	282,843	64,535	867,535	1,674,817
Net loss recognised directly in equity						
- Currency translation differences	-	-	(31,010)	-	-	(31,010)
Net profit for the period	-	-	-	-	80,223	80,223
Dividends paid during the period	-	-	-	-	(19,261)	(19,261)
<b>At 31 March 2008</b>	329,815	130,089	251,833	64,535	928,497	1,704,769

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.

**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER ENDED 31 MARCH 2008**

---

**The figures have not been audited**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008**

	Current period ended 31/03/2008 RM'000	Corresponding period ended 31/03/2007 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	61,386	258,562
Adjustments for:-		
Depreciation and amortisation	79,873	78,012
Depletion of forest crop	6,264	3,774
Financing costs	44,838	44,787
Interest income	(281)	(327)
Unrealised foreign exchange differences	(8,399)	(28,868)
Share of profit after tax of associates	(32,624)	(13,641)
Other non-cash items	(167)	(7,825)
Operating cash flow before working capital changes	150,890	334,474
Change in inventories	(31,520)	(29,879)
Change in receivables, deposits and prepayments	18,667	(92,228)
Change in payables and accruals	2,355	(75,638)
Cash generated from operations	140,392	136,729
Taxes paid	(25,349)	(1,145)
<b>Net cash generated from operating activities</b>	115,043	135,584
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and forest assets	(56,841)	(46,389)
Proceeds from disposal of property, plant and equipment	5,026	21,340
Interest received	281	327
Dividend received	7,266	2,405
Fixed deposits pledged	1,207	429
<b>Net cash used in investing activities</b>	(43,061)	(21,888)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to shareholders	(32,454)	(9,499)
Interest paid	(37,602)	(37,528)
Net borrowings	(5,945)	(29,136)
<b>Net cash used in financing activities</b>	(76,001)	(76,163)

**LINGUI DEVELOPMENTS BERHAD**  
**Company No: 7574-D**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
 ENDED 31 MARCH 2008**

---

**The figures have not been audited**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED  
 31 MARCH 2008 (CONT'D)**

	<b>Current period ended 31/03/2008 RM'000</b>	<b>Corresponding period ended 31/03/2007 RM'000</b>
Net (decrease)/increase in cash and cash equivalents	(4,019)	37,533
Cash and cash equivalents at beginning of the year	(5,177)	(40,265)
Foreign exchange difference on opening balances	(988)	(2,728)
<b>Cash and cash equivalents at end of the period</b>	<u>(10,184)</u> =====	<u>(5,460)</u> =====
Cash and cash equivalents as at 31 March is represented by:		
Cash and bank balances	26,731	27,810
Deposits	30,794	31,548
Bank overdraft	(37,296)	(33,634)
	<u>20,229</u>	<u>25,724</u>
Less: Fixed deposits and bank balances held as security	(30,413)	(31,184)
	<u>(10,184)</u> =====	<u>(5,460)</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.**

# LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER ENDED 31 MARCH 2008

---

The figures have not been audited

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3<sup>RD</sup> QUARTER ENDED 31 MARCH 2008

#### 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.

**LINGUI DEVELOPMENTS BERHAD**

**Company No: 7574-D**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
ENDED 31 MARCH 2008**

---

**The figures have not been audited**

**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 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**

There were no dividends paid during the quarter under review.



**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
ENDED 31 MARCH 2008**

---

The figures have not been audited

**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	228,603	551,013	261,758	1,811	23,294	-	1,066,479
Inter-segment revenue	71,503	26,582	186,631	-	6,581	(291,297)	-
<b>Total revenue</b>	<b>300,106</b>	<b>577,595</b>	<b>448,389</b>	<b>1,811</b>	<b>29,875</b>	<b>(291,297)</b>	<b>1,066,479</b>
Segment results	47,378	28,436	(9,576)	(1,408)	90	-	64,920
Interest income							281
Financing costs							(36,439)
Share of profit after tax of associates							32,624
Profit before taxation							61,386
Taxation							18,837
<b>Net profit for the period</b>							<b>80,223</b>

**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.

**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER ENDED 31 MARCH 2008**

---

The figures have not been audited

**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 Jan'08 – Mac'08 RM'000	Current financial year-to-date Jul'07 – Mac'08 RM'000
Current tax expense	4,944	14,881
Deferred tax expense	(6,253)	(8,267)
Effect of changes in tax rates	-	(25,451)
	-----	-----
	(1,309)	(18,837)
	=====	=====

The Group's taxation charge for the quarter under review is in credit due to the reversal of deferred tax as a consequence of lower profits made in the current quarter.

**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 31 March 2008 were as follows:

	RM'000
(i) At carrying value / book value	144,697
(ii) At market value	195,301

**16. Status of Corporate Proposals**

The Company had on 18 April 2008 completed additional acquisition of 7.5% in Sepangar Chemical Industry Sdn Bhd ("Sepangar Chemical") for a cash consideration of RM4,320,000. It now holds 47.5% interest in Sepangar Chemical.

**LINGUI DEVELOPMENTS BERHAD**  
Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER ENDED 31 MARCH 2008**

---

The figures have not been audited

**17. Group borrowings and debt securities**

Total Group borrowings as at 31 March 2008 were as follows:

	<b>Long term Borrowings</b>	<b>Long term borrowings in foreign currency</b>	<b>Short term borrowings</b>	<b>Short term borrowings in foreign currency</b>
	<b>RM'000</b>		<b>RM'000</b>	
Secured – Foreign currency – USD'000	171,125	54,586	3,123	996
– Foreign currency – NZD'000	85,630	33,482	7,879	3,081
– Local currency	52,141		31,459	
– Bond – Local currency	-		150,000	
Unsecured	178,336		166,607	
<b>Total</b>	<u>487,232</u>		<u>359,068</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 unfavourable fair value adjustment not recognised as at 31 March 2008 of interest rate swap agreement which hedge interest rates amounted to RM10.5 million.

**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 Defendants application to strike out the Plaintiff’s appeal against the Court Order of 28 July 2005 was mentioned in the Court of Appeal on 28 April 2008 and adjourned to a later date which will be fixed by the Court of Appeal.

**LINGUI DEVELOPMENTS BERHAD**  
**Company No: 7574-D**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
ENDED 31 MARCH 2008**

---

**The figures have not been audited**

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

For the financial quarter under review, the Group's performance was affected by the impact of the strengthening of Ringgit Malaysia against the US Dollar and the escalation in fuel prices. With timber prices in Ringgit Malaysia terms not moving sufficiently in tandem to compensate for the effects of these two negative factors, margins were squeezed and this resulted in the Group achieving a profit before tax of RM1.6 million for the financial quarter under review compared to RM35.1 million achieved in the immediate preceding quarter.

Although the price of logs obtained in US Dollar was roughly the same, an average price of RM494/m<sup>3</sup> was achieved in the quarter under review compared to RM518/m<sup>3</sup> in the immediate preceding quarter. The average prices achieved for both plywood and veneer for the current quarter under review of RM1,385/m<sup>3</sup> and RM905/m<sup>3</sup> were 4.1% and 4.7% respectively lower than that of the immediate preceding quarter. The group sold 108,394 m<sup>3</sup> of plywood and 28,614 m<sup>3</sup> of veneer which were also lower than that of the immediate preceding quarter, which represented a 2.4% drop for plywood and 16.8% for veneer.

With lower margins, the operating profit recorded in the quarter under review of RM7.2 million was lower than that achieved in the immediate preceding financial quarter of RM22.3 million.

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

For the financial quarter under review, due to the squeeze in margin as noted above, the Group recorded a profit before taxation of RM1.6 million and an earnings before interest, taxation, depreciation and amortisation ("EBITDA") of RM41.9 million. This was after a write off of an amount equivalent to the interest capitalised to the New Zealand plantations assets of RM9.9 million and the recognition of an unrealised foreign exchange gain of RM5.6 million.

On a year to date basis, the Group achieved a profit before taxation of RM61.3 million and EBITDA of RM183.7 million. For the financial year to date, the Group sold 382,424 m<sup>3</sup> of logs, 322,136 m<sup>3</sup> of plywood and 86,510 m<sup>3</sup> of veneer. Average prices achieved were RM507/m<sup>3</sup> for logs, RM1,456/m<sup>3</sup> for plywood and RM946/m<sup>3</sup> for veneer. The Group's results for the financial year to date were affected by lower plywood selling prices due to the lower housing starts in Japan, higher operating costs, in particular the escalation in fuel prices and spare parts costs and the strengthening of the Ringgit Malaysia compared to the US Dollar.

**LINGUI DEVELOPMENTS BERHAD**  
**Company No: 7574-D**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 3<sup>RD</sup> QUARTER  
ENDED 31 MARCH 2008**

---

**The figures have not been audited**

**22. Commentary on the outlook of the Group**

Housing starts in Japan are showing signs of recovery after new housing regulations were amended. With an increase in demand after inventories were progressively drawn down to meet the additional requirement, timber prices in Japan has started to increase.

The prospects of timber prices are expected to remain positive with continued tight log supply and firm demand from China and India. Competition from China is expected to be lower as its plywood exports are expected to decline after their government reduced the export tax rebate to 5% last year. Russia, with its planned increase in export tax for logs to 80% from January 2009 is expected to have a significant effect on log supplies to the market. Both these factors with auger well for timber prices. The uncertainties over the United States of America economy have impacted the demand for timber as housing activities slow down.

Going forward, the Group is cautious that the weakening of the US Dollar against the Ringgit Malaysia and the increase in fuel prices will impact its margin.

**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  
22 May 2008