

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2012 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year To Date 30/06/2012 RM'000	Preceding Year Corresponding Period To Date 30/06/2011 RM'000
Revenue	488,536	484,507	1,794,586	1,651,043
Cost of sales	(457,285)	(426,737)	(1,677,263)	(1,515,450)
Gross profit	31,251	57,770	117,323	135,593
Other operating income	8,368	2,845	17,160	9,646
Other operating expenses	(27,742)	(21,183)	(82,580)	(70,384)
Operating profit before changes in fair value of biological assets less estimated point-of-sale costs	11,877	39,432	51,903	74,855
Gain/(Loss) from changes in fair value of biological assets less estimated point-of-sale costs	758	(39,789)	(24,771)	14,455
Profit/(Loss) from operations	12,635	(357)	27,132	89,310
Interest income	130	200	673	475
Finance costs	(6,047)	(4,835)	(21,723)	(20,337)
Changes in fair value of financial instruments	3,653	3,806	2,969	7,296
Net interest income on receivables and payables	-	(1,204)	-	4,271
Net finance cost	(2,264)	(2,033)	(18,081)	(8,295)
Foreign exchange differences	(452)	13,602	5,514	23,545
Share of profit after tax of associates and jointly-controlled entities	3,594	7,115	29,240	100,694
Profit before taxation	13,513	18,327	43,805	205,254
Taxation	2,844	9,400	3,081	(13,541)
Profit for the period	16,357	27,727	46,886	191,713
Attributable to:				
Owners of the Company	16,357	27,727	46,886	191,713
Earnings per share:				
(a) Basic earnings per share (sen)	2.48	4.20	7.11	29.06
(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 JUNE 2012**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE PERIOD ENDED 30 JUNE 2012**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2012 RM'000	Preceding Year Corresponding Quarter 30/06/2011 RM'000	Current Year To Date 30/06/2012 RM'000	Preceding Year Corresponding Period To Date 30/06/2011 RM'000
Profit for the period	16,357	27,727	46,886	191,713
Other comprehensive income for the period:				
Foreign currency translation differences for foreign operations	20,041	48,682	13,350	51,536
Share of other comprehensive income of associates and jointly-controlled entities	189	-	(233)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	36,587	76,409	60,003	243,249
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:				
Owners of the Company	36,587	76,409	60,003	243,249
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	As at end of current quarter 30/06/2012 RM'000	As at preceding financial year end 30/06/2011 RM'000 (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	677,337	696,002
Biological assets	754,833	786,984
Timber concession	17,459	23,994
Prepaid lease payments	44,489	45,770
Investment properties	36,576	37,804
Investments in associates and jointly-controlled entities	455,310	431,223
Deferred tax assets	462	137
	<u>1,986,466</u>	<u>2,021,914</u>
Current assets		
Inventories	246,367	217,149
Receivables, deposits and prepayments	380,605	295,055
Dividend receivable	1,425	1,425
Current tax assets	11,117	11,651
Cash and cash equivalents	87,232	104,280
	<u>726,746</u>	<u>629,560</u>
TOTAL ASSETS	<u><u>2,713,212</u></u>	<u><u>2,651,474</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	329,815	329,815
Share premium	130,089	130,089
Reserves	1,234,783	1,184,674
Total equity	<u>1,694,687</u>	<u>1,644,578</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012 (CONT'D)

	As at end of current quarter 30/06/2012 RM'000	As at preceding financial year end 30/06/2011 RM'000 (restated)
Non-current liabilities		
Borrowings	425,332	442,925
Deferred tax liabilities	123,665	133,721
	<hr/>	<hr/>
Total non-current liabilities	548,997	576,646
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Current liabilities		
Payables and accruals	223,233	225,758
Derivative financial instruments	14,020	16,989
Borrowings	227,999	180,620
Current tax liabilities	4,276	6,883
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Total current liabilities	469,528	430,250
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Total liabilities	1,018,525	1,006,896
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	2,713,212	2,651,474
	=====	=====
Net asset per share attributable to owners of the Company (RM)	2.57	2.49

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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

	<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						
- As previously stated	329,815	130,089	110,870	14,224	837,156	1,422,154
- Prior year adjustment (Note 2)	-	-	-	-	(15,878)	(15,878)
At 1 July 2010, restated	329,815	130,089	110,870	14,224	821,278	1,406,276
Profit for the period	-	-	-	-	191,713	191,713
Foreign currency translation differences for foreign operation	-	-	51,536	-	-	51,536
Total comprehensive income for the period	-	-	51,536	-	191,713	243,249
Dividends paid during the period	-	-	-	-	(4,947)	(4,947)
At 30 June 2011, restated	<u>329,815</u>	<u>130,089</u>	<u>162,406</u>	<u>14,224</u>	<u>1,008,044</u>	<u>1,644,578</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012 (CONT'D)

	<----- Attributable to owners of the Company----->					
	<----- Non-distributable ----->			Distributable		
	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						
- As previously stated	329,815	130,089	162,406	14,224	1,023,922	1,660,456
- Prior year adjustment (Note 2)	-	-	-	-	(15,878)	(15,878)
At 1 July 2011, restated	329,815	130,089	162,406	14,224	1,008,044	1,644,578
Profit for the period	-	-	-	-	46,886	46,886
Foreign currency translation differences for foreign operation	-	-	13,350	-	-	13,350
Share of other comprehensive income of associated companies	-	-	358	(591)	-	(233)
Total comprehensive income for the period	-	-	13,708	(591)	46,886	60,003
Dividends paid during the period	-	-	-	-	(9,894)	(9,894)
At 30 June 2012	329,815	130,089	176,114	13,633	1,045,036	1,694,687

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 4TH QUARTER ENDED 30 JUNE 2012**The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2012**

	Current period ended 30/06/2012 RM'000	Corresponding period ended 30/06/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	43,805	205,254
Adjustments for:-		
Depreciation and amortisation	86,784	86,554
Harvested timber transferred to inventories	60,484	46,754
Loss/(Gain) from changes in fair value of biological assets less estimated point-of-sale costs	24,771	(14,455)
Interest expense	21,723	20,337
Net gain on changes in fair value of financial instruments	(2,969)	(7,296)
Interest income	(673)	(475)
Net interest income recognised on receivables and payables carried at amortised cost	-	(4,271)
Unrealised foreign exchange differences	3,008	(20,477)
Share of profit after tax of associates and jointly-controlled entities	(29,240)	(100,694)
Other non-cash items	1,264	104
Operating cash flow before working capital changes	<u>208,957</u>	<u>211,335</u>
Change in inventories	(29,090)	(20,027)
Change in receivables, deposits and prepayments	(83,975)	42,717
Change in payables and accruals	(1,987)	(45,663)
Cash generated from operations	<u>93,905</u>	<u>188,362</u>
Income tax paid	(12,993)	(6,723)
Net cash generated from operating activities	<u>80,912</u>	<u>181,639</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and biological assets	(65,310)	(64,340)
Proceeds from disposal of property, plant and equipment	17,341	1,397
Interest received	673	475
Dividends received	4,920	5,016
Pledged deposits received	3,041	20,801
Additional investment in an associate	-	(9,374)
Net cash used in investing activities	<u>(39,335)</u>	<u>(46,025)</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012**The figures have not been audited****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2012 (CONT'D)**

	Current period ended 30/06/2012 RM'000	Corresponding period ended 30/06/2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(9,894)	(4,947)
Interest paid	(39,698)	(39,016)
Proceeds from borrowings	161,322	129,297
Repayment of borrowings	(181,871)	(152,679)
Net cash used in financing activities	<u>(70,141)</u>	<u>(67,345)</u>
Net (decrease)/increase in cash and cash equivalents	(28,564)	68,269
Cash and cash equivalents at beginning of the year	90,215	19,372
Foreign exchange difference on opening balances	1,226	2,574
Cash and cash equivalents at end of the period	<u>62,877</u>	<u>90,215</u>
Cash and cash equivalents as at 30 June is represented by:		
Cash and bank balances	7,294	7,432
Deposits with licensed banks	79,938	96,848
Bank overdraft	(24,322)	(10,991)
	<u>62,910</u>	<u>93,289</u>
Less: Fixed deposits and bank balances held as security	(33)	(3,074)
	<u>62,877</u>	<u>90,215</u>

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012

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.

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2. Prior year adjustment and comparative figures

With effect from 1 July 2010, the Group changed its accounting policy of its biological assets which include the plantation assets of its subsidiary in New Zealand and oil palm plantations of its associate, Glenealy Plantations (Malaya) Berhad (“Glenealy”), with reference made to the International Accounting Standard (“IAS”) 41, *Agriculture* (“IAS 41”). The comparative financial information for the year ended 30 June 2010 had been restated for such change in the accounting policy.

It was brought to the Directors’ attention that a formula error had been found in the calculations which supported the valuations of plantation assets of Glenealy, and these calculations were adopted by the valuer in forming their conclusions on the fair values of the plantation assets that was prepared in accordance with the accounting policies of IAS 41, which were included in their previously issued valuation reports on the fair value of plantation assets as at 30 June 2010 and 30 June 2011 (“original valuation reports”). On 12 April 2012, the valuer re-issued the valuation reports on the plantation assets of Glenealy as at 30 June 2010 and 30 June 2011 (“re-issued valuation reports”) to replace the original valuation reports to correct the formula error and restate the fair values of the plantation assets of Glenealy as at those dates.

Based on the re-issued valuation reports, the Directors determined that the Group’s investments in associates and jointly-controlled entities as at 30 June 2010 and 30 June 2011, and the restated comparative profits for the financial year ended 30 June 2010 as reported in the Group’s consolidated financial statements for the financial year ended 30 June 2011 issued on 9 September 2011, should be reduced by RM15,878,000 in order to correct this error. The correction of this error had no material impact on profits reported for the financial year ended 30 June 2011.

The effect of the prior year adjustments in respect of the consolidated financial statements for the financial year ended 30 June 2011 is summarised as follows:

	As restated RM’000	As previously reported RM’000
Condensed consolidated statement of financial position		
Non-current assets		
Investments in associates and jointly-controlled entities	431,223	447,101
Condensed consolidated statement of changes in equity		
Retained earnings at 1 July 2010	821,278	837,156
Retained earnings at 1 July 2011	1,008,044	1,023,922
	=====	=====

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3. Preceding annual financial statements

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

4. Seasonality of cyclical factors

The timber operations results are affected by rainfall pattern 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.

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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 4TH QUARTER ENDED 30 JUNE 2012

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9. 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.

The segment information in respect of the Group's operating segments for the quarter ended 30 June 2012 is as follows:-

For the period ended 30 June 2012

	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	609,794	567,980	566,575	15,790	34,447	1,794,586
Inter-segment revenue	34,935	31,918	196,987	-	13,948	277,788
Reportable segment revenue	644,729	599,898	763,562	15,790	48,395	2,072,374
Reportable segment profit/(loss)	31,290*	(5,083)	7,742	(7,116)	299	27,132
Reportable segment assets	1,014,971	693,902	360,162	24,896	106,682	2,200,613

* 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 RM24,771,000.

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The segment information in respect of the Group's operating segments for the quarter ended 30 June 2011 is as follows:-

For the period ended 30 June 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	522,736	581,589	462,931	14,591	39,196	1,651,043
Inter –segment revenue	51,496	38,012	177,613	-	14,246	281,367
Reportable segment revenue	604,232	619,601	640,544	14,591	53,442	1,932,410
Reportable segment profit/(loss)	93,193 [^]	(3,958)	503	(5,731)	5,303	89,310
Reportable segment assets	1,033,320	664,508	341,572	18,064	107,770	2,165,234

[^] 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 RM14,455,000.

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	Current period ended 30/06/2012 RM'000	Corresponding period ended 30/06/2011 RM'000
(a) Revenue		
Reportable segment revenue	2,072,374	1,932,410
Elimination of inter-segment revenue	(277,788)	(281,367)
	<hr/>	<hr/>
Consolidated revenue	1,794,586	1,651,043
	<hr/>	<hr/>
(b) Profit		
Reportable segment profit	27,132	89,310
Share of profit after tax of associates and jointly-controlled entities	29,240	100,694
Net financing costs	(18,081)	(8,295)
Foreign exchange differences	5,514	23,545
	<hr/>	<hr/>
Consolidated profit before taxation	43,805	205,254
	<hr/>	<hr/>
(c) Assets		
Reportable segment assets	2,200,613	2,165,234
Investments in associates and jointly-controlled entities (restated)	455,310	431,223
Deferred tax assets	462	137
Current tax assets	11,117	11,651
Unallocated head office and corporate assets	45,710	43,229
	<hr/>	<hr/>
Consolidated total assets (restated)	2,713,212	2,651,474
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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.

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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.

14. Profit before taxation

Profit before taxation is derived after taking into consideration of the following:

	Current period ended 30/06/2012 RM'000	Cumulative year to date 30/06/2012 RM'000
Interest income	130	673
Other income	8,368	17,160
Interest expenses	(6,047)	(21,723)
Depreciation and amortisation	(23,366)	(86,784)
Reversal/(allowance) for doubtful debt	374	(1,068)
Impairment loss on plant and machinery	(6,922)	(6,922)
Reversal/(allowance) for inventories written down to net realisable value	580	(14,015)
Gain/(Loss) on foreign exchange:		
- realised	893	8,522
- unrealised	(1,345)	(3,008)
Gain from changes in fair value of financial instruments	3,653	2,969
	3,653	2,969

15. Taxation

	Individual quarter 3 months ended 30 June		Cumulative year to date 12 months ended 30 June	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense	1,337	9,383	10,920	20,824
Deferred tax expense	(4,181)	(18,783)	(14,001)	(7,283)
	(2,844)	(9,400)	(3,081)	13,541

The Group's taxation charge for the quarter under review and year-to-date was in credit mainly due to the recognition of losses from changes in fair value of biological assets less estimated point-of-sale costs and the effect of double deduction available for certain expenses.

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16. Status of corporate proposals

The Board of Directors of Lingui Developments Berhad (“Board”) had on 20 January 2012 received a letter dated 20 January 2012 from Samling Strategic Corporation Sdn. Bhd. (“SSC”) (“Approach Letter”) which was addressed to Samling Global Limited (“SGL”). The Approach Letter sets out SSC’s interest to pursue a proposed privatisation of SGL (“SGL Privatisation”) by SSC and in turn, a proposed privatisation of Lingui (“Lingui Privatisation”) and Glenealy Plantations (Malaya) Berhad (“Glenealy Privatisation”) by SGL (to be collectively referred to as “Proposal”).

The Proposal is subject to a number of matters being satisfied and there is no guarantee that the Approach Letter will lead to a formal offer being made by SSC for SGL. If proposed and implemented, the Lingui Privatisation and the Glenealy Privatisation will be conditional upon the completion of the SGL Privatisation.

On 22 March 2012, the Board has received a formal offer letter from SGL in respect of Lingui Privatisation. On 10 April 2012, the Board has agreed to put forward the Proposed Lingui Privatisation to the shareholders for their consideration at the court convened meeting of the Company to be convened for the Proposed Lingui Privatisation.

On 24 May 2012, Securities Commission had approved SGL’s application for the exemption under Paragraph 1.1 of Practice Note 44 of the Malaysian Code on Take-Over and Mergers 2010.

On 18 June 2012, SGL announced that the SGL Scheme has become effective on 15 June 2012 (Bermuda time) and as such one of the conditions precedent to the Proposed Lingui Privatisation has been fulfilled.

17. Group borrowings and debt securities

Total Group borrowings as at 30 June 2012 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	154,118	48,275	2,758	864
– Foreign currency – NZD’000	63,932	25,155	-	-
– Local currency	55,465	-	17,658	-
Unsecured – Foreign currency – USD’000	-	-	2,276	713
– Local currency	151,817	-	205,307	-
Total	425,332		227,999	

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The figures have not been audited

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.

Applications had been filed by Samling Plywood Lawas in August 2012 to strike out the claims by the plaintiffs and were granted by the Court with the cost to be taxed unless agreed. The proceedings against Samling Plywood Miri remained pending before the court.

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 RM11.9 million as compared to a loss of RM5.3 million for the immediate preceding financial quarter. This improvement in financial performance was achieved largely attributable to an increase in volume of timber products sold.

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 biological assets of RM0.8 million as compared to a loss of RM7.5 million for the immediate preceding financial quarter. Prices of crude palm oil moved downwards at the end of the financial quarter under review and as a result, the Group recognised its share of loss from changes in fair value of biological assets of an associate involved in oil palm plantation of RM1.4 million as compared to a gain of RM13.1 million recognised in the immediate preceding financial quarter.

After accounting for net finance cost of RM2.3 million which included the recognition of net gain from changes in fair value of financial instruments amounting to RM3.7 million, the Group recorded a profit before taxation of RM13.5 million for the financial quarter under review, an increase of RM4.1 million as compared to immediate preceding financial quarter.

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

For the financial quarter under review, the Group achieved revenue of RM488.5 million and an operating profit before changes in fair value of biological assets less estimated point-of-sale costs of RM11.9 million. On a year-to-date basis, the Group recorded revenue and operating profit before changes in fair value of biological assets less estimated point-of-sale costs of RM1,794.6 million and RM51.9 million respectively.

Despite the continued depreciation of the India Rupee which led to lower logs demand and the economic slowdown in China, the logs segment contributed an operating profit (before changes in fair value of biological assets less estimated point-of-sale costs) of RM15.4 million and RM56.1 million during the financial quarter under review and financial year-to-date respectively. For the financial year-to-date, the Group sold 872,127 m³ hardwood logs and 651,841 m³ of softwood logs with average prices of RM461/m³ and RM319/m³ respectively.

Plywood and veneer contributed 27% and 29% to the Group's total revenue for the financial quarter under review and financial year-to-date respectively. Total plywood and veneer volumes sold for the financial year-to-date were 231,953 m³ and 144,731 m³ with average prices of RM1,782/m³ and RM1,068/m³ respectively. Demand from Japan remains soft as full-scale reconstruction of housing in the earthquake and tsunami affected areas have yet to commence.

With the increase in extraction volumes, revenue recorded by upstream support from external sales was higher during the financial quarter under review. Consequently, upstream support recorded a higher operating profit during the financial quarter under review as unit cost was lower with fixed and semi-fixed cost allocated over a higher volume extracted.

21. Commentary on the outlook of the Group

During the financial quarter, the global recovery, which was not strong to start with, has shown signs of further weakness. Financial market and sovereign stress in the euro area periphery has ratcheted up, close to end 2011 level. Growth momentum has also slowed in various emerging market economies, notably China and India. This partly reflects the result of policy tightening in response to signs of overheating.

In light that the Japan reconstruction activities will take time following moderate growth in housing starts, coupled with the Europe's debt crisis and slowing growth in China and the United States, the operating environment for the timber industry in the current financial year will be challenging.

Operating under a challenging environment in the current financial year with an uncertain outlook and likely greater competition, as various producers strive to increase or at least maintain market share in a likely lower demand base, the Group will continue to manage its cost to remain lean and efficient.

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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23. 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 (2011: 659,630,441) ordinary shares in issue during the period.

(b) The Company does not have any diluted earnings per share.

24. Dividends

The Board declares an interim dividend of 1.00 sen per share less tax totalling RM4,947,228 for the financial year ended 30 June 2012. The book closure date will be announced at a later date. The Board does not propose any final dividend for the financial year ended 30 June 2012.

25. 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 30/06/2012 RM'000	As at 30/06/2011 RM'000
Total retained earnings of the Group		
Realised	920,826	920,681
Unrealised	(8,223)	(11,609)
	<u>912,603</u>	<u>909,072</u>
Total share of retained earnings from associates and jointly-controlled entities:		
Realised	124,618	96,137
Unrealised (restated)	123,010	118,030
	<u>247,628</u>	<u>214,167</u>
	1,160,231	1,123,239
Less: Consolidated adjustments	<u>(115,195)</u>	<u>(115,195)</u>
Total retained earnings (restated)	1,045,036	1,008,044
	=====	=====

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.

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ENDED 30 JUNE 2012**

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BY ORDER OF THE BOARD

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

Company Secretaries

Kuala Lumpur
30 AUGUST 2012