

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

**QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 1st QUARTER
ENDED 30 SEPTEMBER 2011**

The figures have not been audited

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED
30 SEPTEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2011 RM'000	Preceding Year Corresponding Quarter 30/09/2010 RM'000	Current Year To Date 30/09/2011 RM'000	Preceding Year Corresponding Period To Date 30/09/2010 RM'000
Revenue	435,012	365,055	435,012	365,055
Cost of sales	(400,982)	(343,600)	(400,982)	(343,600)
Gross profit	34,030	21,455	34,030	21,455
Other operating income	2,221	1,602	2,221	1,602
Other operating expenses	(16,791)	(13,462)	(16,791)	(13,462)
Operating profit before changes in fair value of biological assets less estimated point-of-sale costs	19,460	9,595	19,460	9,595
(Loss)/Gain from changes in fair value of biological assets less estimated point-of-sale costs	(25,907)	15,955	(25,907)	15,955
(Loss)/Profit from operations	(6,447)	25,550	(6,447)	25,550
Interest income	172	48	172	48
Finance costs	(5,065)	(5,146)	(5,065)	(5,146)
Changes in fair value of financial instruments	(8,826)	4,336	(8,826)	4,336
Net finance costs	(13,719)	(762)	(13,719)	(762)
Foreign exchange differences	(1,261)	5,851	(1,261)	5,851
Share of (loss)/profit after tax of associates and jointly-controlled entities	(8,576)	14,361	(8,576)	14,361
(Loss)/Profit before taxation	(30,003)	45,000	(30,003)	45,000
Taxation	1,937	(5,992)	1,937	(5,992)
(Loss)/Profit for the period	(28,066)	39,008	(28,066)	39,008
Attributable to:				
Owners of the Company	(28,066)	39,008	(28,066)	39,008
Earnings per share:				
(a) Basic (loss)/earnings per share (sen)	(4.25)	5.91	(4.25)	5.91
(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 2011.

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 ENDED 30 SEPTEMBER 2011**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 SEPTEMBER 2011**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2011 RM'000	Preceding Year Corresponding Quarter 30/09/2010 RM'000	Current Year To Date 30/09/2011 RM'000	Preceding Year Corresponding Period To Date 30/09/2010 RM'000
(Loss)/Profit for the period	(28,066)	39,008	(28,066)	39,008
Other comprehensive (loss)/income for the period:				
Foreign currency translation differences for foreign operations	(6,868)	2,156	(6,868)	2,156
Share of other comprehensive income of associates and jointly-controlled entities	474	-	474	-
Total comprehensive (loss)/income for the period	(34,460)	41,164	(34,460)	41,164
	=====	=====	=====	=====
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(34,460)	41,164	(34,460)	41,164
	=====	=====	=====	=====

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 2011.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	As at end of current quarter 30/09/2011 RM'000	As at preceding financial year end 30/06/2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	694,699	696,002
Biological assets	748,313	786,984
Timber concession	22,360	23,994
Prepaid lease payments	45,733	45,770
Investment properties	37,474	37,804
Investments in associates and jointly-controlled entities	438,998	447,101
Deferred tax assets	127	137
	<hr/>	<hr/>
	1,987,704	2,037,792
	-----	-----
Current assets		
Inventories	244,198	217,149
Receivables, deposits and prepayments	342,161	295,055
Dividend receivable	1,425	1,425
Current tax assets	6,594	11,651
Cash and cash equivalents	83,591	104,280
	<hr/>	<hr/>
	677,969	629,560
	-----	-----
TOTAL ASSETS	2,665,673	2,667,352
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	329,815	329,815
Share premium	130,089	130,089
Reserves	1,166,092	1,200,552
	<hr/>	<hr/>
Total equity	1,625,996	1,660,456
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011 (CONT'D)

	As at end of current quarter 30/09/2011 RM'000	As at preceding financial year end 30/06/2011 RM'000
Non-current liabilities		
Borrowings	450,312	442,925
Deferred tax liabilities	126,713	133,721
	-----	-----
Total non-current liabilities	577,025	576,646
	-----	-----
Current liabilities		
Payables and accruals	259,605	225,758
Derivative financial instruments	25,815	16,989
Borrowings	170,805	180,620
Current tax liabilities	6,427	6,883
	-----	-----
Total current liabilities	462,652	430,250
	-----	-----
Total liabilities	1,039,677	1,006,896
	-----	-----
TOTAL EQUITY AND LIABILITIES	2,665,673	2,667,352
	=====	=====
Net asset per share attributable to owners of the Company (RM)	2.47	2.52

The condensed consolidated statement of financial position should be read in conjunction with the annual financial statements for the financial year ended 30 June 2011.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	<i><----- Attributable to owners of the Company-----></i>					
	<i>< ----- Non-distributable ----- ></i>			<i>Distributable</i>		
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2010	329,815	130,089	110,870	14,224	844,856	1,429,854
Profit for the period	-	-	-	-	39,008	39,008
Foreign currency translation differences for foreign operation	-	-	2,156	-	-	2,156
Total comprehensive income for the period	-	-	2,156	-	39,008	41,164
At 30 September 2010	329,815	130,089	113,026	14,224	883,864	1,471,018

	<i><----- Attributable to owners of the Company-----></i>					
	<i>< ----- Non-distributable ----- ></i>			<i>Distributable</i>		
	Share Capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 July 2011	329,815	130,089	162,406	14,224	1,023,922	1,660,456
Loss for the period	-	-	-	-	(28,066)	(28,066)
Foreign currency translation differences for foreign operation	-	-	(6,868)	-	-	(6,868)
Share of other comprehensive income of associated companies	-	-	666	(192)	-	474
Total comprehensive loss for the period	-	-	(6,202)	(192)	(28,066)	(34,460)
At 30 September 2011	329,815	130,089	156,204	14,032	995,856	1,625,996

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 2011.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

	Current period ended 30/09/2011 RM'000	Corresponding period ended 30/09/2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(30,003)	45,000
Adjustments for:-		
Depreciation and amortisation	21,350	21,554
Harvested timber transferred to inventories	12,446	8,263
Loss/(Gain) from changes in fair value of biological assets less estimated point-of-sale costs	25,907	(15,955)
Interest expense	5,065	5,146
Net loss/(gain) on changes in fair value of financial instruments	8,826	(4,336)
Interest income	(172)	(48)
Unrealised foreign exchange differences	7,033	(7,143)
Share of loss/(profit) after tax of associates and jointly-controlled entities	8,576	(14,361)
Other non-cash items	449	-
Operating cash flow before working capital changes	<u>59,477</u>	<u>38,120</u>
Change in inventories	(27,112)	(9,758)
Change in receivables, deposits and prepayments	(46,387)	(22,694)
Change in payables and accruals	32,006	(10,086)
Cash generated from/(used in) operations	<u>17,984</u>	<u>(4,418)</u>
Income tax refunded/(paid)	1,329	(894)
Net cash generated from/(used in) operating activities	<u>19,313</u>	<u>(5,312)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and biological assets	(15,263)	(12,304)
Interest received	172	48
Pledged deposits received/(paid)	31	(64)
Net cash used in investing activities	<u>(15,060)</u>	<u>(12,320)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(7,775)	(5,634)
Proceeds from borrowings	25,079	10,760
Repayment of borrowings	(49,746)	(20,407)
Net cash used in financing activities	<u>(32,442)</u>	<u>(15,281)</u>

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The figures have not been audited**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2011 (CONT'D)**

	Current period ended 30/09/2011 RM'000	Corresponding period ended 30/09/2010 RM'000
Net decrease in cash and cash equivalents	(28,189)	(32,913)
Cash and cash equivalents at beginning of the year	90,215	19,372
Foreign exchange difference on opening balances	(295)	78
Cash and cash equivalents at end of the period	61,731	(13,463)
	=====	=====
Cash and cash equivalents as at 30 September is represented by:		
Cash and bank balances	14,359	32,497
Deposits with licensed banks	69,232	24,104
Bank overdraft	(18,817)	(46,125)
	64,774	10,476
Less: Fixed deposits and bank balances held as security	(3,043)	(23,939)
	61,731	(13,463)
	=====	=====

The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2011.

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The figures have not been audited

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2011

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 2011. 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 2011.

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 2011 except for the adoption of the following new and revised standards, amendments and interpretations that are effective for financial period from 1 July 2011:

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- *Improvements to FRSs (2010)*
- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

The adoption of above standards, amendments and interpretations has no material impact on the financial statements to the Group.

2. Preceding annual financial statements

The audit report of the preceding annual financial statements for the year ended 30 June 2011 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.

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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.

8. Segment information

The Group manages its business by divisions, which are organised by business line. The Group has identified the following five 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, housing products and kitchen retail.
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.

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8. Segment information

The segment information in respect of the Group's operating segments for the quarter ended 30 September 2011 and 2010 are as follows:-

For the period ended 30 September 2011

	Logs RM'000	Plywood and veneer RM'000	Upstream support RM'000	Other timber operations RM'000	Other operations RM'000	Total RM'000
Revenue from external customers	130,047	140,917	153,197	2,195	8,656	435,012
Inter –segment revenue	10,583	10,542	43,256	-	3,318	67,699
Reportable segment revenue	140,630	151,459	196,453	2,195	11,974	502,711
Reportable segment profit/(loss)	(11,897)*	4,538	2,913	(2,062)	61	(6,447)
Reportable segment assets	1,005,249	685,423	360,576	23,723	107,120	2,182,091

* included in reportable segment profit of logs segment is a loss from changes in fair value of biological assets less estimated point-of-sale costs of RM25,907,000.

For the period ended 30 September 2010

	Logs RM'000	Plywood and veneer RM'000	Upstream support RM'000	Other timber operations 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	36,866	-	3,249	60,435
Reportable segment revenue	132,322	143,073	131,309	5,551	13,235	425,490
Reportable segment profit/(loss)	30,561^	(3,331)	(3,725)	(160)	2,205	25,550
Reportable segment assets	988,047	686,391	363,982	8,826	101,413	2,148,659

^ included in reportable segment profit of logs segment is a gain from changes in fair value of biological assets less estimated point-of-sale costs of RM15,955,000.

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	Current period ended 30/09/2011 RM'000	Corresponding period ended 30/09/2010 RM'000
(a) Revenue		
Reportable segment revenue	502,711	425,490
Elimination of inter-segment revenue	(67,699)	(60,435)
	<hr/>	<hr/>
Consolidated revenue	435,012	365,055
	<hr/>	<hr/>
(b) Profit		
Reportable segment (loss)/profit	(6,447)	25,550
Share of (loss)/profit after tax of associates and jointly-controlled entities	(8,576)	14,361
Net financing (costs)/income	(14,980)	5,089
	<hr/>	<hr/>
Consolidated (loss)/profit before taxation	(30,003)	45,000
	<hr/>	<hr/>
(c) Assets		
Reportable segment assets	2,182,091	2,148,659
Investments in associates and jointly-controlled entities	438,998	356,135
Deferred tax assets	127	192
Current tax assets	6,594	20,581
Unallocated head office and corporate assets	37,863	13,350
	<hr/>	<hr/>
Consolidated total assets	2,665,673	2,538,917
	<hr/>	<hr/>

9. Valuations of property, plant and equipment

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

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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 reporting period.

13. Taxation

	Individual quarter 3 months ended 30 September		Cumulative year to date 3 months ended 30 September	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense	3,272	3,153	3,272	3,153
Deferred tax expense	(5,209)	2,839	(5,209)	2,839
	-----	-----	-----	-----
	(1,937)	5,992	(1,937)	5,992
	=====	=====	=====	=====

The Group's taxation charge for the quarter under review was in credit mainly due to the recognition of losses from changes in fair value of biological assets less estimated point-of-sale costs.

14. Profits/(Losses) on sale of unquoted investments and/or properties

There were no disposals of unquoted investments and/or properties during the quarter under review.

15. Quoted securities

(a) There were no purchases or disposals of quoted securities for the current quarter and financial year to date.

(b) Total investments in quoted securities as at 30 September 2011 were as follows:

	RM'000
(i) At carrying value / book value	339,248
(ii) At market value	245,754

16. Status of Corporate Proposals

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

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Total Group borrowings as at 30 September 2011 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	154,478	48,853	1,366	432
– Foreign currency – NZD'000	62,935	25,561	-	-
– Local currency	52,302	-	21,428	-
Unsecured – Foreign currency – USD'000	1,419	475	2,837	951
– Local currency	179,178	-	145,174	-
	<hr/>		<hr/>	
Total	450,312		170,805	
	=====		=====	

18. Material litigation

Two of the Group's subsidiaries, Samling Plywood (Lawas) Sdn Bhd ("Samling Plywood Lawas") and Samling Plywood (Miri) Sdn Bhd ("Samling Plywood Miri") together with the Director of Forests, Sarawak and State of Government of Sarawak were being jointly sued by certain inhabitants of longhouses and settlements situated on timber concessions held by Samling Plywood Lawas and Samling Plywood Miri. The plaintiffs are claiming various orders, reliefs and damages including declarations that issuance of the forest timber licences by the Director of Forests, Sarawak to Samling Plywood Lawas and Samling Plywood Miri which overlap the plaintiffs' claimed areas are unlawful, unconstitutional, null and void.

As at 30 September 2011, the above proceedings remained pending before the court.

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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 achieved an operating profit before gain from changes in fair value of biological assets less estimated point-of-sale costs of RM19.5 million as compared to RM39.4 million for the immediate preceding financial quarter. The results for the financial quarter under review were affected by lower volume sold for timber products. The adverse impact was, however, partially mitigated by better selling prices obtained from plywood and veneer which were 6% and 1% respectively higher compared to that of the immediate preceding financial quarter.

The Group recognised a loss from changes in fair value of biological assets of RM25.9 million as the softwood log prices soften at the end of financial quarter under review compared to immediate preceding financial quarter. Similarly, due to lower crude palm oil price during the financial quarter under review, the Group's share of the losses from changes in fair value of biological assets of an associate involved in oil palm plantation was RM16.3 million compared to RM0.7 million recognised in the immediate preceding financial quarter.

Due to the US Dollar strengthening against NZ Dollar for the financial quarter under review as compared to immediate preceding financial quarter, the Group also recognised an unrealised loss of RM7.5 million arising from the translation of US Dollar loan by a foreign subsidiary in New Zealand as compared to a gain of RM10.1 million in the immediate preceding financial quarter.

After accounting for net finance costs of RM13.7 million which included the recognition of net loss from changes in fair value of financial instruments amounting to RM8.8 million, the Group recorded a loss before taxation of RM30.0 million for the financial quarter under review.

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

For the financial quarter under review, the Group recorded an operating profit of RM19.5 million. After accounting for losses from changes in fair value of biological assets less estimated point-of-sale costs of RM25.9 million, net finance costs and foreign exchange differences of RM15.0 million and share of losses after tax of associates and jointly-controlled entities of RM8.6 million, the Group recorded a loss before taxation of RM30.0 million. However, a positive operating cash flow before changes in working capital of RM59.5 million was achieved.

For the financial quarter under review, the Group sold 186,501 m³ of hardwood logs, 133,188 m³ of softwood logs, 55,910 m³ of plywood and 32,749 m³ of veneer. Average prices achieved were RM484/m³ for hardwood logs, RM299/m³ for softwood logs, RM1,902/m³ for plywood and RM1,050/m³ for veneer. Prices for hardwood logs achieved by the Group during the financial quarter under review remain stable due to tight log supply and still relatively robust demand from India and China. Plywood demand from Japan remains weak.

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21. Commentary on the outlook of the Group

The global economic outlook remains fluid and increasingly uncertain. The health of US economy, the recovery of Japanese housing sector and the sustainability of timber demand from China will play a key role in the pace and extent of a recovery in the timber industry going forward and this will impact upon the performance of the Group for the financial year.

Faced with this volatile and uncertain operating 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.

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.

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The figures have not been audited**23. 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.

	As at 30/09/2011 RM'000	As at 30/06/2011 RM'000
Total retained earnings of the Group		
Realised	889,999	920,681
Unrealised	(10,264)	(11,609)
	<u>879,735</u>	<u>909,072</u>
Total share of retained earnings from associates and jointly-controlled entities:		
Realised	113,664	96,137
Unrealised	117,652	133,908
	<u>231,316</u>	<u>230,045</u>
	1,111,051	1,139,117
Less: Consolidated adjustments	(115,195)	(115,195)
Total retained earnings	995,856	1,023,922
	=====	=====

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.

24. Earnings per share

- (a) The calculation of basic earnings per share is based on the profit attributable to owners of the Company for the period and 659,630,441 (2010: 659,630,441) ordinary shares in issue during the period.
- (b) The Company does not have any diluted earnings per share.

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Company No: 7574-D

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER
ENDED 30 SEPTEMBER 2011**

The figures have not been audited

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

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

Company Secretaries

Kuala Lumpur
3 November 2011