

LINGUI DEVELOPMENTS BERHAD
Company No: 7574-D

QUARTERLY REPORT ON THE CONSOLIDATED RESULTS FOR THE 2ND QUARTER ENDED 31 DECEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2012 RM'000	Preceding Year Corresponding Quarter 31/12/2011 RM'000	Current Year To Date 31/12/2012 RM'000	Preceding Year Corresponding Period To Date 31/12/2011 RM'000
Revenue	451,424	496,889	829,402	931,901
Cost of sales	(427,176)	(457,802)	(785,994)	(858,784)
Gross profit	<u>24,248</u>	<u>39,087</u>	<u>43,408</u>	<u>73,117</u>
Other operating income	2,919	4,123	7,473	6,344
Other operating expenses	(17,187)	(17,297)	(33,543)	(34,088)
Operating profit before changes in fair value of biological assets less estimated point-of-sale costs	9,980	25,913	17,338	45,373
(Loss)/Gain from changes in fair value of biological assets less estimated point-of-sale costs	(12,811)	7,915	(18,936)	(17,992)
(Loss)/Profit from operations	<u>(2,831)</u>	<u>33,828</u>	<u>(1,598)</u>	<u>27,381</u>
Interest income	194	233	318	405
Finance costs	(5,996)	(5,222)	(11,516)	(10,287)
Gain/(Loss) on changes in fair value of financial instruments	4,763	5,577	4,130	(3,249)
Net finance cost	(1,039)	588	(7,068)	(13,131)
Foreign exchange differences	(2,668)	1,893	2,450	632
Share of (loss)/profit after tax of associates and jointly-controlled entities	(6,782)	14,570	(14,880)	5,994
(Loss)/Profit before taxation	<u>(13,320)</u>	<u>50,879</u>	<u>(21,096)</u>	<u>20,876</u>
Taxation	3,240	(5,876)	6,315	(3,939)
(Loss)/Profit for the period	<u>(10,080)</u>	<u>45,003</u>	<u>(14,781)</u>	<u>16,937</u>
Attributable to:				
Owners of the Company	<u>(10,080)</u>	<u>45,003</u>	<u>(14,781)</u>	<u>16,937</u>
Earnings per share:				
(a) Basic (loss)/earnings per share (sen)	(1.53)	6.82	(2.24)	2.57
(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.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2012

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2012 RM'000	Preceding Year Corresponding Quarter 31/12/2011 RM'000	Current Year To Date 31/12/2012 RM'000	Preceding Year Corresponding Period To Date 31/12/2011 RM'000
(Loss)/Profit for the period	(10,080)	45,003	(14,781)	16,937
Other comprehensive loss for the period:				
Foreign currency translation differences for foreign operations	(632)	(672)	(5,752)	(7,540)
Share of other comprehensive (loss)/ income of associates and jointly-controlled entities	(187)	(347)	(1,582)	127
Total comprehensive (loss)/profit for the period	<u>(10,899)</u>	<u>43,984</u>	<u>(22,115)</u>	<u>9,524</u>
Total comprehensive (loss)/profit attributable to:				
Owners of the Company	<u>(10,899)</u>	<u>43,984</u>	<u>(22,115)</u>	<u>9,524</u>

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.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	As at end of current quarter 31/12/2012 RM'000	As at preceding financial year end 30/06/2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	684,126	677,050
Biological assets	709,903	754,833
Timber concession	14,191	17,459
Prepaid lease payments	44,129	44,776
Investment properties	35,919	36,576
Investments in associates and jointly-controlled entities	412,611	455,310
Deferred tax assets	437	462
	1,901,316	1,986,466
Current assets		
Inventories	204,339	246,367
Receivables, deposits and prepayments	463,780	380,605
Dividend receivable	1,425	1,425
Current tax assets	11,743	11,117
Cash and cash equivalents	97,951	87,232
	779,238	726,746
TOTAL ASSETS	2,680,554	2,713,212
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	329,815	329,815
Share premium	130,089	130,089
Reserves	1,207,721	1,234,783
Total equity	1,667,625	1,694,687

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONT'D)**

	As at end of current quarter 31/12/2012 RM'000	As at preceding financial year end 30/06/2012 RM'000
Non-current liabilities		
Borrowings	458,635	425,332
Deferred tax liabilities	111,508	123,665
	570,143	548,997
Current liabilities		
Payables and accruals	200,515	223,233
Derivative financial instruments	11,096	14,020
Borrowings	228,645	227,999
Current tax liabilities	2,530	4,276
	442,786	469,528
Total liabilities	1,012,929	1,018,525
TOTAL EQUITY AND LIABILITIES	2,680,554	2,713,212
Net asset per share attributable to owners of the Company (RM)	2.53	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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
Profit for the period	-	-	-	-	16,937	16,937
Foreign currency translation differences for foreign operation	-	-	(7,540)	-	-	(7,540)
Share of other comprehensive income/(loss) of associated companies	-	-	193	(66)	-	127
Total comprehensive (loss)/profit for the period	-	-	(7,347)	(66)	16,937	9,524
Dividends paid during the period	-	-	-	-	(9,894)	(9,894)
At 31 December 2011	329,815	130,089	155,059	14,158	1,015,087	1,644,208

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2012 (CONT'D)**

	<----- Attributable to owners of the Company----->					Total RM'000
	Share Capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Distributable Retained earnings RM'000	
At 1 July 2012	329,815	130,089	176,114	13,633	1,045,036	1,694,687
Loss for the period	-	-	-	-	(14,781)	(14,781)
Foreign currency translation differences for foreign operation	-	-	(5,752)	-	-	(5,752)
Share of other comprehensive loss of associated companies	-	-	(991)	(591)	-	(1,582)
Total comprehensive loss for the period	-	-	(6,743)	(591)	(14,781)	(22,115)
Dividends paid during the period	-	-	-	-	(4,947)	(4,947)
At 31 December 2012	329,815	130,089	169,371	13,042	1,025,308	1,667,625

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.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE 2ND QUARTER
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
31 DECEMBER 2012**

	Current period ended 31/12/2012 RM'000	Corresponding period ended 31/12/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(21,096)	20,876
Adjustments for:-		
Depreciation and amortisation	41,633	42,342
Harvested timber transferred to inventories	36,903	27,798
Loss from changes in fair value of biological assets less estimated point-of-sale costs	18,936	17,992
Interest expense	11,516	10,287
(Gain)/Loss on changes in fair value of financial instruments	(4,130)	3,249
Interest income	(318)	(405)
Unrealised foreign exchange differences	(2,335)	6,191
Share of loss/(profit) after tax of associates and jointly-controlled entities	14,880	(5,994)
Other non-cash items	(3,690)	(105)
Operating cash flow before working capital changes	92,299	122,231
Change in inventories	41,994	(21,072)
Change in receivables, deposits and prepayments	(84,945)	(14,625)
Change in payables and accruals	(21,528)	(4,364)
Cash generated from operations	27,820	82,170
Income tax (paid)/refunded	(7,204)	2,671
Net cash generated from operating activities	20,616	84,841
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and biological assets	(28,553)	(29,416)
Proceeds from disposal of property, plant and equipment	5,278	111
Interest received	318	405
Dividends received	26,237	4,920
Pledged deposits received	-	3,043
Net cash generated from/(used in) investing activities	3,280	(20,937)

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE PERIOD ENDED
31 DECEMBER 2012 (CONT'D)**

	Current period ended 31/12/2012 RM'000	Corresponding period ended 31/12/2011 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(4,947)	(9,894)
Interest paid	(20,210)	(19,779)
Proceeds from borrowings	154,890	89,313
Repayment of borrowings	(133,112)	(111,616)
Net cash used in financing activities	(3,379)	(51,976)
Net increase in cash and cash equivalents	20,517	11,928
Cash and cash equivalents at beginning of the year	62,877	90,215
Foreign exchange difference on opening balances	(834)	(288)
Cash and cash equivalents at end of the period	82,560	101,855
Cash and cash equivalents as at 31 December is represented by:		
Cash and bank balances	21,011	24,595
Deposits with licensed banks	76,940	85,054
Bank overdraft	(15,358)	(7,763)
	82,593	101,886
Less: Fixed deposits and bank balances held as security	(33)	(31)
	82,560	101,855

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE 2ND QUARTER ENDED
31 DECEMBER 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.

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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

On 29 November 2012, the Company paid an interim dividend of 1.00 sen per ordinary share less tax of 25% totalling RM4,947,228 (0.75 sen net per ordinary share) for the financial year ended 30 June 2012 which was declared by the Board of Directors on 30 August 2012.

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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 31 December 2012 is as follows:-

For the period ended 31 December 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	269,553	291,765	238,047	13,748	16,289	829,402
Inter-segment revenue	17,920	12,710	62,589	-	6,823	100,042
Reportable segment revenue	287,473	304,475	300,636	13,748	23,112	929,444
Reportable segment profit/(loss)	673*	(6,651)	4,306	(1,653)	1,727	(1,598)
Reportable segment assets	966,005	700,463	390,839	27,891	108,975	2,194,173

* 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 RM18,936,000.

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8. Segment information (continued)

The segment information in respect of the Group's operating segments for the quarter ended 31 December 2011 is as follows:-

For the period ended 31 December 2011

	Logs RM'000	Plywood and vener RM'000	Upstream support RM'000	Other timber operations RM'000	Other operations RM'000	Total RM'000
Revenue from external customers	305,920	307,745	294,596	5,695	17,945	931,901
Inter-segment revenue	18,504	17,379	92,871	-	6,899	135,653
Reportable segment revenue	324,424	325,124	387,467	5,695	24,844	1,067,554
Reportable segment profit/(loss)	15,965 [^]	8,335	4,758	(2,842)	1,165	27,381
Reportable segment assets	984,869	699,846	340,145	23,161	106,657	2,154,678

[^] 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 RM17,992,000.

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8. Segment information (continued)

Reconciliations of reportable segment revenue, profit or loss and assets

	Current period ended 31/12/2012 RM'000	Corresponding period ended 31/12/2011 RM'000
(a) Revenue		
Reportable segment revenue	929,444	1,067,554
Elimination of inter-segment revenue	(100,042)	(135,653)
	829,402	931,901
	829,402	931,901
(b) Profit		
Reportable segment (loss)/profit	(1,598)	27,381
Share of (loss)/profit after tax of associates and jointly-controlled entities	(14,880)	5,994
Net financing costs	(7,068)	(13,131)
Foreign exchange differences	2,450	632
	(21,096)	20,876
	(21,096)	20,876
(c) Assets		
Reportable segment assets	2,194,173	2,154,678
Investments in associates and jointly-controlled entities	412,611	448,302
Deferred tax assets	437	151
Current tax assets	11,743	5,915
Unallocated head office and corporate assets	61,590	55,523
	2,680,554	2,664,569
	2,680,554	2,664,569

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.

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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)/Profit before taxation

(Loss)/Profit before taxation is derived after taking into consideration of the following:

	Individual quarter		Cumulative year to date	
	3 months ended		6 months ended	
	31 December		31 December	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income	194	233	318	405
Other income	2,919	4,123	7,473	6,344
Interest expenses	(5,996)	(5,222)	(11,516)	(10,287)
Depreciation and amortisation	(20,843)	(20,992)	(41,633)	(42,342)
Allowance for doubtful debt	-	(1,442)	-	(1,442)
Allowance for inventories written down to net realisable value	(41)	(7,595)	(1,532)	(14,595)
(Loss)/gain on foreign exchange:				
- realised	(1,864)	1,051	115	6,823
- unrealised	(804)	842	2,335	(6,191)
Gain/(Loss) from changes in fair value of financial instruments	4,763	5,577	4,130	(3,249)
	<u>4,763</u>	<u>5,577</u>	<u>4,130</u>	<u>(3,249)</u>

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14. Taxation

	Individual quarter 3 months ended 31 December		Cumulative year to date 6 months ended 31 December	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense	2,795	5,629	4,832	8,901
Deferred tax expense	(6,035)	247	(11,147)	(4,962)
	(3,240)	5,876	(6,315)	3,939
	(3,240)	5,876	(6,315)	3,939

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.** 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.

On 10 January 2013, Lingui Scheme Shareholders have approved the Lingui Scheme by way of a resolution as set out in the Notice of Court Convened Meeting dated 19 December 2012.

On 25 January 2013, The High Court of Malaya ("Court") had granted an order for the sanction of the Lingui Scheme under Section 176 of the Act. Lingui Scheme Shareholders whose names appear on the Record of Depositors of the Company and the Register of Members on 25 February 2013 will be entitled to participate in the Lingui Scheme. The settlement of the Lingui Scheme Offer Price will be effected by 6 March 2013.

The trading of Lingui Shares on the Main Market of Bursa Securities will be suspended with effect from 9.00 a.m. 19 February 2013 until the completion of the Lingui Scheme and the de-listing of Lingui from the Official List of Bursa Securities.

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16. Group borrowings and debt securities

Total Group borrowings as at 31 December 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	139,897	45,704	7,582	2,477
– Foreign currency – NZD'000	60,555	24,053	2,288	909
– Local currency	78,391	-	21,341	-
Unsecured – Foreign currency – USD'000	-	-	728	238
– Local currency	179,792	-	196,706	-
Total	<u>458,635</u>		<u>228,645</u>	

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 April and 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 plaintiffs had filed an appeal to the Court of Appeal and no hearing date has been fixed. The proceedings against Samling Plywood Miri remained pending before the court.

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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 changes in fair value of biological assets less estimated point-of-sale costs of RM10.0 million as compared to RM7.3 million for the immediate preceding financial quarter. This marginal improvement in financial performance was largely attributable to an increase in volume of timber products sold partially offset by lower selling prices achieved during the financial quarter under review.

The Group recognised a loss from changes in fair value of biological assets of RM12.8 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 recognised its share of losses from changes in fair value of biological assets of an associate involved in oil palm plantation of RM13.2 million during the financial quarter under review.

After accounting for net finance cost of RM1.0 million which included the recognition of net gain from changes in fair value of financial instruments amounting to RM4.8 million, the Group recorded a loss before taxation of RM13.3 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 achieved revenue of RM451.4 million and an operating profit before changes in fair value of biological assets less estimated point-of-sale costs of RM10.0 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 RM829.4 million and RM17.3 million respectively.

The logs segment continues to be a steady segment for the Group, in which its revenue accounted for 32% of total Group's revenue for the financial quarter under review. Despite the continued slower growth in the emerging markets namely China and India, the logs segment contributed an operating profit (before changes in fair value of biological assets less estimated point-of-sale costs) of RM11.6 million and RM19.6 million during the financial quarter under review and financial year-to-date respectively. For the financial year-to-date, the Group sold 317,215 m³ of hardwood logs and 385,596 m³ of softwood logs with average prices achieved of RM461/m³ and RM320/m³ respectively.

Plywood and veneer contributed 36% and 35% 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 134,997 m³ and 70,047 m³ with average prices achieved of RM1,615/m³ and RM1,054/m³ respectively. Demand from Japan remained generally lacklustre, partly due to weakened Japanese Yen.

Despite the higher revenue recorded by upstream support from external sales during the financial quarter under review, the rising of diesel prices and spare parts costs have impacted the operating costs of upstream support operations. As a consequence, upstream support recorded a lower operating profit during the financial quarter under review as compared to immediate preceding financial quarter.

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The figures have not been audited

20. Commentary on the outlook of the Group

The economies in developing countries have weakened considerably during 2012 as the region's growth engines, China and India, both shifted into lower gear. Japan's economy is expected to slow given the phasing out of private consumption incentives combined with a new measure increasing taxes on consumption, anticipated reductions in pension benefits and government spending cuts.

The sovereign debt crisis and economic recession in the euro zone remains a serious threat to the world economy. The United States economy remains fragile as its government continued to address its rising debt ceiling issue. Given the current conditions in the global economy, there is little scope for emerging economies to improve their performance in the near term.

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

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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 31/12/2012 RM'000	As at 31/12/2011 RM'000
Total retained earnings of the Group		
Realised	924,315	917,085
Unrealised	11,259	(11,545)
	935,574	905,540
Total share of retained earnings from associates and jointly-controlled entities:		
Realised	109,651	113,428
Unrealised	95,278	111,314
	204,929	224,742
	1,140,503	1,130,282
Less: Consolidated adjustments	(115,195)	(115,195)
Total retained earnings	1,025,308	1,015,087

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
15 February 2013