

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2012 RM'000	Preceding Year Corresponding Quarter 30/09/2011 RM'000	Current Year To Date 30/09/2012 RM'000	Preceding Year Corresponding Period To Date 30/09/2011 RM'000
Revenue	377,978	435,012	377,978	435,012
Cost of sales	(358,818)	(400,982)	(358,818)	(400,982)
Gross profit	19,160	34,030	19,160	34,030
Other operating income	4,554	2,221	4,554	2,221
Other operating expenses	(16,356)	(16,791)	(16,356)	(16,791)
Operating profit before changes in fair value of biological assets less estimated point-of-sale costs	7,358	19,460	7,358	19,460
Loss from changes in fair value of biological assets less estimated point-of-sale costs	(6,125)	(25,907)	(6,125)	(25,907)
Profit/(Loss) from operations	1,233	(6,447)	1,233	(6,447)
Interest income	124	172	124	172
Finance costs	(5,520)	(5,065)	(5,520)	(5,065)
Loss on changes in fair value of financial instruments	(633)	(8,826)	(633)	(8,826)
Net finance cost	(6,029)	(13,719)	(6,029)	(13,719)
Foreign exchange differences	5,118	(1,261)	5,118	(1,261)
Share of loss after tax of associates and jointly-controlled entities	(8,098)	(8,576)	(8,098)	(8,576)
Loss before taxation	(7,776)	(30,003)	(7,776)	(30,003)
Taxation	3,075	1,937	3,075	1,937
Loss for the period	(4,701)	(28,066)	(4,701)	(28,066)
Attributable to:				
Owners of the Company	(4,701)	(28,066)	(4,701)	(28,066)
Earnings per share:				
(a) Basic loss per share (sen)	(0.71)	(4.25)	(0.71)	(4.25)
(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 2012.

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2012 RM'000	Preceding Year Corresponding Quarter 30/09/2011 RM'000	Current Year To Date 30/09/2012 RM'000	Preceding Year Corresponding Period To Date 30/09/2011 RM'000
Loss for the period	(4,701)	(28,066)	(4,701)	(28,066)
Other comprehensive loss for the period:				
Foreign currency translation differences for foreign operations	(5,120)	(6,868)	(5,120)	(6,868)
Share of other comprehensive (loss)/ income of associates and jointly-controlled entities	(1,395)	474	(1,395)	474
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	(11,216)	(34,460)	(11,216)	(34,460)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive loss attributable to:				
Owners of the Company	(11,216)	(34,460)	(11,216)	(34,460)
	<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 2012.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	As at end of current quarter 30/09/2012 RM'000	As at preceding financial year end 30/06/2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	665,310	677,050
Biological assets	733,334	754,833
Timber concession	15,825	17,459
Prepaid lease payments	44,454	44,776
Investment properties	36,248	36,576
Investments in associates and jointly-controlled entities	445,817	455,310
Deferred tax assets	388	462
	<u>1,941,376</u>	<u>1,986,466</u>
Current assets		
Inventories	243,385	246,367
Receivables, deposits and prepayments	413,861	380,605
Dividend receivable	1,425	1,425
Current tax assets	11,584	11,117
Cash and cash equivalents	132,809	87,232
	<u>803,064</u>	<u>726,746</u>
TOTAL ASSETS	<u><u>2,744,440</u></u>	<u><u>2,713,212</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	1,223,567	1,234,783
Total equity	<u>1,683,471</u>	<u>1,694,687</u>

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

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

	As at end of current quarter 30/09/2012 RM'000	As at preceding financial year end 30/06/2012 RM'000
Non-current liabilities		
Borrowings	447,529	425,332
Deferred tax liabilities	117,602	123,665
	<hr/>	<hr/>
Total non-current liabilities	565,131	548,997
	-----	-----
Current liabilities		
Payables and accruals	242,398	223,233
Derivative financial instruments	15,167	14,020
Borrowings	235,102	227,999
Current tax liabilities	3,171	4,276
	<hr/>	<hr/>
Total current liabilities	495,838	469,528
	-----	-----
Total liabilities	1,060,969	1,018,525
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	2,744,440	2,713,212
	=====	=====
Net asset per share attributable to owners of the Company (RM)	2.55	2.57

The condensed consolidated statement of financial position should be read in conjunction with the annual financial statements for the financial year ended 30 June 2012.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 2011	329,815	130,089	162,406	14,224	1,008,044	1,644,578
Loss for the period	-	-	-	-	(28,066)	(28,066)
Foreign currency translation differences for foreign operation	-	-	(6,868)	-	-	(6,868)
Share of other comprehensive income/(loss) of associated companies	-	-	666	(192)	-	474
Total comprehensive loss for the period	-	-	(6,202)	(192)	(28,066)	(34,460)
At 30 September 2011	<u>329,815</u>	<u>130,089</u>	<u>156,204</u>	<u>14,032</u>	<u>979,978</u>	<u>1,610,118</u>

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 2012	329,815	130,089	176,114	13,633	1,045,036	1,694,687
Loss for the period	-	-	-	-	(4,701)	(4,701)
Foreign currency translation differences for foreign operation	-	-	(5,120)	-	-	(5,120)
Share of other comprehensive loss of associated companies	-	-	(644)	(751)	-	(1,395)
Total comprehensive loss for the period	-	-	(5,764)	(751)	(4,701)	(11,216)
At 30 September 2012	329,815	130,089	170,350	12,882	1,040,335	1,683,471

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 2012.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012**The figures have not been audited****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	Current period ended 30/09/2012 RM'000	Corresponding period ended 30/09/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(7,776)	(30,003)
Adjustments for:-		
Depreciation and amortisation	20,790	21,350
Harvested timber transferred to inventories	17,711	12,446
Loss from changes in fair value of biological assets		
less estimated point-of-sale costs	6,125	25,907
Interest expense	5,520	5,065
Loss on changes in fair value of financial instruments	633	8,826
Interest income	(124)	(172)
Unrealised foreign exchange differences	(3,139)	7,033
Share of loss after tax of associates and jointly-controlled entities	8,098	8,576
Other non-cash items	(2,538)	449
Operating cash flow before working capital changes	<u>45,300</u>	<u>59,477</u>
Change in inventories	2,952	(27,112)
Change in receivables, deposits and prepayments	(34,992)	(46,387)
Change in payables and accruals	18,151	32,006
Cash generated from operations	<u>31,411</u>	<u>17,984</u>
Income tax (paid)/refunded	(3,609)	1,329
Net cash generated from operating activities	<u>27,802</u>	<u>19,313</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and biological assets	(12,000)	(15,263)
Proceeds from disposal of property, plant and equipment	3,322	-
Interest received	124	172
Pledged deposits received	-	31
Net cash used in investing activities	<u>(8,554)</u>	<u>(15,060)</u>

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012**The figures have not been audited****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (CONT'D)**

	Current period ended 30/09/2012 RM'000	Corresponding period ended 30/09/2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(7,738)	(7,775)
Proceeds from borrowings	70,430	25,079
Repayment of borrowings	(52,119)	(49,746)
Net cash generated from/(used in) financing activities	<u>10,573</u>	<u>(32,442)</u>
Net increase/(decrease) in cash and cash equivalents	29,821	(28,189)
Cash and cash equivalents at beginning of the year	62,877	90,215
Foreign exchange difference on opening balances	(790)	(295)
Cash and cash equivalents at end of the period	<u>91,908</u>	<u>61,731</u>
Cash and cash equivalents as at 30 September is represented by:		
Cash and bank balances	30,926	14,359
Deposits with licensed banks	101,883	69,232
Bank overdraft	(40,868)	(18,817)
	<u>91,941</u>	<u>64,774</u>
Less: Fixed deposits and bank balances held as security	(33)	(3,043)
	<u>91,908</u>	<u>61,731</u>

The condensed consolidated cash flow statements should be read in conjunction with the annual financial statements for the financial year ended 30 June 2012.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed interim financial statements also comply with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2012. 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 2012.

Since the previous annual audited financial statements as at 30 June 2012 were issued, the Group has adopted the MFRS framework issued by the MASB with effect from 1 July 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the IASB.

In compliance with MFRS, MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied in this interim report. The transition from FRS to MFRS does not have any significant impact to the financial statements of the Group. The audited financial statements of the Group for the financial year ended 30 June 2012 were prepared in accordance with FRS. As the requirements under FRS are similar, the significant accounting policies and method of computation adopted in these quarterly interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2012.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

2. Preceding annual financial statements

The audit report of the preceding annual financial statements for the year ended 30 June 2012 was unqualified.

3. 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.

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.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012**The figures have not been audited****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.

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

For the period ended 30 September 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	123,101	130,256	111,850	5,151	7,620	377,978
Inter-segment revenue	9,824	5,785	30,005	-	3,219	48,833
Reportable segment revenue	132,925	136,041	141,855	5,151	10,839	426,811
Reportable segment profit/(loss)	1,864*	(2,132)	2,162	(860)	199	1,233
Reportable segment assets	989,365	695,215	385,894	24,324	106,171	2,200,969

* 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 RM6,125,000.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012**The figures have not been audited****8. Segment information (continued)**

The segment information in respect of the Group's operating segments for the quarter ended 30 September 2011 is 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 (loss)/profit	(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.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

8. Segment information (continued)*Reconciliations of reportable segment revenue, profit or loss and assets*

	Current period ended 30/09/2012 RM'000	Corresponding period ended 30/09/2011 RM'000
(a) Revenue		
Reportable segment revenue	426,811	502,711
Elimination of inter-segment revenue	(48,833)	(67,699)
	-----	-----
Consolidated revenue	377,978	435,012
	-----	-----
(b) Profit		
Reportable segment profit/(loss)	1,233	(6,447)
Share of loss after tax of associates and jointly-controlled entities	(8,098)	(8,576)
Net financing costs	(6,029)	(13,719)
Foreign exchange differences	5,118	(1,261)
	-----	-----
Consolidated loss before taxation	(7,776)	(30,003)
	-----	-----
(c) Assets		
Reportable segment assets	2,200,969	2,182,091
Investments in associates and jointly-controlled entities	445,817	438,998
Deferred tax assets	388	127
Current tax assets	11,584	6,594
Unallocated head office and corporate assets	85,682	37,863
	-----	-----
Consolidated total assets	2,744,440	2,665,673
	-----	-----

9. Valuations of property, plant and equipment

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

10. Material events subsequent to the end of the reporting quarter

There have been no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited**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. Loss before taxation

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

	Individual quarter 3 months ended 30 September		Cumulative year to date 3 months ended 30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income	124	172	124	172
Other income	4,554	2,221	4,554	2,221
Interest expenses	(5,520)	(5,065)	(5,520)	(5,065)
Depreciation and amortisation	(20,790)	(21,350)	(20,790)	(21,350)
Allowance for inventories written down to net realisable value	(1,491)	(7,000)	(1,491)	(7,000)
Net gain/(loss) on foreign exchange:				
- realised	1,979	5,772	1,979	5,772
- unrealised	3,139	(7,033)	3,139	(7,033)
Loss from changes in fair value of financial instruments	(633)	(8,826)	(633)	(8,826)
	=====	=====	=====	=====

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

14. Taxation

	Individual quarter 3 months ended 30 September		Cumulative year to date 3 months ended 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense	2,037	3,272	2,037	3,272
Deferred tax expense	(5,112)	(5,209)	(5,112)	(5,209)
	-----	-----	-----	-----
	(3,075)	(1,937)	(3,075)	(1,937)
	=====	=====	=====	=====

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.

15. 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").

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.

As at today, the Securities Commission's consent for the contents of the independent advice circular in relation to the Proposed Lingui Privatisation is still pending.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012**The figures have not been audited****16. Group borrowings and debt securities**

Total Group borrowings as at 30 September 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	145,546	47,533	2,646	864
– Foreign currency – NZD'000	62,780	24,912	-	-
– Local currency	48,811	-	14,759	-
Unsecured – Foreign currency – USD'000	-	-	1,454	475
– Local currency	190,392	-	216,243	-
Total	447,529		235,102	

17. 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.

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

18. 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 RM7.4 million as compared to RM11.9 million for the immediate preceding financial quarter. The results for the financial quarter under review were affected by lower volume sold for hardwood logs and veneer which are 41% and 33% lower compare to immediate preceding financial quarter.

The Group recognised a loss from changes in fair value of biological assets of RM6.1 million as softwood log prices soften at the end of the 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 RM13.3 million compared to RM1.4 million recognised in the immediate preceding financial quarter.

After accounting for net finance cost of RM6.0 million which included the recognition of net loss from changes in fair value of financial instruments amounting to RM0.6 million, the Group recorded a loss before taxation of RM7.8 million for the financial quarter under review.

19. 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 RM7.4 million. After accounting for losses from changes in fair value of biological assets less estimated point-of-sale costs of RM6.1 million, net finance costs and foreign exchange differences of RM0.9 million and share of losses after tax of associates and jointly-controlled entities of RM8.1 million, the Group recorded a loss before taxation of RM7.8 million.

For the financial quarter under review, the Group sold 148,772 m³ of hardwood logs, 167,010 m³ of softwood logs, 59,647 m³ of plywood and 28,306 m³ of veneer. Average prices achieved were RM470/m³ for hardwood logs, RM319/m³ for softwood logs, RM1,652/m³ for plywood and RM1,121/m³ for veneer. Compared to the immediate preceding financial quarter, the timber market remained lacklustre with the plywood sector lacking any fresh leads from Japan coupled with log demand from China and India generally just being sustained.

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

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012

The figures have not been audited

20. Commentary on the outlook of the Group

During the financial quarter, the global economic 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 and growth momentum has also slowed in various emerging market economies, notably China and India. This also partly reflects the result of policy tightening in response to signs of overheating.

In view that 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 with 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.

21. 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.

22. 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 (2012: 659,630,441) ordinary shares in issue during the period.

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

23. Dividends

The Board does not propose to declare or recommend any interim dividend for the current quarter and financial year to date

LINGUI DEVELOPMENTS BERHAD

Company No: 7574-D

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2012**The figures have not been audited****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.

	As at 30/09/2012 RM'000	As at 30/09/2011 RM'000
Total retained earnings of the Group		
Realised	909,686	889,999
Unrealised	7,709	(10,264)
	<u>917,395</u>	<u>879,735</u>
Total share of retained earnings from associates and jointly-controlled entities:		
Realised	129,646	113,664
Unrealised	108,489	101,774
	<u>238,135</u>	<u>215,438</u>
	1,155,530	1,095,173
Less: Consolidated adjustments	<u>(115,195)</u>	<u>(115,195)</u>
Total retained earnings	1,040,335	979,978
	=====	=====

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.

BY ORDER OF THE BOARD

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

Company Secretaries

Kuala Lumpur
8 November 2012