

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

**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 4<sup>TH</sup> QUARTER ENDED 30 JUNE 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
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Revenue	374,428	422,884	1,292,792	1,489,363
Other operating income	480	1,972	10,954	7,922
Operating expenses	(384,227)	(417,550)	(1,311,173)	(1,425,059)
<b>(Loss)/profit from operations</b>	(9,319)	7,306	(7,427)	72,226
Interest income	25	154	222	435
Financing costs	(10,449)	(13,848)	(44,349)	(58,686)
Unrealised foreign exchange differences	17,785	(10,046)	(25,047)	(1,647)
Share of profit after tax of associates	3,719	8,465	876	41,089
<b>(Loss)/profit before taxation</b>	1,761	(7,969)	(75,725)	53,417
Taxation	(4,211)	11,041	(8,527)	29,878
<b>(Loss)/profit for the period</b>	(2,450)	3,072	(84,252)	83,295
<b>Attributable to:</b>				
Equity holders of the Company	(2,450)	3,072	(84,252)	83,295
(a) Basic earnings per share (sen)	(0.37)	0.47	(12.77)	12.63
Net (loss)/profit for the period (RM'000)	(2,450)	3,072	(84,252)	83,295
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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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4<sup>TH</sup> QUARTER ENDED 30 JUNE 2009****The figures have not been audited****CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2009**

	As at end of current financial year end 30/06/2009 RM'000	As at preceding financial year end 30/06/2008 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	667,440	696,063
Forest assets	1,086,152	1,210,691
Timber concession	37,064	43,599
Prepaid lease payments	48,332	51,804
Investment properties	19,616	26,660
Investments in associates	250,268	254,653
Deferred tax assets	200	12,588
	-----	-----
<b>Total non-current assets</b>	2,109,072	2,296,058
	-----	-----
<b>Current assets</b>		
Inventories	200,184	224,437
Receivables, deposits and prepayments	388,008	500,308
Tax recoverable	33,813	32,610
Cash and cash equivalents	130,996	126,703
	-----	-----
<b>Total current assets</b>	753,001	884,058
	-----	-----
<b>Total assets</b>	2,862,073	3,180,116
	=====	=====
<b>Equity</b>		
Share capital	329,815	329,815
Reserves	1,193,803	1,356,302
	-----	-----
<b>Total equity attributable to equity holders of the Company</b>	1,523,618	1,686,117
	=====	=====

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**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2009 (CONT'D)**

	As at end of current financial year end 30/06/2009 RM'000	As at preceding financial year end 30/06/2008 RM'000
<b>Non-current liabilities</b>		
Borrowings	594,878	630,853
Deferred tax liabilities	243,715	277,103
	-----	-----
<b>Total non-current liabilities</b>	838,593	907,956
	-----	-----
<b>Current liabilities</b>		
Payables and accruals	286,984	350,196
Borrowings	209,855	235,383
Current tax liabilities	3,023	464
	-----	-----
<b>Total current liabilities</b>	499,862	586,043
	=====	=====
<b>Total liabilities</b>	1,338,455	1,493,999
	=====	=====
<b>Total equity and liabilities</b>	2,862,073	3,180,116
	=====	=====
Net asset per share attributable to equity holders of the Company (RM)	2.31	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 YEAR ENDED 30 JUNE 2009**

	Non-distributable				Distributable	
	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 2007</b>	329,815	130,089	282,843	64,535	867,535	1,674,817
Net loss recognised directly in equity						
- Currency translation differences	-	-	(52,734)	-	-	(52,734)
Net profit for the year	-	-	-	-	83,295	83,295
Dividends paid during the year	-	-	-	-	(19,261)	(19,261)
<b>At 30 June 2008</b>	<u>329,815</u>	<u>130,089</u>	<u>230,109</u>	<u>64,535</u>	<u>931,569</u>	<u>1,686,117</u>
<b>At 1 July 2008</b>	329,815	130,089	230,109	64,535	931,569	1,686,117
Net loss recognised directly in equity						
- Currency translation differences	-	-	(68,353)	-	-	(68,353)
Net loss for the year	-	-	-	-	(84,252)	(84,252)
Dividends paid during the year	-	-	-	-	(9,894)	(9,894)
<b>At 30 June 2009</b>	<u>329,815</u>	<u>130,089</u>	<u>161,756</u>	<u>64,535</u>	<u>837,423</u>	<u>1,523,618</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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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4<sup>TH</sup> QUARTER ENDED 30 JUNE 2009****The figures have not been audited****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	Current year ended 30/06/2009 RM'000	Corresponding year ended 30/06/2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before taxation	(75,725)	53,417
Adjustments for:-		
Depreciation and amortisation	100,896	101,859
Depletion of forest crop	32,040	11,073
Financing costs	44,349	58,686
Interest income	(222)	(435)
Unrealised foreign exchange differences	25,047	1,647
Share of profit after tax of associates	(876)	(41,089)
Property, plant and equipment written off	100	68
Investment properties written off	5,172	-
Other non-cash items	(609)	(302)
Operating cash flow before working capital changes	<u>130,172</u>	<u>184,924</u>
Change in inventories	23,972	(37,218)
Change in receivables, deposits and prepayments	117,738	40,261
Change in payables and accruals	(60,693)	69,854
Cash generated from operations	<u>211,189</u>	<u>257,821</u>
Taxes paid	(7,378)	(27,851)
<b>Net cash generated from operating activities</b>	<u>203,811</u>	<u>229,970</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and forest assets	(71,878)	(73,523)
Proceeds from disposal of property, plant and equipment	6,968	1,457
Interest received	222	435
Refund from purchase price adjustment	2,244	-
Dividend received	7,660	7,307
Net investments in associates	(398)	(4,320)
Pledged deposits (paid)/received	(80,617)	7,839
<b>Net cash used in investing activities</b>	<u>(135,799)</u>	<u>(60,805)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to shareholders	(9,894)	(32,454)
Interest paid	(48,912)	(60,929)
Net borrowings	(94,518)	5,084
<b>Net cash used in financing activities</b>	<u>(153,324)</u>	<u>(88,299)</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (CONT'D)**

	<b>Current year ended 30/06/2009 RM'000</b>	<b>Corresponding year ended 30/06/2008 RM'000</b>
Net decrease in cash and cash equivalents	(85,312)	80,866
Cash and cash equivalents at beginning of the year	74,054	(5,177)
Foreign exchange difference on opening balances	(3,570)	(1,635)
<b>Cash and cash equivalents at end of the year</b>	<u>(14,828)</u> =====	<u>74,054</u> =====
Cash and cash equivalents as at 30 June is represented by:		
Cash and bank balances	26,229	97,525
Deposits	104,767	29,178
Bank overdraft	(41,426)	(28,868)
	<u>89,570</u>	<u>97,835</u>
Less: Fixed deposits and bank balances held as security	(104,398)	(23,781)
	<u>(14,828)</u> =====	<u>74,054</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 4<sup>TH</sup> QUARTER ENDED 30 JUNE 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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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4<sup>TH</sup> QUARTER ENDED 30 JUNE 2009

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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	331,189	588,369	339,463	3,106	30,665	-	1,292,792
Inter-segment revenue	81,711	38,753	194,644	-	8,319	(323,427)	-
Total revenue	412,900	627,122	534,107	3,106	38,984	(323,427)	1,292,792
Segment results	45,932	(31,101)	(13,588)	(4,442)	(4,228)	-	(7,427)
Interest income							222
Financing costs							(44,349)
Unrealised foreign exchange differences							(25,047)
Share of profit after tax of associates							876
Loss before taxation							(75,725)
Taxation							(8,527)
<b>Net loss for the year</b>							<b>(84,252)</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.



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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.

### 13. Taxation

	Current quarter April'09 – June'09 RM'000	Current financial year-to-date Jul'08 – June'09 RM'000
Current tax expense	(1,567)	8,730
Deferred tax expense	5,778	(203)
	-----	-----
	4,211	8,527
	=====	=====

The current taxation for the financial quarter under review is a credit due to adjustment made to state the taxation for the year based on the results of the financial year. There is a reversal of deferred tax assets in the quarter under review.

### 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 June 2009 were as follows:

	RM'000
(i) At carrying value / book value	160,895
(ii) At market value	152,899

### 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 30 June 2009 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	191,197	54,278	1,753	498
– Foreign currency – NZD'000	79,334	34,710	2,989	1,308
– Local currency	40,961	-	33,424	-
Unsecured	283,386		171,689	
Total	594,878		209,855	

**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 30 June 2009 of interest rate swap agreements and forward foreign currency exchange contracts amounted to RM22.2 million.

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### **19. 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 increased by 83.5% to RM374.4 million from RM204.1 million achieved in the immediate preceding quarter.

The average price of logs achieved in the financial quarter under review was RM562/m<sup>3</sup> compared to RM519/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 RM1,325/m<sup>3</sup> and RM901/m<sup>3</sup> were 0.2% and 2.8% respectively lower than that of the immediate preceding quarter.

For the financial quarter under review, the group sold 124,298 m<sup>3</sup> of logs, 75,279 m<sup>3</sup> of plywood and 31,928 m<sup>3</sup> of veneer, which represented an increase of 87.5% for logs, 16.8% for plywood and 50.4% for veneer as compared to the immediate preceding quarter.

With the increased in sales volumes in the financial quarter under review, the Group recorded an operating loss of RM9.3 million which is lower as compared to the operating loss of RM25.2 million in the immediate preceding quarter. The Group share of profit after tax of associates is RM3.7 million as compared to share of loss after tax of associates of RM0.5 million in the immediate preceding quarter. Share of profit after tax of associates at RM3.7 million was higher than the immediate preceding quarter was mainly contributed by the better results from the oil palm associate, Glenealy Plantations (Malaya) Berhad.

### **20. 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 RM1.8 million. This was after a write off of an amount equivalent to the interest capitalised to the New Zealand plantations assets of RM6.4 million and the recognition of unrealised foreign exchange gain of RM17.8 million.

On a year to date basis, the Group recorded a loss before taxation of RM75.7 million. However, the Group achieved earnings before interest, taxation, depreciation and amortisation ("EBITDA") of RM126.4 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 422,520 m<sup>3</sup> of logs, 330,005 m<sup>3</sup> of plywood and 105,665 m<sup>3</sup> of veneer as compared to 534,740 m<sup>3</sup> of logs, 437,802 m<sup>3</sup> of plywood and 124,973 m<sup>3</sup> of veneer sold in the preceding corresponding financial year to date.

### **21. Commentary on the outlook of the Group**

The housing starts in Japan and USA remain low as the market is still cautious on spending. The continuing economic crisis has caused plywood producers to scale down their production. However, recent industry reports have indicated that there is a small sign of recovery. Japan has introduced several measures to boost the property sector and housing starts including large tax breaks on home mortgages, waiving taxes on capital gains and introducing non-taxable limit on monetary gifts used to acquire a home. It is hoped that the Japanese housing starts will improve driven by the government stimuli, and this will kick off a restocking cycle and boost plywood imports into Japan.

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The demand for hardwood logs from China and India is expected to remain steady. China and India have also introduced various stimulus packages that include boosting domestic consumer spending, infrastructural development and construction activities, which should see continued demand for logs and wood products. Nevertheless, the Group's strategy in preserving resources, enhancing operational efficiency and monitoring cash cost of production will put the Group in a good position to benefit from economy recovery in its traditional markets.

### **22. 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.

### **23. Dividends**

The Board proposes a final dividend of 2% per share less tax totalling RM4,947,228 (2008: final dividend at 4% per share less tax totalling RM9,894,457) for the financial year ended 30 June 2009 subject to the approval of the shareholders at the forthcoming Annual General Meeting. The book closure date will be announced at a later 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  
18 August 2009