

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2009

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 To Date
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Revenue	204,099	346,458	918,364	1,066,479
Other operating income	4,348	1,697	10,474	5,950
Operating expenses	(233,639)	(340,923)	(926,946)	(1,007,509)
(Loss)/profit from operations	(25,192)	7,232	1,892	64,920
Interest income	21	60	197	281
Financing costs	(12,659)	(16,515)	(33,900)	(44,838)
Unrealised foreign exchange differences	(2,114)	5,617	(42,832)	8,399
Share of (loss)/profit after tax of associates	(482)	5,222	(2,843)	32,624
(Loss)/profit before taxation	(40,426)	1,616	(77,486)	61,386
Taxation	5,281	1,309	(4,316)	18,837
Net (loss)/profit for the period	(35,145)	2,925	(81,802)	80,223
Attributable to:				
Equity holders of the Company	(35,145)	2,925	(81,802)	80,223
(a) Basic earnings per share (sen)	(5.33)	0.44	(12.40)	12.16
Net (loss)/profit for the period (RM'000)	(35,145)	2,925	(81,802)	80,223
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

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2008.

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	As at end of current quarter	As at preceding financial year end
	31/03/2009	30/06/2008
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	654,891	696,063
Forest assets	1,001,864	1,210,691
Timber concession	38,697	43,599
Prepaid lease payments	48,619	51,804
Investment properties	26,290	26,660
Investments in associates	246,913	254,653
Deferred tax assets	7,557	12,588
	-----	-----
Total non-current assets	2,024,831	2,296,058
	-----	-----
Current assets		
Inventories	194,901	224,437
Receivables, deposits and prepayments	492,242	500,308
Tax recoverable	29,658	32,610
Cash and cash equivalents	68,295	126,703
	-----	-----
Total current assets	785,096	884,058
	-----	-----
Total assets	2,809,927	3,180,116
	=====	=====
Equity		
Share capital	329,815	329,815
Reserves	1,139,814	1,356,302
	-----	-----
Total equity attributable to shareholders of the Company	1,469,629	1,686,117
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2009 (CONT'D)

	As at end of current quarter 31/03/2009 RM'000	As at preceding financial year end 30/06/2008 RM'000
Non-current liabilities		
Borrowings	608,712	630,853
Deferred tax liabilities	226,648	277,103
Total non-current liabilities	<u>835,360</u>	<u>907,956</u>
Current liabilities		
Payables and accruals	264,019	350,196
Borrowings	238,030	235,383
Current tax liabilities	2,889	464
Total current liabilities	<u>504,938</u>	<u>586,043</u>
Total liabilities	<u>1,340,298</u>	<u>1,493,999</u>
Total equity and liabilities	<u>2,809,927</u>	<u>3,180,116</u>
Net asset per share attributable to equity holders of the Company (RM)	2.23	2.56

The condensed consolidated balance sheets should be read in conjunction with the annual financial statements for the financial year ended 30 June 2008.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2009

	<i>Non-distributable</i>				<i>Distributable</i>	
	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
At 1 July 2007	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)
At 31 March 2008	<u>329,815</u>	<u>130,089</u>	<u>251,833</u>	<u>64,535</u>	<u>928,497</u>	<u>1,704,769</u>
At 1 July 2008	329,815	130,089	230,109	64,535	931,569	1,686,117
Net loss recognised directly in equity						
- Currency translation differences	-	-	(124,792)	-	-	(124,792)
Net loss for the period	-	-	-	-	(81,802)	(81,802)
Dividends paid during the period	-	-	-	-	(9,894)	(9,894)
At 31 March 2009	<u>329,815</u>	<u>130,089</u>	<u>105,317</u>	<u>64,535</u>	<u>839,873</u>	<u>1,469,629</u>

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 2008.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2009

	Current period ended 31/03/2009 RM'000	Corresponding period ended 31/03/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(77,486)	61,386
Adjustments for:-		
Depreciation and amortisation	76,639	79,873
Depletion of forest crop	23,561	6,264
Financing costs	38,466	44,838
Interest income	(197)	(281)
Unrealised foreign exchange differences	42,832	(8,399)
Share of loss/(profit) after tax of associates	2,843	(32,624)
Other non-cash items	(720)	(167)
Operating cash flow before working capital changes	105,938	150,890
Change in inventories	29,004	(31,520)
Change in receivables, deposits and prepayments	7,188	18,667
Change in payables and accruals	(84,393)	2,355
Cash generated from operations	57,737	140,392
Taxes paid	(4,924)	(25,349)
Net cash generated from operating activities	52,813	115,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and forest assets	(38,288)	(56,841)
Proceeds from disposal of property, plant and equipment	1,715	5,026
Interest received	197	281
Refund from purchase price adjustment	2,244	-
Dividend received	6,457	7,266
Net investments in associates	(398)	-
Pledged deposits (paid)/received	(15,121)	1,207
Net cash used in investing activities	(43,194)	(43,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(9,894)	(32,454)
Interest paid	(31,481)	(37,602)
Net borrowings	(45,869)	(5,945)
Net cash used in financing activities	(87,244)	(76,001)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2009 (CONT'D)

	Current period ended 31/03/2009 RM'000	Corresponding period ended 31/03/2008 RM'000
Net decrease in cash and cash equivalents	(77,625)	(4,019)
Cash and cash equivalents at beginning of the year	74,054	(5,177)
Foreign exchange difference on opening balances	(6,772)	(988)
Cash and cash equivalents at end of the period	<u>(10,343)</u> =====	<u>(10,184)</u> =====
Cash and cash equivalents as at 31 March is represented by:		
Cash and bank balances	29,006	26,731
Deposits	39,289	30,794
Bank overdraft	(39,736)	(37,296)
	<u>28,559</u>	<u>20,229</u>
Less: Fixed deposits and bank balances held as security	(38,902)	(30,413)
	<u>(10,343)</u> =====	<u>(10,184)</u> =====

The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2008.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED 31 MARCH 2009

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 2008. 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 2008.

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 2008.

2. Preceding annual financial statements

The audit report of the preceding annual financial statements for the year ended 30 June 2008 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.

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7. Dividends paid

There were no dividends paid during the quarter under review.

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	236,302	459,878	196,871	2,280	23,033	-	918,364
Inter-segment revenue	65,271	25,256	145,731	-	6,038	(242,296)	-
Total revenue	<u>301,573</u>	<u>485,134</u>	<u>342,602</u>	<u>2,280</u>	<u>29,071</u>	<u>(242,296)</u>	<u>918,364</u>
Segment results	39,183	(15,056)	(18,376)	(3,221)	(638)	-	1,892
Interest income							197
Financing costs							(33,900)
Unrealised foreign exchange differences							(42,832)
Share of loss after tax of associates							<u>(2,843)</u>
Loss before taxation							(77,486)
Taxation							<u>(4,316)</u>
Net loss for the period							<u><u>(81,802)</u></u>

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 Jan'09 – Mar'09 RM'000	Current financial year-to-date Jul'08 – Mar'09 RM'000
Current tax expense	975	10,297
Deferred tax expense	(6,256)	(5,981)
	-----	-----
	(5,281)	4,316
	=====	=====

The Group's current tax expense for the quarter under review is higher than the statutory tax rate due to profits of certain subsidiaries being not able to set off against losses of other subsidiaries for tax purposes.

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 2009 were as follows:

	RM'000
(i) At carrying value / book value	156,739
(ii) At market value	129,646

16. Status of Corporate Proposals

The Group, through its wholly-owned subsidiary, Ainokitchen (Malaysia) Sdn Bhd, had on 10 March 2009 together with Techair Corporation Sdn Bhd, incorporated Aino Tech Middle East FZCO, a company registered in Dubai, United Arab Emirates. The Group holds 40% in Aino Tech Middle East FZCO for a cash consideration of RM398,000.

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Total Group borrowings as at 31 March 2009 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	200,262	55,160	-	-
– Foreign currency – NZD'000	72,013	34,276	5,318	2,531
– Local currency	44,095		33,391	-
Unsecured	292,342		199,321	
Total	608,712		238,030	

18. Off balance sheet financial instruments

The Group has entered into interest rate swap agreements for loans denominated in RM, 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 4.65% to 7.31% per annum over the loan period.

The Group has also entered into forward foreign currency exchange contracts for certain sale and purchase transactions to hedge against fluctuation in RM and NZD against USD. The net unfavorable fair value adjustment not recognised as at 31 March 2009 of interest rate swap agreements and forward foreign currency exchange contracts amounted to RM31.5 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 and Syarikat Samling Timber Sdn Bhd (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 was adjourned to a later date to be fixed by the Court of Appeal. The Plaintiffs have since discontinued their appeal in the Court of Appeal on 28 July 2008 which the mention had been fixed on 24 October 2008. On 24 October 2008, the Court of Appeal adjourned the matter to 15 January 2009 for further mention in which was later adjourned to 10 February 2009. At the mention on 10 February 2009, the Miri High Court Judge struck off the case with costs to the Defendants with liberty for the Plaintiffs to file afresh.

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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 financial quarter under review had decreased by 35% to RM204.1 million from RM314.2 million achieved in the immediate preceding quarter mainly due to softening of timber prices and demand during the financial quarter under review.

For the financial quarter under review, the group sold 66,280 m³ of logs, 64,465 m³ of plywood and 21,233 m³ of veneer, which represented a decrease of 39.5% for logs, 19.4% for plywood and 21.2% for veneer compared to the immediate preceding quarter. The average price of logs achieved in the financial quarter under review was RM519/m³ compared to RM586/m³ in the immediate preceding quarter. The average prices achieved for plywood was RM1,327/m³ and veneer was RM926/m³ for the current quarter under review which were 15.9% and 1.1% respectively lower than that of the immediate preceding quarter.

With sales volume and selling prices recorded at lower level in the financial quarter under review, the Group recognised an operating loss of RM25.2 million as compared to operating loss of RM5.2 million in the immediate preceding quarter. The Group share of loss after tax of associates is RM0.5 million as compared to share of loss after tax of associates of RM3.5 million in the immediate preceding 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 loss before taxation of RM40.4 million. This was after a write off of an amount equivalent to the interest capitalised to the New Zealand plantations assets of RM6.0 million and the recognition of an unrealised foreign exchange loss of RM2.1 million.

On a year to date basis, the Group recorded a loss before taxation of RM77.5 million. However, the Group achieved an earnings before interest, taxation, depreciation and amortisation ("EBITDA") of RM99.2 million. The Group's results for the financial year to date were affected by the lower sales volume as a result of the global economic slowdown which had a negative impact on demand and prices. In view of this, the Group took the strategy to preserve its forest resource and therefore, scaled down part of its operations. As a consequence, for the financial year to date, the Group sold 298,222 m³ of logs, 254,726 m³ of plywood and 73,737 m³ of veneer as opposed to 382,424 m³ of logs, 322,136 m³ of plywood and 90,334 m³ of veneer sold in the preceding year corresponding financial year to date.

Commentary on the outlook of the Group

22. The outlook for the timber sector remains uncertain as the market is still cautious on spending in particular housing in Japan and the United States of America, and as a result, demand and price levels have yet to show any signs of recovery. The drop in demand and depressed prices has caused operators to scale down production. With the efforts of various developed countries in implementing stimulus packages to address the economic meltdown, especially on infrastructure development, hopefully, there will be a sustained turnaround in the near future. The Group will continue to enhance operational efficiency and cost savings measures to meet such challenging conditions ahead.

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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
25 May 2009