

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2010 RM'000	Preceding Year Corresponding Quarter (restated) 30/09/2009 RM'000	Current Year To Date 30/09/2010 RM'000	Preceding Year Corresponding Period To Date (restated) 30/09/2009 RM'000
Revenue	365,055	332,139	365,055	332,139
Cost of sales	(343,600)	(310,377)	(343,600)	(310,377)
Gross profit	<u>21,455</u>	<u>21,762</u>	<u>21,455</u>	<u>21,762</u>
Other operating income	1,602	2,606	1,602	2,606
Other operating expenses	(13,462)	(13,317)	(13,462)	(13,317)
Operating profit before changes in fair value of plantation assets less estimated point-of-sale costs	<u>9,595</u>	<u>11,051</u>	<u>9,595</u>	<u>11,051</u>
Gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs	15,955	(7,152)	15,955	(7,152)
Profit from operations	<u>25,550</u>	<u>3,899</u>	<u>25,550</u>	<u>3,899</u>
Interest income	48	183	48	183
Finance costs	(2,102)	(3,624)	(2,102)	(3,624)
Net finance costs	(2,054)	(3,441)	(2,054)	(3,441)
Unrealised foreign exchange differences	7,143	15,556	7,143	15,556
Share of profit after tax of associates	14,361	21,269	14,361	21,269
Profit before taxation	<u>45,000</u>	<u>37,283</u>	<u>45,000</u>	<u>37,283</u>
Taxation	(5,992)	1,265	(5,992)	1,265
Profit for the period	<u>39,008</u>	<u>38,548</u>	<u>39,008</u>	<u>38,548</u>
Attributable to:				
Equity holders of the Company	<u>39,008</u>	<u>38,548</u>	<u>39,008</u>	<u>38,548</u>
Earnings per share:				
(a) Basic earnings per share (sen)	5.91	5.84	5.91	5.84
(b) Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The condensed consolidated income statement should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 1st QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2010 RM'000	Preceding Year Corresponding Quarter (restated) 30/09/2009 RM'000	Current Year To Date 30/09/2010 RM'000	Preceding Year Corresponding Period To Date (restated) 30/09/2009 RM'000
Profit for the period	39,008	38,548	39,008	38,548
Other comprehensive income for the period:				
Foreign currency translation differences for foreign operations	2,156	38,187	2,156	38,187
Total comprehensive income for the period	41,164	76,735	41,164	76,735
	=====	=====	=====	=====
Total comprehensive income attributable to:				
Equity holders of the Company	41,164	76,735	41,164	76,735
	=====	=====	=====	=====

Note: The component of other comprehensive income does not have any significant tax effect.

The condensed consolidated statement of comprehensive income should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

	As at end of current quarter 30/09/2010 RM'000	As at preceding financial year end (restated) 30/06/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	689,417	709,329
Plantation assets	733,050	715,628
Timber concession	28,895	30,529
Prepaid lease payments	46,730	47,051
Investment properties	32,210	19,327
Investments in associates	356,135	341,775
Deferred tax assets	192	195
	<u>1,886,629</u>	<u>1,863,834</u>
Current assets		
Inventories	206,706	196,943
Receivables, deposits and prepayments	366,500	345,883
Dividend receivable	1,900	1,900
Tax recoverable	20,581	22,474
Cash and cash equivalents	56,601	69,017
	<u>652,288</u>	<u>636,217</u>
TOTAL ASSETS	<u>2,538,917</u>	<u>2,500,051</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	329,815	329,815
Share premium	130,089	130,089
Reserves	1,011,114	994,235
Total equity	<u>1,471,018</u>	<u>1,454,139</u>

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER
ENDED 30 SEPTEMBER 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010 (CONT'D)**

	As at end of current quarter 30/09/2010 RM'000	As at preceding financial year end (restated) 30/06/2010 RM'000
Non-current liabilities		
Borrowings	469,151	479,674
Deferred tax liabilities	130,647	127,405
	<hr/>	<hr/>
Total non-current liabilities	599,798	607,079
	<hr/>	<hr/>
Current liabilities		
Payables and accruals	265,807	275,797
Derivative financial instruments	19,948	-
Borrowings	178,375	159,428
Current tax liabilities	3,971	3,608
	<hr/>	<hr/>
Total current liabilities	468,101	438,833
	<hr/>	<hr/>
Total liabilities	1,067,899	1,045,912
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	2,538,917	2,500,051
	<hr/>	<hr/>
Net asset per share attributable to equity holders of the Company (RM)	2.23	2.20

The condensed consolidated statement of financial position should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2010

		<i><----- Attributable to equity holders of the Company-----></i>					
		<i>< ----- Non-distributable ----- ></i>			<i>Distributable</i>		
	Note	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 1 July 2009							
As previously stated		329,815	130,089	161,756	64,535	837,423	1,523,618
Effects on the changes in accounting policy	2(e)	-	-	(42,323)	-	(115,774)	(158,097)
As restated		329,815	130,089	119,433	64,535	721,649	1,365,521
Total comprehensive income for the period (restated)		-	-	38,187	-	38,548	76,735
At 30 September 2009 (restated)		329,815	130,089	157,620	64,535	760,197	1,442,256

		<i><----- Attributable to equity holders of the Company-----></i>					
		<i>< ----- Non-distributable ----- ></i>			<i>Distributable</i>		
	Note	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained profits RM'000	Total RM'000
At 1 July 2010							
As previously stated		329,815	130,089	152,674	64,535	855,919	1,533,032
Effects on the changes in accounting policy	2(e)	-	-	(41,804)	-	(37,089)	(78,893)
As restated		329,815	130,089	110,870	64,535	818,830	1,454,139
Effects on the adoption of FRS 139	2(b)	-	-	-	-	(24,285)	(24,285)
		329,815	130,089	110,870	64,535	794,545	1,429,854
Total comprehensive income for the period		-	-	2,156	-	39,008	41,164
At 30 September 2010		329,815	130,089	113,026	64,535	833,553	1,471,018

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010**The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	Current period ended 30/09/2010	Corresponding period ended (restated) 30/09/2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,000	37,283
Adjustments for:-		
Depreciation and amortisation	21,554	24,977
Harvested timber transferred to inventories	8,263	10,939
(Gain)/loss from changes in fair value of plantation assets less estimated point-of-sale costs	(15,955)	7,152
Interest expense	6,438	3,624
Net gain on changes in fair value of financial instruments	(4,336)	-
Interest income	(48)	(183)
Unrealised foreign exchange differences	(7,143)	(15,556)
Share of profit after tax of associates	(14,361)	(21,269)
Other non-cash items	-	(1,260)
Operating cash flow before working capital changes	39,412	45,707
Change in inventories	(9,758)	(19,396)
Change in receivables, deposits and prepayments	(22,694)	12,621
Change in payables and accruals	(11,378)	13,908
Cash (used in)/generated from operations	(4,418)	52,840
Taxes paid	(894)	(3,010)
Net cash (used in)/generated from operating activities	(5,312)	49,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and plantation assets	(12,304)	(7,835)
Proceeds from disposal of property, plant and equipment	-	1,348
Interest received	48	183
Pledged deposits (paid)/received	(64)	67,392
Net cash (used in)/generated from investing activities	(12,320)	61,088
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(5,634)	(10,256)
Proceeds from borrowings	10,760	31,761
Repayment of borrowings	(20,407)	(98,219)
Net cash used in financing activities	(15,281)	(76,714)

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010**The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2010 (CONT'D)**

	Current period ended 30/09/2010 RM'000	Corresponding period ended (restated) 30/09/2009 RM'000
Net (decrease)/increase in cash and cash equivalents	(32,913)	34,204
Cash and cash equivalents at beginning of the year	19,372	(14,828)
Foreign exchange difference on opening balances	78	3,660
Cash and cash equivalents at end of the period	<u>(13,463)</u> =====	<u>23,036</u> =====
Cash and cash equivalents as at 30 September is represented by:		
Cash and bank balances	32,497	42,948
Deposits	24,104	37,246
Bank overdraft	(46,125)	(20,152)
	<u>10,476</u>	<u>60,042</u>
Less: Fixed deposits and bank balances held as security	(23,939)	(37,006)
	<u>(13,463)</u> =====	<u>23,036</u> =====

The condensed consolidated statement of cash flows should be read in conjunction with the annual financial statements for the financial year ended 30 June 2010.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

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 2010. 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 2010.

2. Changes in accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2010.

a) FRS 101 (revised), *Presentation of Financial Statements*

The Group applied revised FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per ordinary share.

b) FRS 139, *Financial Instruments: Recognition and Measurement*

FRS 139 sets out the new requirements for the recognition and measurement of financial instruments. The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

i) *Initial recognition and measurement*

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

2. Changes in accounting policies (continued)

b) FRS 139, *Financial Instruments: Recognition and Measurement* (continued)

ii) *Financial instrument categories and subsequent measurement*

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets, or as derivative designated as hedging instruments in an effective hedge, as appropriate.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in income statement except for derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as held-to-maturity investments which includes debt instruments that are quoted in an active market are subsequently measured at amortised cost using the effective interest method.

Available-for-sale financial assets comprises investments in equity and debt securities that are not held for trading and are subsequently measured at fair value with gain or loss recognised in other comprehensive income.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in income statement.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

2. Changes in accounting policies (continued)

b) FRS 139, *Financial Instruments: Recognition and Measurement* (continued)

iii) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On the derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the income statement.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

In accordance with the transitional provisions of FRS 139 for first-time adoption, adjustments arising from re-measuring the financial instruments at the beginning of the financial period are recognised as adjustments of the opening balance of retained profits or another appropriate reserve and comparatives are not adjusted. Accordingly, the effects of the initial adoption of FRS on opening retained profits of the Group are as follows:

	Retained profits RM'000
Adjustments arising from adoption of FRS 139:	
Recognition of derivatives previously not recognised, net of tax	(24,285)
	=====

c) FRS 123, *Borrowing Costs*

With the adoption of FRS 123 with effect from 1 July 2010, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 123.

Hence, the adoption of FRS 123 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current period's basic and diluted earnings per ordinary share.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

2. Changes in accounting policies (continued)

d) FRS 140, *Investment Property*

Prior to 1 July 2010, an investment property under construction was classified as property, plant and equipment and measured at cost. Such property would be reclassified as investment property when the construction or development was completed.

With the amendment made to FRS 140 with effect from 1 January 2010, investment property under construction is classified as investment property.

The change in accounting policy has been made prospectively in accordance with the transitional provisions of FRS 140.

Hence, the adoption of FRS 140 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current period's basic and diluted earnings per ordinary share.

e) Accounting policy for biological assets

With effect from 1 July 2010, the Group changed the accounting policy of its biological assets which include the plantation assets of its subsidiary and oil palm plantation of its associate, with reference made to the International Accounting Standard ("IAS") 41, *Agriculture*.

Prior to the adoption of the new accounting policy, plantation assets include freehold forest land and forest crops. Freehold forest land is not depreciated and forest crops are stated at cost less the timber assets harvested and less impairment, if any. Under the new accounting policy, forest crops are measured on initial recognition and at subsequent reporting dates at fair value less estimated point-of-sale costs, with any changes in fair value of plantation assets during a period recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market. Forest land is accounted for in accordance with FRS 116, *Property, plant and equipment*.

In accordance with FRS 128, *Investment in Associates*, the same accounting policies as those of the investor should be applied when equity method is used to account for associates. As a result of the adoption of new accounting policy on plantation assets, the financial statements of an associate involved in oil palm plantation where the biological assets stated at cost has been adjusted to reflect the new accounting policy.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

2. Changes in accounting policies (continued)

e) Accounting policy for biological assets (continued)

This change in accounting policy has been applied retrospectively and accordingly, the comparative amounts have been adjusted to conform to the current period's presentation. The financial impact to the Group arising from this change in accounting policy are as follows:

	Statement of financial position As at 30 June 2010 RM'000
Increase in property, plant and equipment	67,435
Decrease in plantation assets	(322,042)
Increase in investments in associates	78,069
Increase in inventories	1,255
Decrease in retained profits	(37,089)
Decrease in translation reserve	(41,804)
Decrease in deferred tax liabilities	(96,390)
	=====
	Income statement For the period ended 30 September 2009 RM'000
<u>Profit for the period</u>	
As previously stated	17,506
Increase in profit for the period before share of profit of associates, net of tax	2,629
Increase in share of profit of associates, net of tax	18,413

As restated	38,548
	=====

3. Preceding annual financial statements

The audit report of the preceding annual financial statements for the year ended 30 June 2010 was unqualified.

4. 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.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

5. 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.

6. 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.

7. 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.

8. Dividends paid

There were no dividends paid during the quarter under review.

9. Segment information

The Group manages its business by divisions, which are organised by business line. The Group has identified the following six reportable segments in a manner consistent with the way in which information is reported internally to the chief operating decision maker for the purposes of resource allocation and performance assessment:

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-falling and barging.
Other timber operations	The manufacture and sale of timber related products such as doorskin and housing products.
Plantation	Operation of oil palm 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 investment and investment companies.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

9. Segment information (continued)

The segment information in respect of the Group's operating segments for the quarter ended 30 September 2010 and 2009 are as follows:-

For the period ended 30 September 2010

	Logs RM'000	Plywood and veneer RM'000	Upstream support RM'000	Other timber operations RM'000	Plantation RM'000	Other operations RM'000	Total RM'000
Revenue from external customers	120,145	134,930	94,443	5,551	-	9,986	365,055
Inter –segment revenue	12,177	8,143	68,029	-	-	3,249	91,598
Reportable segment revenue	132,322	143,073	162,472	5,551	-	13,235	456,653
Reportable segment profit/(loss)	30,561	(3,331)	(3,725)	(160)	-	2,205	25,550
Reportable segment assets	988,047	693,983	368,609	80,560	259,466	148,252	2,538,917

For the period ended 30 September 2009

	Logs RM'000	Plywood and veneer RM'000	Upstream support RM'000	Other timber operations RM'000	Plantation RM'000	Other operations RM'000	Total RM'000
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
Reportable segment revenue	114,003	145,951	146,160	761	-	10,085	416,960
Reportable segment profit/(loss)	1,666	(3,181)	5,456	(1,171)	-	1,129	3,899
Reportable segment assets	1,020,828	738,793	403,636	70,467	244,140	128,100	2,605,964

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

9. Segment information (continued)

Reconciliations of reportable segment revenue and profit or loss

	Current period ended 30/09/2010	Corresponding period ended (restated) 30/09/2009
	RM'000	RM'000
(a) Revenue		
Reportable segment revenue	456,653	416,960
Elimination of inter-segment revenue	(91,598)	(84,821)
	<hr/>	<hr/>
Consolidated revenue	365,055	332,139
	<hr/>	<hr/>
(b) Profit		
Reportable segment profit	25,550	3,899
Share of profit after tax of associates	14,361	21,269
Net financing income	5,089	12,115
	<hr/>	<hr/>
Consolidated profit before taxation	45,000	37,283
	<hr/>	<hr/>

10. Valuations of property, plant and equipment

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

11. 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.

12. 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.

13. Contingent liabilities or contingent assets

No contingent liabilities or contingent assets have arisen since the last annual reporting period.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010**The figures have not been audited****14. Taxation**

	Individual quarter 3 months ended 30 September		Cumulative year to date 3 months ended 30 September	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense	3,153	3,811	3,153	3,811
Deferred tax expense	2,839	(5,076)	2,839	(5,076)
	-----	-----	-----	-----
	5,992	(1,265)	5,992	(1,265)
	=====	=====	=====	=====

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.

15. 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.

16. 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 2010 were as follows:

	RM'000
(i) At carrying value / book value	259,466
(ii) At market value	195,278

17. Status of Corporate Proposals

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

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

18. Group borrowings and debt securities

Total Group borrowings as at 30 September 2010 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	144,498	46,790	-	-
– Foreign currency – NZD'000	57,690	25,468	-	-
– Local currency	27,888	-	24,325	-
Unsecured – Foreign currency – USD'000	4,477	1,450	2,935	951
– Local currency	234,598	-	151,115	-
Total	469,151		178,375	
	469,151		178,375	

19. Material litigation

One of the Company's wholly owned subsidiary, Samling Plywood (Lawas) Sdn Bhd (“**Samling Plywood**”) has been served with the following two (2) writs of summons on 15 December 2009:-

- (a) Samling Plywood together with the Director of Forests, Sarawak and State of Government of Sarawak are jointly named as defendants by certain families of the village communities of Long Pakan and Long Lilim and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Long Pakan and Long Lilim, Baram, Sarawak as the plaintiffs (collectively, “**Plaintiff A**”). Plaintiff A are claiming for various orders, reliefs and damages including declarations that issuance of the forest timber licence by the Director of Forests, Sarawak to Samling Plywood which overlap Plaintiff A's claimed areas are unlawful, unconstitutional, null and void.

- (b) Samling Plywood together with the Director of Forests, Sarawak and State of Government of Sarawak are jointly named as defendants by certain families of the village communities of Ba Abang, Long Item and Long Kawi and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Kampung Ba Abang, Long Item and Long Kawi, Baram, Sarawak as the plaintiffs (collectively, “**Plaintiff B**”). Plaintiff B are claiming for various orders, reliefs and damages including declarations that issuance of the forest timber licence by the Director of Forests, Sarawak to Samling Plywood which overlap Plaintiff B's claimed areas are unlawful, unconstitutional, null and void.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

19. Material litigation (continued)

The timber licence held by Samling Plywood has been issued by the governmental authorities in Sarawak. The areas claimed by Plaintiff A and Plaintiff B which form part of the Forest Timber Licence area issued to Samling Plywood are currently not being operated on. As such, there will not be any financial impact on the Company. The Company's Board of Directors have made applications to strike out the two (2) writs of summons and the hearing of the application is fixed on 25 November 2010.

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

For the financial quarter under review, the Group achieved an operating profit (before gain from changes in fair value of plantation assets less estimated point-of-sale costs) of RM9.6 million as compared to RM4.6 million for the immediate preceding financial quarter. The improved results were mainly due to better prices obtained from hardwood logs and plywood which were 7.2% and 2.7% respectively higher compared to that of the immediate preceding financial quarter. In addition, the results of the immediate preceding financial quarter was affected by higher repair and maintenance cost incurred by the Group on its logging equipment.

As a result of the change in accounting policy for plantation assets, the Group recognised a gain from changes in fair value of plantation assets of RM16.0 million. The Group's share of profit after tax of associates of RM14.4 million was higher than the immediate preceding financial quarter, primarily attributable to an increase in profits from an associate involved in oil palm plantation. As crude palm oil prices were higher in the quarter under review, the Group's share of its operating results as well as gain from changes in fair value of plantation assets was higher compared to the immediate preceding financial quarter. Due to the US Dollar weakening against NZ Dollar during the financial quarter under review as compared to immediate preceding financial quarter, the Group recognised an unrealised gain of RM7.1 million arising from the translation of US Dollar loan by a foreign subsidiary in New Zealand as compared to a loss of RM1.2 million in the preceding financial quarter. After accounting for financing costs of RM2.1 million which included the recognition of net gain from changes in fair value of financial instruments of RM4.3 million, the Group recorded a profit before taxation of RM45.0 million for the financial quarter under review.

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 RM45.0 million and an operating cash flow before changes in working capital of RM39.4 million.

With the change in accounting policy for plantation assets with reference made to IAS 41, the Group recognised a gain from changes in fair value of plantation assets less estimated point-of-sale costs of RM16.0 million. Excluding this gain, the Group made an operational profit of RM9.6 million. Demand for logs remained steady with sustained demand from China and India. For the financial quarter under review, the Group sold 188,662 m³ of logs at an average price of RM461/m³ which was about 7.2% higher compared to the average price achieved in the immediate preceding financial quarter.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2010

The figures have not been audited

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

For plywood, demand from the key market of Japan remained lacklustre and the Group exported 62,531 m³ of plywood. The generally lower supply situation in the market due to producers curtailing their operations, has caused export plywood prices to improve to about RM1,593/m³ for the financial quarter under review compared to RM1,538/m³ realised in the immediate preceding financial quarter. The continued strengthening of the Ringgit against the US Dollar has also impacted upon the Group's results as the Group's export proceeds are mostly predominantly in US Dollar. The soft demand for plywood also affected the Group's sales of veneer. During the financial quarter under review, the Group sold 28,634 m³ at an average price of RM902/m³.

22. Commentary on the outlook of the Group

Although there are indications of a gradual worldwide economic recovery, its sustainability remains uncertain as the recovery are mainly supported by various stimulus measures, the impact of which when withdrawn remains unknown. It is hoped that these stimulus measures have provided a platform for pulling the major economies out of the financial crisis and not to be a continued feature that is needed to prevent another slowdown.

China's demand for logs remained strong principally driven by the booming housing industry. To avoid a housing bubble, the Chinese central government has tightened lending policies to this sector and it may have an impact on demand for timber. Although Japan's housing starts remained weak, it has shown signs of recovery and this augurs well for the plywood sector if this momentum is sustained. With its growing economy, India will continue to be a key buyer for the harder log species to meet the increasing demand for better housing as the population's standard of living improves.

For the financial quarter under review, the Group's results were affected by the stronger Ringgit against the US Dollar. Any further appreciation of the Ringgit against the US Dollar will have a negative impact on the Group's margins from export sales unless the US Dollar prices of the Group's products also increase in tandem. In efforts to reduce its US Dollar revenue base and diversify its exchange risks, the Group has taken steps to export in other currencies.

Faced with the intense competitive environment in which the Group operates, and with constant pressure on margins, the Group continues to work on improving operational efficiency by enhancing the productivity of its workforce and its equipment fleet, emphasising tight control over cash cost of production.

The performance of the Group in the current financial year will much depend on recovery in Japan and the USA

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.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER
ENDED 30 SEPTEMBER 2010**

The figures have not been audited

24. Earnings per share

- (a) The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the period and 659,630,000 (2009: 659,630,000) ordinary shares in issue during the period.
- (b) The Company does not have any diluted earnings per share.

25. 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 (MICPA 1371)

Company Secretaries

Kuala Lumpur
4 November 2010