

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

**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 1<sup>ST</sup> QUARTER  
ENDED 30 SEPTEMBER 2009**

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 To Date</b>
	<b>30/09/2009 RM'000</b>	<b>30/09/2008 RM'000</b>	<b>30/09/2009 RM'000</b>	<b>30/09/2008 RM'000</b>
Revenue	332,139	400,044	332,139	400,044
Other operating income	2,606	4,415	2,606	4,415
Operating expenses	(325,016)	(372,182)	(325,016)	(372,182)
<b>Profit from operations</b>	<u>9,729</u>	<u>32,277</u>	<u>9,729</u>	<u>32,277</u>
Interest income	183	130	183	130
Financing costs	(9,478)	(12,033)	(9,478)	(12,033)
Unrealised foreign exchange differences	15,556	(16,194)	15,556	(16,194)
Share of profit after tax of associates	2,856	1,147	2,856	1,147
<b>Profit before tax</b>	<u>18,846</u>	<u>5,327</u>	<u>18,846</u>	<u>5,327</u>
Tax expense	(1,340)	(1,675)	(1,340)	(1,675)
<b>Net profit for the period</b>	<u>17,506</u>	<u>3,652</u>	<u>17,506</u>	<u>3,652</u>
	=====	=====	=====	=====
<b>Attributable to:</b>				
Equity holders of the Company	<u>17,506</u>	<u>3,652</u>	<u>17,506</u>	<u>3,652</u>
	=====	=====	=====	=====
(a) Basic earnings per share (sen)	2.65	0.55	2.65	0.55
Net profit for the period (RM'000)	17,506	3,652	17,506	3,652
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 2009.

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**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2009**

	As at end of current quarter 30/09/2009 RM'000	As at preceding financial year end 30/06/2009 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	652,575	667,440
Forest assets	1,169,122	1,086,152
Timber concession	35,430	37,064
Prepaid lease payments	48,027	48,332
Investment properties	19,544	19,616
Investments in associates	253,787	250,268
Deferred tax assets	200	200
	-----	-----
<b>Total non-current assets</b>	<b>2,178,685</b>	<b>2,109,072</b>
	-----	-----
<b>Current assets</b>		
Inventories	219,926	200,184
Receivables, deposits and prepayments	377,890	388,008
Tax recoverable	33,767	33,813
Cash and cash equivalents	80,194	130,996
	-----	-----
<b>Total current assets</b>	<b>711,777</b>	<b>753,001</b>
	-----	-----
<b>Total assets</b>	<b>2,890,462</b>	<b>2,862,073</b>
	=====	=====
<b>Equity</b>		
Share capital	329,815	329,815
Reserves	1,270,289	1,193,803
	-----	-----
<b>Total equity attributable to equity holders of the Company</b>	<b>1,600,104</b>	<b>1,523,618</b>
	=====	=====

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

	As at end of current quarter 30/09/2009 RM'000	As at preceding financial year end 30/06/2009 RM'000
<b>Non-current liabilities</b>		
Borrowings	555,950	594,878
Deferred tax liabilities	260,366	243,715
	816,316	838,593
<b>Current liabilities</b>		
Payables and accruals	303,144	286,984
Borrowings	167,114	209,855
Current tax liabilities	3,784	3,023
	474,042	499,862
<b>Total liabilities</b>	1,290,358	1,338,455
<b>Total equity and liabilities</b>	2,890,462	2,862,073
Net asset per share attributable to equity holders of the Company (RM)	2.43	2.31

**The condensed consolidated balance sheets should be read in conjunction with the annual financial statements for the financial year ended 30 June 2009.**

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD  
ENDED 30 SEPTEMBER 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
<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	-	-	(29,904)	-	-	(29,904)
Net profit for the period	-	-	-	-	3,652	3,652
<b>At 30 September 2008</b>	<u>329,815</u>	<u>130,089</u>	<u>200,205</u>	<u>64,535</u>	<u>935,221</u>	<u>1,659,865</u>
<b>At 1 July 2009</b>	329,815	130,089	161,756	64,535	837,423	1,523,618
Net profit recognised directly in equity						
- Currency translation differences	-	-	58,980	-	-	58,980
Net profit for the period	-	-	-	-	17,506	17,506
<b>At 30 September 2009</b>	<u>329,815</u>	<u>130,089</u>	<u>220,736</u>	<u>64,535</u>	<u>854,929</u>	<u>1,600,104</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 2009.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED  
30 SEPTEMBER 2009**

	Current period ended 30/09/2009 RM'000	Corresponding period ended 30/09/2008 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	18,846	5,327
Adjustments for:-		
Depreciation and amortisation	24,977	26,271
Depletion of forest crop	12,468	9,003
Financing costs	9,478	12,033
Interest income	(183)	(130)
Unrealised foreign exchange differences	(15,556)	16,194
Share of profit after tax of associates	(2,856)	(1,147)
Other non-cash items	(1,260)	(336)
	45,914	67,215
Operating cash flow before working capital changes		
Change in inventories	(19,603)	(663)
Change in receivables, deposits and prepayments	12,621	(28,184)
Change in payables and accruals	13,908	(28,187)
	52,840	10,181
Cash generated from operations		
Taxes paid	(3,010)	(693)
	49,830	9,488
<b>Net cash generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and forest assets	(7,835)	(11,258)
Proceeds from disposal of property, plant and equipment	1,348	1,207
Interest received	183	130
Pledged deposits received/(paid)	67,392	(1,344)
	61,088	(11,265)
<b>Net cash generated from/(used in) investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(10,256)	(7,897)
Net borrowings	(66,458)	(39,786)
	(76,714)	(47,683)
<b>Net cash used in financing activities</b>		

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

	<b>Current period ended 30/09/2009 RM'000</b>	<b>Corresponding period ended 30/09/2008 RM'000</b>
Net increase/(decrease) in cash and cash equivalents	34,204	(49,460)
Cash and cash equivalents at beginning of the year	(14,828)	74,054
Foreign exchange difference on opening balances	3,660	(1,709)
<b>Cash and cash equivalents at end of the period</b>	<u>23,036</u> =====	<u>22,885</u> =====
Cash and cash equivalents as at 30 September is represented by:		
Cash and bank balances	42,948	34,645
Deposits	37,246	42,121
Bank overdraft	(20,152)	(28,756)
	<u>60,042</u>	<u>48,010</u>
Less: Fixed deposits and bank balances held as security	(37,006)	(25,125)
	<u>23,036</u> =====	<u>22,885</u> =====

**The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2009.**

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1<sup>ST</sup> QUARTER ENDED  
30 SEPTEMBER 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 2009. 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 2009.

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 2009 except for the adoption of the following new FRS issued by the Malaysian Accounting Standards Board (“MASB”) that are effective for the Group’s financial statements commencing 1 July 2009:-

**FRS 8, Operating Segments**

FRS 8, which replaced FRS 114<sub>2004</sub> Segment Reporting, is a disclosure standard that requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segments and to assess their performance. The predecessor standard, FRS 114<sub>2004</sub>, required the identification of business and geographical reporting segments. In the past, the Group’s primary reporting format was business segment. Adoption of this new standard did not have any material effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under FRS 114<sub>2004</sub> Segment Reporting (see Note 8).

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the MASB but are not yet effective:

<b>FRSs / Interpretations</b>	<b>Effective date</b>
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosure	1 January 2010
FRS 123, Borrowing Costs	1 January 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 - The Limit of a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

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**2. Preceding annual financial statements**

The audit report of the preceding annual financial statements for the year ended 30 June 2009 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.



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**8. Segment information**

The Group has adopted FRS 8, Operating Segments with effect from 1 July 2009. FRS 8, which replaced FRS 114<sub>2004</sub> Segment Reporting, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the Managing Director of the Company, in order to allocate resources to the segments and to assess their performance. The predecessor standard, FRS 114<sub>2004</sub>, required the identification of business and geographical reporting segments. In the past, the Group's primary reporting format was business segment. Adoption of this new standard did not have any material effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under FRS 114<sub>2004</sub> and hence, the Group's reportable segments under FRS 8 are as follows:-

Logs	The sale of timber logs from concession and forest plantation area.
Plywood and veneer	The manufacture and sale of plywood and veneer.
Upstream support	The provision of supporting services such as tree-felling and barging.
Other timber operations	The manufacture and sale of timber related products such as doorskin, housing products and sawn timber.
Plantation	Operation of oil plantations and oil mills derived from the Group's investment in an associate.
Other operations	Other operations include the manufacture and sale of granite aggregates, rubber compound and glue, logistic services, power generating facilities, property investments and investments companies.

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**8. Segment information (continued)**

The segment information in respect of the Group's operating segments for the quarter ended 30 September 2009 are as follows:-

	<b>Logs RM'000</b>	<b>Plywood and veneer RM'000</b>	<b>Upstream support RM'000</b>	<b>Other timber operations RM'000</b>	<b>Plantation RM'000</b>	<b>Other operations RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
Revenue from external customers	96,799	134,482	91,971	761	-	8,126	-	332,139
Inter –segment revenue	17,204	11,469	54,189	-	-	1,959	(84,821)	-
<b>Total revenue</b>	<b>114,003</b>	<b>145,951</b>	<b>146,160</b>	<b>761</b>	<b>-</b>	<b>10,085</b>	<b>(84,821)</b>	<b>332,139</b>
Segment results	7,496	(3,181)	5,456	(1,171)	-	1,129	-	9,729
Interest income								183
Financing cost								(9,478)
Unrealised foreign exchange differences								15,556
Share of profits after tax of associates				(518)	2,415	959		2,856
Profit before tax								18,846
Tax expense								(1,340)
Net profit for the period								17,506
<b>Total segment assets</b>	<b>1,386,156</b>	<b>738,793</b>	<b>403,636</b>	<b>70,467</b>	<b>163,310</b>	<b>128,100</b>	<b>-</b>	<b>2,890,462</b>

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**8. Segment information (continued)**

The segment information in respect of the Group's operating segments for the quarter ended 30 September 2008 are as follows:-

	Logs RM'000	Plywood and veneer RM'000	Upstream support RM'000	Other timber operations RM'000	Plantation RM'000	Other operations RM'000	Eliminations RM'000	Total RM'000
Revenue from external customers	97,231	203,321	89,586	564	-	9,342	-	400,044
Inter –segment revenue	23,979	7,392	63,203	-	-	1,908	(96,482)	-
Total revenue	121,210	210,713	152,789	564	-	11,250	(96,482)	400,044
Segment results	17,420	16,466	(793)	(886)	-	70	-	32,277
Interest income								130
Financing cost								(12,033)
Unrealised foreign exchange differences								(16,194)
Share of profits after tax of associates				(2,688)	4,668	(833)		1,147
Profit before tax								5,327
Tax expense								(1,675)
Net profit for the period								3,652
Total segment assets	1,372,994	792,229	547,543	73,942	137,513	159,708	-	3,083,929

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**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.

**12. Contingent liabilities or contingent assets**

No contingent liabilities or contingent assets have arisen since the last annual balance sheet date.

**13. Taxation**

	<b>Current quarter Jul'09 – Sep'09 RM'000</b>	<b>Current financial year-to-date Jul'09 – Sep'09 RM'000</b>
Current tax expense	3,811	3,811
Deferred tax expense	(2,471)	(2,471)
	-----	-----
	1,340	1,340
	=====	=====

The Group's effective tax rate for the quarter under review is lower than the statutory tax rate due to the effect of double deduction available for certain expenses.

**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.

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**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 2009 were as follows:

	RM'000
(i) At carrying value / book value	163,310
(ii) At market value	152,899

**16. Status of Corporate Proposals**

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

**17. Group borrowings and debt securities**

Total Group borrowings as at 30 September 2009 were as follows:

	Long term borrowings RM'000	Long term borrowings in foreign currency	Short term borrowings RM'000	Short term Borrowings in foreign Currency
Secured – Foreign currency – USD'000	190,631	54,558	1,724	498
– Foreign currency – NZD'000	84,104	34,363	2,607	1,053
– Local currency	248,694		133,527	
Unsecured	32,521		29,256	
Total	555,950		167,114	
	555,950		167,114	

**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 September 2009 of interest rate swap agreements and forward foreign currency exchange contracts amounted to RM26.1 million.

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

For the financial quarter under review, the Group sold 134,816 m3 of hardwood logs, 75,856 m3 of plywood and 24,730 m3 of veneer, which represented an increase of 8.5% for logs and 0.8% for plywood and a decrease of 22.5% for veneer as compared to the immediate preceding quarter.

The average price of hardwood logs recorded in the financial quarter under review was RM533/m3 compared to RM562/m3 in the immediate preceding quarter. The average prices recorded for both plywood and veneer for the current quarter under review of RM1,467/m3 and RM938/m3 were 10.7% and 4.1% respectively higher than that of the immediate preceding quarter.

With higher plywood sales volume and selling prices in the financial quarter under review, the Group overall performance improved from the immediate preceding quarter. The Group achieved an operating profit of RM9.7 million as compared to operating loss of RM9.3 million in the immediate preceding quarter. The Group share of profit after tax of associates was RM2.9 million as compared to share of profit after tax of associates of RM3.7 million in the immediate preceding quarter.

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

For the financial quarter under review, the Group achieved a profit before tax of RM18.8 million and an earnings before interest, depreciation and amortisation (“EBITDA”) of RM50.0 million. This was after a write off of an amount equivalent to the interest capitalised to the New Zealand plantations assets of RM5.9 million and the recognition of unrealised foreign exchange gain of RM15.6 million.

Plywood and veneer, a major operating segment, accounted for approximately 40.5% of total Group’s turnover for the financial quarter under review. Plywood demand has improved as buyers started to replenish their low stockholdings and correspondingly, plywood export price improved by 12.4% as compared to immediate preceding quarter. As veneer use is in tandem with plywood production, its prices have a correlation with the movement in plywood prices. Veneer export price recorded an increase of 25.0% as compared to the immediate preceding quarter.

The logs segment continues to be a steady segment for the Group, in which its turnover accounted for 29.1% of total Group’s turnover for the financial quarter under review. Hardwood logs demand recorded an increase of 8.5% mainly attributed by the return of demand from the Japan plywood factories and coupled with continuous demand from China and India markets. However export prices achieved was lower as compared to immediate preceding quarter as supplies improve and the increase in demand concentrated towards smaller logs, which is cheaper than regular-sized logs.

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

The outlook for the timber market remains uncertain as the world continues in its effort to manage the global economic crisis. Although the global downturn is reported to have bottomed out, a sustained turnaround in the plywood market has yet to be seen as it is largely dependent on the recovery of housing starts in Japan and USA. However, with the introduction of various stimulus packages by governments and expectation of a new restocking cycle, it is hoped that the turnaround can be sustained.

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**21. Commentary on the outlook of the Group (continued)**

The demand for hardwood logs from China and India is expected to remain steady with respective governments' stimuli which include domestic consumer spending, infrastructural development and construction activities.

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 economic 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 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  
5 November 2009