

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

**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2010**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2010 RM'000	Preceding Year Corresponding Quarter (restated) 31/12/2009 RM'000	Current Year To Date 31/12/2010 RM'000	Preceding Year Corresponding Period To Date (restated) 31/12/2009 RM'000
Revenue	424,082	313,115	789,137	645,254
Cost of sales	(392,515)	(295,772)	(736,115)	(606,149)
<b>Gross profit</b>	<u>31,567</u>	<u>17,343</u>	<u>53,022</u>	<u>39,105</u>
Other operating income	2,766	2,641	4,368	5,247
Other operating expenses	(19,428)	(14,343)	(32,890)	(27,660)
Operating profit before changes in fair value of plantation assets less estimated point-of sale costs	<u>14,905</u>	<u>5,641</u>	<u>24,500</u>	<u>16,692</u>
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	19,407	26,689	35,362	19,537
<b>Profit from operations</b>	<u>34,312</u>	<u>32,330</u>	<u>59,862</u>	<u>36,229</u>
Interest income	81	23	129	206
Finance costs	(4,224)	(2,296)	(6,326)	(5,920)
Net interest income recognised on receivables and payables carried at amortised cost	3,500	-	3,500	-
Net finance costs	(643)	(2,273)	(2,697)	(5,714)
Unrealised foreign exchange differences	6,519	68	13,662	15,624
Share of profit after tax of associates	26,812	5,082	41,173	26,351
<b>Profit before taxation</b>	<u>67,000</u>	<u>35,207</u>	<u>112,000</u>	<u>72,490</u>
Taxation	(11,127)	(8,634)	(17,119)	(7,369)
<b>Profit for the period</b>	<u>55,873</u>	<u>26,573</u>	<u>94,881</u>	<u>65,121</u>
<b>Attributable to:</b>				
Equity holders of the Company	<u>55,873</u>	<u>26,573</u>	<u>94,881</u>	<u>65,121</u>
<b>Earnings per share:</b>				
(a) Basic earnings per share (sen)	8.47	4.03	14.38	9.87
(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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010**

---

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2010**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 31/12/2010 RM'000</b>	<b>Preceding Year Corresponding Quarter (restated) 31/12/2009 RM'000</b>	<b>Current Year To Date 31/12/2010 RM'000</b>	<b>Preceding Year Corresponding Period To Date (restated) 31/12/2009 RM'000</b>
Profit for the period	55,873	26,573	94,881	65,121
Other comprehensive income for the period:				
Foreign currency translation differences for foreign operations	22,478	(4,050)	24,634	34,137
 Total comprehensive income for the period	78,351	22,523	119,515	99,258
	=====	=====	=====	=====
Total comprehensive income attributable to:				
Equity holders of the Company	78,351	22,523	119,515	99,258
	=====	=====	=====	=====

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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	As at end of current quarter 31/12/2010 RM'000	As at preceding financial year end (restated) 30/06/2010 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	689,965	709,329
Plantation assets	778,314	715,628
Timber concession	27,261	30,529
Prepaid lease payments	46,411	47,051
Investment properties	37,810	19,327
Investments in associates	378,405	341,775
Deferred tax assets	430	195
	<hr/>	<hr/>
	1,958,596	1,863,834
	-----	-----
<b>Current assets</b>		
Inventories	190,586	196,943
Receivables, deposits and prepayments	352,586	345,883
Dividend receivable	1,425	1,900
Tax recoverable	15,971	22,474
Cash and cash equivalents	64,659	69,017
	<hr/>	<hr/>
	625,227	636,217
	-----	-----
<b>TOTAL ASSETS</b>	2,583,823	2,500,051
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	329,815	329,815
Share premium	130,089	130,089
Reserves	1,076,818	994,235
	<hr/>	<hr/>
<b>Total equity</b>	1,536,722	1,454,139
	-----	-----

**LINGUI DEVELOPMENTS BERHAD**

Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010 (CONT'D)**

	As at end of current quarter 31/12/2010 RM'000	As at preceding financial year end (restated) 30/06/2010 RM'000
<b>Non-current liabilities</b>		
Borrowings	439,942	479,674
Deferred tax liabilities	139,181	127,405
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	579,123	607,079
	-----	-----
<b>Current liabilities</b>		
Payables and accruals	243,546	275,797
Derivative financial instruments	20,570	-
Borrowings	197,040	159,428
Current tax liabilities	6,822	3,608
	<hr/>	<hr/>
<b>Total current liabilities</b>	467,978	438,833
	-----	-----
<b>Total liabilities</b>	1,047,101	1,045,912
	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	2,583,823	2,500,051
	=====	=====
 Net asset per share attributable to equity holders of the Company (RM)	 2.33	 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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2010**

		<i>&lt;----- Attributable to equity holders of the Company-----&gt;</i>					
		<i>&lt;----- Non-distributable -----&gt;</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
<b>At 1 July 2009</b>							
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)
<b>As restated</b>		329,815	130,089	119,433	64,535	721,649	1,365,521
Total comprehensive income for the period (restated)		-	-	34,137	-	65,121	99,258
Dividends paid during the period		-	-	-	-	(4,947)	(4,947)
<b>At 31 December 2009 (restated)</b>		329,815	130,089	153,570	64,535	781,823	1,459,832
		<i>&lt;----- Attributable to equity holders of the Company-----&gt;</i>					
		<i>&lt;----- Non-distributable -----&gt;</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
<b>At 1 July 2010</b>							
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)
<b>As restated</b>		329,815	130,089	110,870	64,535	818,830	1,454,139
Effects on the adoption of FRS 139	2(b)	-	-	-	-	(31,985)	(31,985)
		329,815	130,089	110,870	64,535	786,845	1,422,154
Total comprehensive income for the period		-	-	24,634	-	94,881	119,515
Dividends paid during the period		-	-	-	-	(4,947)	(4,947)
<b>At 31 December 2010</b>		329,815	130,089	135,504	64,535	876,779	1,536,722

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 2010.

**LINGUI DEVELOPMENTS BERHAD**

Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010****The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2010**

	6 months Current period ended 31/12/2010  RM'000	6 months Corresponding period ended (restated) 31/12/2009  RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	112,000	72,490
Adjustments for:-		
Depreciation and amortisation	43,511	49,654
Harvested timber transferred to inventories	22,730	25,103
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	(35,362)	(19,537)
Interest expense	10,041	5,920
Net gain on changes in fair value of financial instruments	(3,715)	-
Interest income	(129)	(206)
Net interest income recognised on receivables and payables carried at amortised cost	(3,500)	-
Unrealised foreign exchange differences	(13,662)	(15,624)
Share of profit after tax of associates	(41,173)	(26,351)
Other non-cash items	(337)	(1,266)
Operating cash flow before working capital changes	90,404	90,183
Change in inventories	6,357	(13,035)
Change in receivables, deposits and prepayments	(13,903)	12,736
Change in payables and accruals	(34,627)	(6,858)
Cash generated from operations	48,231	83,026
Taxes paid	(2,444)	(4,500)
<b>Net cash generated from operating activities</b>	45,787	78,526
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and plantation assets	(32,475)	(19,539)
Proceeds from disposal of property, plant and equipment	839	1,435
Interest received	129	206
Dividends received	5,016	3,116
Pledged deposits (paid)/received	(1,229)	67,963
<b>Net cash (used in)/generated from investing activities</b>	(27,720)	53,181

**LINGUI DEVELOPMENTS BERHAD**

Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010****The figures have not been audited****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 31 DECEMBER 2010 (CONT'D)**

	<b>6 months Current period ended 31/12/2010</b>	<b>6 months Corresponding period ended (restated) 31/12/2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(4,947)	(4,947)
Interest paid	(19,348)	(21,369)
Proceeds from borrowings	21,580	34,753
Repayment of borrowings	(35,186)	(109,069)
<b>Net cash used in financing activities</b>	<b>(37,901)</b>	<b>(100,632)</b>
Net (decrease)/increase in cash and cash equivalents	(19,834)	31,075
Cash and cash equivalents at beginning of the year	19,372	(14,828)
Foreign exchange difference on opening balances	1,242	3,297
<b>Cash and cash equivalents at end of the period</b>	<b>780</b>	<b>19,544</b>
Cash and cash equivalents as at 31 December is represented by:		
Cash and bank balances	39,424	33,147
Deposits	25,235	36,838
Bank overdraft	(38,775)	(14,006)
	25,884	55,979
Less: Fixed deposits and bank balances held as security	(25,104)	(36,435)
	780	19,544

**The condensed consolidated cash flow statements 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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010

---

The figures have not been audited

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 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:

	<b>Retained profits RM'000</b>
Adjustments arising from adoption of FRS 139:	
Recognition of derivatives previously not recognised, net of tax	(24,285)
Re-measurement of receivables and payables	(7,700)
	<hr/>
	(31,985)
	=====

#### 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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 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:

	<b>Statement of financial position</b> <b>As at 30 June 2010</b> <b>RM'000</b>
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)
	=====
	<b>Income statement</b> <b>For the period ended</b> <b>31 December 2009</b> <b>RM'000</b>
<b><u>Profit for the period</u></b>	
As previously stated	19,018
Increase in profit for the period before share of profit of associates, net of tax	30,047
Increase in share of profit of associates, net of tax	16,056
	-----
Restated	65,121
	=====

### 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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 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**

The Company paid a final ordinary dividend of 1.00 sen per ordinary share less tax of 25% totalling RM4,947,228 (0.75 sen net per ordinary share).

#### **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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 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 31 December 2010 and 2009 are as follows:-

*For the period ended 31 December 2010*

	<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>Total RM'000</b>
Revenue from external customers	275,000	282,378	203,219	8,893	-	19,647	789,137
Inter –segment revenue	26,136	17,007	144,864	-	-	7,115	195,122
<b>Reportable segment revenue</b>	<b>301,136</b>	<b>299,385</b>	<b>348,083</b>	<b>8,893</b>	<b>-</b>	<b>26,762</b>	<b>984,259</b>
<b>Reportable segment profit/(loss)</b>	<b>78,116</b>	<b>(8,814)</b>	<b>(13,301)</b>	<b>(716)</b>	<b>-</b>	<b>4,577</b>	<b>59,862</b>
<b>Reportable segment assets</b>	<b>1,042,780</b>	<b>680,693</b>	<b>349,724</b>	<b>81,682</b>	<b>280,218</b>	<b>148,726</b>	<b>2,583,823</b>

*For the period ended 31 December 2009*

	<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>Total RM'000</b>
Revenue from external customers	188,378	282,615	155,211	3,167	-	15,883	645,254
Inter –segment revenue	31,949	23,181	108,446	-	-	4,184	167,760
<b>Reportable segment revenue</b>	<b>220,327</b>	<b>305,796</b>	<b>263,657</b>	<b>3,167</b>	<b>-</b>	<b>20,067</b>	<b>813,014</b>
<b>Reportable segment profit/(loss)</b>	<b>33,848</b>	<b>(3,025)</b>	<b>5,617</b>	<b>(2,182)</b>	<b>-</b>	<b>1,971</b>	<b>36,229</b>
<b>Reportable segment assets</b>	<b>1,022,005</b>	<b>733,079</b>	<b>389,106</b>	<b>73,816</b>	<b>240,758</b>	<b>132,960</b>	<b>2,591,724</b>

**LINGUI DEVELOPMENTS BERHAD**

Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010****The figures have not been audited****9. Segment information (continued)***Reconciliations of reportable segment revenue and profit or loss*

	Current period ended 31/12/2010	Corresponding period ended (restated) 31/12/2009
	RM'000	RM'000
<b>(a) Revenue</b>		
Reportable segment revenue	984,259	813,014
Elimination of inter-segment revenue	(195,122)	(167,760)
	<hr/>	<hr/>
<b>Consolidated revenue</b>	789,137	645,254
	-----	-----
<b>(b) Profit</b>		
Reportable segment profit	59,862	36,229
Share of profit after tax of associates	41,173	26,351
Net financing income	10,965	9,910
	<hr/>	<hr/>
<b>Consolidated profit before taxation</b>	112,000	72,490
	-----	-----

**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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010**

---

**The figures have not been audited****14. Taxation**

	<b>Individual quarter 3 months ended 31 December</b>		<b>Cumulative year to date 6 months ended 31 December</b>	
	<b>2010 RM'000</b>	<b>2009 RM'000</b>	<b>2010 RM'000</b>	<b>2009 RM'000</b>
Current tax expense	9,010	446	12,163	4,257
Deferred tax expense	2,117	8,188	4,956	3,112
	-----	-----	-----	-----
	11,127	8,634	17,119	7,369
	=====	=====	=====	=====

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 31 December 2010 were as follows:

	<b>RM'000</b>
(i) At carrying value / book value	280,218
(ii) At market value	220,207

**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 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010

The figures have not been audited

### 18. Group borrowings and debt securities

Total Group borrowings as at 31 December 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	142,942	46,427	-	-
– Foreign currency – NZD'000	59,538	25,157	-	-
– Local currency	23,011	-	23,265	-
Unsecured – Foreign currency – USD'000	3,721	1,188	2,976	951
– Local currency	210,730	-	170,799	-
<b>Total</b>	439,942		197,040	

### 19. Material litigation

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

- (a) Samling Plywood Lawas 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 Lawas which overlap Plaintiff A's claimed areas are unlawful, unconstitutional, null and void.
- (b) Samling Plywood Lawas 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 Lawas which overlap Plaintiff B's claimed areas are unlawful, unconstitutional, null and void.

The Company has made applications to strike out the two (2) writs of summons and waiting for hearing and decision from the court.

## LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010

---

**The figures have not been audited**

#### **19. Material litigation (continued)**

On 21 December 2010, Samling Plywood (Miri) Sdn Bhd (“**Samling Plywood Miri**”), another subsidiary of the Company, together with the Director of Forests, Sarawak and State of Government of Sarawak are being jointly sued by certain families of the village communities of Ba Jawi and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Ba Jawi, Upper Baram, Sarawak. The plaintiffs 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 Miri which overlap the plaintiffs’ claimed areas are unlawful, improper, unconstitutional, null and void.

The timber licences held by Samling Plywood Lawas and Samling Plywood Miri have been issued by the governmental authorities in Sarawak. The areas claimed by the plaintiffs which form part of the Forest Timber Licence area issued to Samling Plywood Lawas and Samling Plywood Miri are currently not being operated on. As such, there will not be any financial impact on the Company.

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

Generally, the better performance achieved during the financial quarter under review was mainly contributed by logs segment. The Group sold 231,248 m<sup>3</sup> of hardwood logs at average price of RM469/m<sup>3</sup> compared to 188,662 m<sup>3</sup> sold in the preceding financial quarter at an average price of RM461/m<sup>3</sup> which resulted in improvement to the operating profit from logs segment in the financial quarter under review as compared to the preceding financial quarter.

As a result of favourable softwood log prices during the financial quarter under review, the Group recognised a gain from changes in fair value of plantation assets of RM19.4 million as compared to RM16.0 million for the immediate preceding financial quarter. With the sound performance achieved by the oil palm plantation associate which benefited from the high crude palm oil prices during the financial quarter under review, the Group’s share of its operating results as well as gain from changes in fair value of plantation assets was RM11.1 million higher compared to immediate preceding financial quarter.

As a consequence of the factors above, the Group recorded a profit before taxation of RM67.0 million for the financial quarter under review as compared to RM45.0 million in the preceding financial quarter.

## LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010

---

**The figures have not been audited**

#### **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 RM67.0 million and an operating profit before changes in working capital of RM51.0 million. On a year-to-date basis, the Group recorded a profit before taxation of RM112.0 million and an operating cash flow before changes in working capital of RM90.4 million.

For the financial year-to-date, the Group sold 419,910 m<sup>3</sup> of hardwood logs, 142,093 m<sup>3</sup> of plywood and 68,288 m<sup>3</sup> of veneer. Average prices achieved were RM465/m<sup>3</sup> for hardwood logs, RM1,537/m<sup>3</sup> for plywood and RM901/m<sup>3</sup> for veneer. The logs segment continued to be the key contributor to the Group's profits, supported by strong and sustained demand from China and India. This factor, coupled with the monsoon season hampering log supplies has driven up US dollar selling prices compared to end of the previous financial year. US dollar price of plywood had shown slight improvement on the back of improving demand from Japan as buyers started to replenish depleting stocks. As veneer is used for plywood production, its prices which have a correlation with the movement of plywood price have also improved. However, in Ringgit terms, the appreciation of the Ringgit against the US dollar has partially offset the higher US dollar prices for logs, plywood and veneer.

The Group recognised a gain from changes in fair value of plantation assets of RM35.4 million as softwood prices improved compared to that of the end of the previous financial year. Share of profit after tax of associates, supported by strong crude palm oil prices, contributed RM41.2 million to the Group's year-to-date results.

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

The strong demand for logs from China and India experienced in the first half of the financial year is expected to continue into the second half. China's economic growth, supported by rising levels of affluence of its large populations is expected to remain robust even with the tightening of lending policies to the housing sector. China's reported fourth quarter expansion of 9.8% in gross domestic product from a year earlier, after a 9.6% increase in the third quarter, defied Beijing's repeated attempts to put the brakes on and rein in inflation. With strong growth projections, China will continue to be a key market for the Group's logs. On a similar note, India's 2010/2011 economic gross domestic product growth is also expected to surpass that of the previous year and this augurs well for log exports to India. The increase in number of vessels calling at Indian ports will also help contribute to higher export log volumes.

For the plywood sector, in spite of a generally subdued Japan market, the gradual improvement in housing starts with buyers coming back into the market to replenish depleting stocks will optimistically see plywood demand and prices improving in coming months.

# LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER ENDED 31 DECEMBER 2010

---

**The figures have not been audited**

### 22. Commentary on the outlook of the Group (continued)

As the Ringgit has continued to strengthen 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 selling prices of the Group's products increase in tandem. Steps have been taken to export in other currencies to spread the foreign exchange risks.

The Group strives to work on improving its operational efficiency, keeping a tight rein over cost, to ensure it remains competitive.

The performance of the Group in the current financial year will depend much on recovery in Japan as well as the US and the continued strong demand of logs from China and India.

### 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. Supplementary information disclosed pursuant to Bursa Malaysia Securities Listing Requirement

The determination of realised and unrealised profits is based on the Guidance of special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

	<b>As at 31/12/2010 RM'000</b>
Total retained profits of the Group and its subsidiaries	
Realised	747,478
Unrealised	117,946
	<u>865,424</u>
Total share of retained profits from associated companies:	
Realised	74,312
Unrealised	103,878
	<u>178,190</u>
	1,043,614
Less: Consolidated adjustments	<u>(166,835)</u>
Total group retained profits	876,779

=====

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**LINGUI DEVELOPMENTS BERHAD**

**Company No: 7574-D**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2<sup>ND</sup> QUARTER  
ENDED 31 DECEMBER 2010**

---

**The figures have not been audited**

**25. 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.

**26. 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

CHEN KEOW CHING (MAICSA 7001905)  
PHANG SWEE CHEW ( MAICSA 7020805)

Company Secretaries

Kuala Lumpur  
18 February 2011