The following is the text of the unaudited consolidated interim financial information of Lingui Developments Berhad ("Lingui") and its subsidiaries (the "Lingui Group") which comprises the unaudited income statements for the three and the six months ended December 31, 2005 and 2006; unaudited balance sheet as at December 31, 2005 and 2006; unaudited cash flow statements for the six months ended December 31, 2005 and 2006, unaudited statement of changes in equity for the six months ended December 31, 2005 and 2006, prepared in accordance with Financial Reporting Standards 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board, and notes thereon. In addition, the unaudited interim financial information includes a reconciliation of the net profit of Lingui Group for the three months ended December 31, 2006 and the owners' equity of Lingui Group as at December 31, 2006 prepared in accordance with the relevant accounting principles and financial regulations applicable to Malaysian enterprises ("Malaysian GAAP") to International Financial Reporting Standards ("IFRS") for the purpose of inclusion in this Prospectus.

CONDENSED CONSOLIDATED INCOME STATEMENT — UNAUDITED

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter December 31, 2006	**Preceding Year Corresponding Quarter restated December 31, 2005**	**Current Year To Date December 31, 2006**	**Preceding Year Corresponding Period restated December 31, 2005**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Revenue	409,870	296,612	845,377	605,546
Other operating income	3,923	4,363	11,447	7,166
Operating expenses	(320,601)	(289,704)	(666,326)	(580,510)
Profit from operations	93,192	11,271	190,498	32,202
Interest income	133	231	255	250
Finance costs*	(2,033)	(18,260)	(4,012)	(35,385)
Share of profits in associated companies	5,510	5,109	10,125	8,299
Profit/(loss) before income tax	96,802	(1,649)	196,866	5,366
Taxation	(20,676)	(686)	(34,597)	(3,140)
Net profit/(loss) for the period	76,126	(2,335)	162,269	2,226
Attributable to:				
Equity holders of the parent	76,126	(2,335)	162,269	2,226
Minority interests	–	–	–	–
Net profit/(loss) for the period	76,126	(2,335)	162,269	2,226
(a) Basic earnings/(loss) per share (sen)	11.54	(0.35)	24.60	0.34
Net profit/(loss) for the period (RM'000)	76,126	(2,335)	162,269	2,226
Weighted average number of ordinary shares on issue during the reporting period ('000)	659,630	659,630	659,630	659,630
(b) Diluted earnings per share (sen)	Not applicable	Not applicable	Not applicable	Not applicable

* Included in the finance costs is unrealised foreign exchange gain of RM13,069,000 for the current year quarter (current year to date: RM26,876,000) and unrealised foreign exchange loss of RM2,386,000 for the preceding year corresponding quarter (preceding year to date loss: RM4,918,000).

CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2006 — UNAUDITED

	AS AT December 31, 2006	AS AT June 30, 2006 restated
	RM'000	*RM'000*
Property, plant and equipment	774,397	779,306
Investment properties	18,410	18,642
Forest assets	1,203,574	1,068,998
Investment in associates	206,441	198,725
Timber concession	53,401	56,669
Deferred tax assets	11,782	9,386
Current assets		
Inventories	181,424	144,576
Debtors	542,522	452,834
Tax recoverable	12,118	27,902
Cash and bank balances	48,887	47,502
	784,951	672,814
Current liabilities		
Creditors	315,444	340,398
Borrowings	218,975	213,606
Taxation	13,791	1,978
	548,210	555,982
Net current assets	236,741	116,832
	2,504,746	2,248,558
Share capital	329,815	329,815
Reserves	1,213,568	982,805
	1,543,383	1,312,620
Non current liabilities		
Borrowings	648,635	658,960
Deferred tax liabilities	312,728	276,978
	2,504,746	2,248,558
Net assets per share (RM)	2.34	1.99

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2006 — UNAUDITED

	Current Period Ended December 31, 2006	Corresponding Period Ended December 31, 2005
	RM'000	*RM'000*
Profit before taxation	196,866	5,366
Adjustments:		
Depreciation and amortisation	51,612	49,368
Depletion of forest crop	2,766	2,131
Finance costs	30,888	30,467
Interest income	(255)	(250)
Unrealised foreign exchange differences	(26,876)	4,918
Share of profits in associated companies	(10,125)	(8,299)
Other non-cash and non-operating items	(7,825)	(1,903)
	237,051	81,798
Changes in working capital		
Current assets	(125,910)	(36,914)
Current liabilities	(46,792)	(12,127)
Net tax paid	(360)	(7,364)
Net cash flow from operating activities	63,989	25,393
Purchase of property, plant and equipment and forest assets	(29,524)	(56,272)
Proceeds from disposal of property, plant and equipment	20,986	10,266
Interest received	255	250
Dividend received	2,393	2,393
Fixed deposit pledged	206	(403)
Net cash flow from investing activities	(5,684)	(43,766)
Interest paid	(19,408)	(11,575)
Net borrowings	(12,636)	(7,431)
Dividends paid to shareholders	(9,499)	(9,499)
Net cash flow from financing activities	(41,543)	(28,505)
Net changes in cash and cash equivalents	16,762	(46,878)
Cash and cash equivalents at beginning of the year	(40,265)	(5,837)
Exchange adjustment account	(3,025)	(759)
Cash and cash equivalents at end of the period	(26,528)	(53,474)
Cash and cash equivalents as at December 31, 2006 is represented by:		
Cash and bank balances	17,188	19,189
Short term deposits	31,699	38,524
Bank overdraft	(44,008)	(72,945)
	4,879	(15,232)
Less: fixed deposits and bank balances held as security	(31,407)	(38,242)
	(26,528)	(53,474)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2006 — UNAUDITED

	Share capital	Share premium	Exchange reserve	Fair valuation reserve	Distributable retained earnings	Proposed dividend reserve	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At July 1, 2005							
As previously stated	329,815	130,089	174,818	64,455	601,755	9,499	1,310,431
Effect of adopting FRS 121	–	–	(38,675)	–	38,675	–	–
At July 1, 2005 (restated)	329,815	130,089	136,143	64,455	640,430	9,499	1,310,431
Net gain/(loss) not recognised in income statement							–
— Currency translation differences as previously stated	–	–	(28,617)	–	–	–	(28,617)
Effect of adopting FRS 121	–	–	4,918	–	–	–	4,918
Restated currency translation differences	–	–	(23,699)	–	–	–	(23,699)
— Share of currency translation differences of an associate	–	–	120	–	–	–	120
Net profit for the period as previously stated	–	–	–	–	7,144	–	7,144
Effect of adopting FRS 121	–	–	–	–	(4,918)	–	(4,918)
Restated net profit for the period	–	–	–	–	2,226	–	2,226
Dividends paid during the period	–	–	–	–	–	(9,499)	(9,499)
At December 31, 2005 (restated)	329,815	130,089	112,564	64,455	642,656	–	1,279,579
At July 1, 2006							
As previously stated	329,815	130,089	163,761	64,535	614,921	9,499	1,312,620
Effect of adopting FRS 121	–	–	(11,035)	–	11,035	–	–
At July 1, 2006 (restated)	329,815	130,089	152,726	64,535	625,956	9,499	1,312,620
Net gain not recognised in income statement							
— Currency translation differences	–	–	78,010	–	–	–	78,010
— Share of currency translation differences of an associate	–	–	(17)	–	–	–	(17)
Net profit for the period	–	–	–	–	162,269	–	162,269
Dividends paid during the period						(9,499)	(9,499)
At December 31, 2006	329,815	130,089	230,719	64,535	788,225	–	1,543,383

NOTES TO 2nd QUARTER FINANCIAL STATEMENTS

for the financial quarter ended December 31, 2006

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") No. 134: Interim Financial Reporting and Part K of the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2006 which is available at www.klse.com.my. 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 Lingui Group since the financial year ended June 30, 2006.

2. Changes in Accounting Policies

The significant accounting policies adopted in the unaudited interim statements are consistent with those adopted in Lingui Group's audited financial statements for the year ended June 30, 2006 except for the adoption of the following revised Financial Reporting Standards ("FRS") issued by MASB that are effective for Lingui Group's financial statements commencing July 1, 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above mentioned standards does not have significant impact on Lingui Group. The principal effects of the changes in accounting policies with respect to the adoption of the new and revised FRS are discussed below:

(a) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. Minority interest is now presented within total equity in the consolidated balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movement of minority interest is now presented as in the consolidated statement of changes in equity.

The presentation of the comparative figures in the financial statements of Lingui Group has been restated to conform with the current period's presentation.

(b) FRS 3: Business Combinations and FRS 136: Impairment of Assets

The new FRS 3 has resulted in the consequential amendment to FRS 136 Impairment of Assets.

The adoption of these new FRSs has resulted in the following:

(i) All business combinations are to be accounted for using the purchase method. Prior to January 1, 2006, acquisition of subsidiaries which meet the criteria for merger are accounted for using the merger accounting principles.

Upon the adoption of the new FRS 3, acquisition of subsidiaries which meet the criteria for merger on or after January 1, 2006 ceased to be accounted for using the merger accounting policy and are to be accounted for using the purchase method. This change in accounting policy is applied prospectively and do not have any impact to Lingui Group nor result in any restatement of the comparatives as at June 30, 2006.

(ii) In prior years, positive goodwill was written off against reserves upon acquisition of subsidiaries and negative goodwill in excess of the fair values of the net identifiable assets acquired is recognised immediately in reserves. Upon the adoption of the new FRS 3 and FRS 136, Lingui Group no longer write off goodwill against reserves. Any positive goodwill arising from new acquisition of subsidiaries is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also in accordance with FRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the income statement as it arises.

The new policy in respect of goodwill has been applied prospectively in accordance with the transitional arrangements under FRS 3.

(c) FRS 116: Property, Plant and Equipment

In accordance with FRS 116, the asset's residual values, useful lives and depreciation method will be assessed at each financial year and adjusted if necessary. If the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

(d) FRS 121: The Effects of Changes in Foreign Exchange Rates

Under the revised FRS 121, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are to be recognized in profit or loss in the consolidated financial statements. Previously, such exchange differences were taken to equity.

The effect of the adoption of revised FRS121 has been accounted for retrospectively and certain comparatives have been restated.

(e) FRS 140: Investment Property

With the adoption of the new FRS 140, properties held for rental or capital appreciation have been reclassified to investment properties. Prior to July 1, 2006, these properties were classified under Property, Plant and Equipment in the balance sheet.

The above change in accounting policy has been accounted for prospectively and in accordance with the transitional provision of FRS 140.

Comparatives

The following comparative amounts of Lingui Group have been restated due to the adoption of abovementioned new and revised FRSs:

Balance Sheet **At June 30, 2006/July 1, 2006**	**As previously reported**	**Adjustments** **FRS 121**	**FRS 140**	**As restated**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Property, plant and equipment	797,948	–	(18,642)	779,306
Investment properties	–	–	18,642	18,642
Exchange reserve	163,761	(11,035)	–	152,726
Distributable earnings	614,921	11,035	–	625,956

Income Statement **3 months ended December 31, 2005**	**As previously reported**	**Adjustments** **FRS 101**	**FRS 121**	**As restated**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Finance costs	15,874	–	2,386	18,260
Share of profits in associated companies	6,619	(1,510)	–	5,109
Profit before income tax	2,247	(1,510)	(2,386)	(1,649)
Taxation	(2,196)	1,510	–	(686)
Net profit for the period	51	–	(2,386)	(2,335)
6 months ended December 31, 2005				
Finance costs	30,467	–	4,918	35,385
Share of profits in associated companies	10,851	(2,552)	–	8,299
Profit before income tax	12,836	(2,552)	(4,918)	5,366
Taxation	(5,692)	2,552	–	(3,140)
Net profit for the period	7,144	–	(4,918)	2,226

3. Preceding annual financial statements

The audit report of the preceding annual financial statements for the year ended June 30, 2006 was unqualified.

4. Seasonality or Cyclical Factors

The timber operations results are to a certain extent affected by weather conditions especially at logging areas. Extracting logs during heavy rainfall seasons is made more difficult thereby causing shortage of log supply for both export and processing while a drier season will be more conducive to higher log extraction.

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

Lingui paid a final dividend of 4% less tax totalling RM9,499,000 in respect of the financial year ended June 30, 2006 on December 11, 2006.

9. Segmental information

The segment information in respect of Lingui Group's business segment for the fiscal year to date are as follows:

Revenue	**External sales**	**Inter-segment sales**	**Total sales**
	RM'000	***RM'000***	***RM'000***
Timber and plywood	715,777		715,777
Trading and services	110,453	73,865	184,318
Manufacturing — Rubber	8,660		8,660
Properties and quarry operations	10,487	58	10,545
	845,377	73,923	919,300
Eliminations			(73,923)
Group revenue			845,377

Segment results	**Total**
	RM'000
Timber and plywood	188,904
Trading and services	5,531
Manufacturing — Rubber	848
Properties and quarry operations	1,258
Plantations **	4,504
	201,045
Unallocated corporate expenses	(422)
Interest income	255
Financing costs	(4,012)
	196,866
Taxation	(34,597)
	162,269

** The segment results for plantations arise from Lingui's investment in an associate.

10. Valuations of property, plant and equipment

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

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

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

12. Changes in the composition of Lingui Group

There were no changes in the composition of Lingui Group during the quarter which were previously not announced.

13. Contingent liabilities or contingent assets

No contingent liabilities or contingent assets has arisen since the last annual balance sheet date except as disclosed in Note 20.

14. Taxation

Taxation comprises:

	Individual Quarter Oct 06 – Dec 06	Cumulative YTD July 06 – Dec 06
	RM'000	*RM'000*
Current taxation	12,548	26,658
Deferred taxation	8,128	14,325
	20,676	40,983
Underprovision in respect of prior years	–	–
Reversal of prior year deferred tax over provided	–	(6,386)
	20,676	34,597

Lingui Group's effective tax rate for the quarter under review is lower than the statutory tax rate due to the effect of double deductions available for certain expenses.

15. Profits/(losses) on sale of unquoted investments and/or properties

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

16. Quoted securities

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

(b) Total investments in quoted securities as at December 31, 2006 were as follows:

		RM'000
(i)	At cost after writedown of premium on acquisition	134,426
(ii)	At carrying value/book value	118,930
(iii)	At market value	118,427

Lingui Group has not provided for diminution of investment in quoted securities as the net tangible assets of this investment exceeds the carrying value as at December 31, 2006.

17. Status of Corporate Proposals

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

18. Group borrowings and debt securities

Total Group borrowings as at December 31, 2006 were as follows:

		Long term liabilities	**Long term liabilities**	**Short term bank borrowings**
		RM'000	*In foreign currency*	*RM'000*
Secured	— Foreign currency — USD'000	190,281	54,034	–
	— Foreign currency — NZD'000	86,803	35,268	–
	— Local currency	65,509		40,636
	— Bond-Local currency	150,000		–
Unsecured		156,042		178,339
Total		648,635		218,975

19. Off balance sheet financial instruments

Lingui Group has entered into interest rate swap agreements for loans denominated in USD and NZD to ensure that the exposure to changes in interest are fixed for the respective tranches throughout the tenure of the term loan. The interest rate swaps range from fixed rates of 3.77% to 7.31% per annum over the loan period.

The net unfavourable fair value adjustment not recognised as at December 31, 2006 of interest rate swap agreement which hedge interest rates amounted to RM1.1 million.

20. Material litigation

Suit I: Kelasau Naan, Jawa Nyipa, Pelutan Tiun, Bilong Oyoi & Ors (hereinafter collectively referred to as "Plaintiffs") vs Government of Sarawak, Samling Plywood (Baramas) Sdn Bhd ("SPK") and Syarikat Samling Timber Sdn Bhd ("SST") (hereinafter collectively referred to as "Defendants")

The Government of Sarawak, SPK and SST are being jointly sued by Penan of four longhouses and settlements situated on the timber concessions held by SPK. The Penans are seeking declaration that they have native customary rights over their claimed land located within the said timber concession areas.

An application was filed by Matthew Uchat Kajan and Jalong Bilong to have themselves added as defendants in this action (on behalf of themselves as well as other inhabitants of the 2 Kenyah kampongs known as Long Semiang and Lio Mato) ("1st Application").

An application was filed by Gabriel Ajan Jok and Anthony Belarek to have themselves added as defendants in this action (on behalf of themselves as well as some of the other inhabitants of the Kenyah kampongs known as Long Tungan) ("2nd Application").

On January 15, 2003, the Court had

(a) granted leave to the Government of Sarawak to amend its defence

(b) granted leave to SPK & SST to amend its defence and counterclaim

(c) granted leave to the Plaintiffs to amend its pleadings in reply to all the Defendants' amended pleadings

The Court granted an order in terms as stated in both the 1st and 2nd Applications on April 7, 2003. The Plaintiffs' advocates appealed against the Court orders dated April 7, 2003 in respect of the 1st and 2nd Applications. The Plaintiffs' advocates have since withdrawn the said appeal.

The Plaintiffs and the 1st to 3rd Defendants have filed and served their amended pleadings pursuant to the Court Order dated January 15, 2003.

On January 14, 2003, another application was taken out by Joachim Engan Sigau to have himself added as plaintiff in this action (on behalf of himself as well as all other inhabitants of Long Tungan) ("3rd Application"). The 3rd Application was withdrawn by Joachim Engan Sigau's advocates and Joachim was ordered to pay the cost of the 3rd Application, such costs to be taxed unless otherwise agreed.

The matter was called up for mention on March 27, 2004 and again on April 21, 2004, wherein the Plaintiffs' counsel undertook to serve the Amended Writ listing on Matthew Uchat Kajan, Jalong Bilong, Gabriel Ajan Jok and Anthony Belarek, (the applicants in the 1st and 2nd Applications) as the 4th to 7th defendants in this action. By a court order dated June 21, 2004, it was ordered *inter alia*, that the Plaintiffs file and serve the Amended Writ of Summons and Amended Statement of Claim within 14 days from the date thereof and thereafter, the defendants have 14 days to file and serve their amended pleadings. The Defendants have been served with the Amended Writ of Summons and Amended Statement of Claim on August 6, 2004 and these were received on a without prejudice' basis. The Defendants have filed the Amended Defence and Counterclaim.

The pre trial case management for the above matter which was originally scheduled on August 26, 2004 had been rescheduled to February 24, 2005 pending the outcome of the hearing of an application to stay this action taken out by the advocates for the 4th to 7th Defendants ("the Stay Application"). The Stay Application was heard on July 28, 2005, where the court ordered that this action be stayed pending the conclusion and determination of native court claim filed by the 4th to 7th Defendants in the native court against the Plantiffs and awarded cost of the Stay Application to the 4th to 7th Defendants to be taxed unless otherwise agreed ("the Court Order of July 28, 2005"). The court adjourned the pre trial case management of this action to a date to be fixed or to a date to be requested by counsels. The Plaintiff has filed an appeal in the Court of Appreal against the Court Order of July 28, 2005.

On October 4, 2006, the Court has fixed the Civil Suit for Trial on January 18, 2007 and has brought forward for mention before the Senior Assistant Registrar, High Court Bintulu in Miri on October 6, 2006. At the mention on October 6, 2006, the Plaintiffs' counsel informed the Court that an appeal has been filed against the Court Order July 28, 2005. The Senior Assistant Registrar, High Court Bintulu in Miri fixed the matter for further mention in Miri before the Judicial Commissioner on November 6, 2006 and after hearing counsels, the Court maintained the trial date of January 18, 2007. On January 18, 2007, the Senior Assistant Registrar fixed the matter for further mention on March 28, 2007.

Suit II: Lasah Mering & Ors v Tamex Timber Sdn Bhd & Ors

A Writ of Summons had been served on June 5, 2003 upon Tamex Timber Sdn Bhd ("Tamex"), a wholly-owned subsidiary company, in respect of Suit II, and named as first defendant. The Superintendent of Lands & Surveys Department Bintulu Division and the Government of the State of Sarawak as second and third defendants respectively, are being jointly sued by Lasah Mering, Mering Anak Madang, Mering Anak Lasah, Imut Anak Ding and Bilong Anak Pudang who are suing on behalf of themselves and all other proprietors, occupiers, holders and claimants of native customary rights land at Kayan Longhouse community known as Rumah Lasah Mering, Sg. Pesu, Jelulong, Tubau, Bintulu, Sarawak (hereinafter collectively known as "Plaintiffs").

The Plaintiffs are claiming for various reliefs including declarations that issuance of the land title and/or provisional lease of that parcel of land at and/or around the Longhouse community of Rumah Lasah Mering, Sg. Pesu, Jelulong, Tubau, Bintulu, Sarawak where Tamex is the appointed timber logging contractor, was bad and/or void as it was unconstitutional and/or wrongful.

The first defendant had on August 7, 2003 filed its defence and counterclaim against the Plaintiffs and each of them, from interfering or attempting to interfere with the first defendant's right to carry out its business and harvesting operations in the License Area including its performance of its contract under the Letter Contract with Samling Reforestation (Bintulu) Sdn Bhd. The first defendant is also claiming against the Plaintiffs and each of them for damages, costs, interest and further or other relief. The Plantiffs had filed its Reply and Defence to Counterclaim on August 29, 2003 and served a copy thereof on Tamex on September 10, 2003. In compliance with procedural requirements, the Plaintiffs had on February 6, 2004 served the Defendants with the following:

(i) Summons for Directions pursuant to Order 25 dated November 18, 2003

This application originally fixed for hearing on March 8, 2004 was heard on September 6, 2004. At the hearing, it was directed that expert evidence be limited to 2 witnesses for the Plaintiff and the 1st Defendant and 1 witness for the 2nd and 3rd Defendants, a plan and photographs of the locus in quo be agreed, if possible, and at the trial, the Plaintiff will have 8 witnesses and require 5 days, the 1st Defendant 9 witnesses and 5 days and the 2nd and 3rd Defendants 6 witnesses and 5 days. No date has been fixed for the hearing of the action.

(ii) Notice to Attend Pre-Trial Case Management dated November 18, 2003

Counsel for the respective parties attended the Case Management Meeting with the Judge presiding in Chambers on March 9, 2005. The affidavit and the List of Documents were filed on the April 4, 2005 and a copy therefore served on the Plaintiff and the 2nd and 3rd Defendant. A Pre-Trial Case Management was held on the February 21, 2006 at the High Court. Counsel for the Plaintiff informed the Court that documents had been exchanged between the parties but Statement of Facts has not been agreed and that the Plaintiffs require time to carry out a survey of their area. The Judge then fixed tentative trial date from 9 to October 13, 2006 with another Pre-Trial Management fixed for August 14, 2006 to monitor progress. At the Pre-Trial Case Management hearing on August 14, 2006, the Plaintiffs have not completed their survey works and the Court fixed another Pre-Trial Case Management hearing on November 8, 2006. The said Pre-Trial Case Management was further adjourned to February 7, 2007.

21. Material changes in the quarterly results compared to the results of the immediate preceding quarter

For the financial quarter under review, Lingui Group sold 151,994 m3 of logs at average price of RM581/m^3 compared to 122,839 m^3 sold in the preceding quarter at an average price of RM595/m^3 which resulted improvement in operating profits from log trading in the current quarter under review as compared to the preceding financial quarter.

For plywood, Lingui Group sold 102,550 m^3 which was about 18% lower than that of the preceding financial quarter. The impact of this lower volumes sold was however partially offset by higher average prices obtained from the sales. Average plywood prices of RM1,915/m^3 were 7.7% higher than that of the immediate preceding quarter.

As a consequence of the factors above, the operating profit of Lingui Group has decreased marginally for the quarter under review achieving RM93.2 million compared to the immediate preceding financial quarter of RM97.3 million.

Lingui Group continued to write off an amount of RM7.4 million, equivalent to the amount of interest capitalized in its New Zealand forest asset in the financial quarter under review.

As a result of New Zealand Dollar strengthening against US Dollar, Lingui Group recognised an unrealised gain of RM13.1 million (following the adoption of FRS 121: The Effects of Changes in Foreign Exchange Rates) during the quarter arising from the translation of US Dollar loan by a foreign subsidiary in New Zealand.

22. Review of performance of Lingui Group for the quarter under review and financial year-to-date

Lingui Group managed to sustain its performance largely due to favourable timber prices. For the financial quarter under review, Lingui Group recorded a profit before taxation of RM96.8 million and an earnings before interest, taxation, depreciation and amortisation ("EBITDA") of RM123.5 million. The profit before taxation was after the aforesaid write down of RM7.4 million and the unrealised gain of RM13.1 million.

For the financial year to date, Lingui Group sold 274,833 m^3 of logs and 227,864 m^3 of plywood. Average prices achieved were RM588/m^3 for logs and RM1,840/m^3 for plywood. This has brought about an increase in operational profit to RM190.5 million from RM32.2 million recorded in the previous financial year to date.

23. Variation of actual profit from forecast profit and shortfall in profit guarantee

Lingui Group did not issue any profit forecast for this quarter and therefore comments on variances with forecast profit are not applicable.

24. Dividends

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

25. Reconciliation of net profit of the Lingui Group for the three months ended December 31, 2006 and its owners' equity as at December 31, 2006 from Malaysian GAAP to IFRS

The Directors of SGL, the immediate holding company of Lingui, have prepared a summary of the major differences of the net profit and owners' equity of the Lingui Group as at and for the three months ended December 31, 2006, prepared under Malaysian GAAP and as compared to IFRS:

	Net profit for the three months ended December 31, 2006	Owners' equity as at December 31, 2006
	RM'000	*RM'000*
As reported under Malaysian GAAP (unaudited)	76,126	1,543,383
Adjustment on plantation assets (a)	5,958	(294,487)
Adjustment on interest rate swaps (b)	(777)	(753)
Adjustment on share of associate's plantation assets (c)	(743)	17,480
Adjustment on goodwill arising from business combinations (d)	–	2,318
As adjusted under IFRS (unaudited)	80,564	1,267,941

Notes:

(a) Plantation assets are stated at fair value less point-of-sale costs, with any resultant gain or loss recognised in the income statement. Under Malaysian GAAP, plantation assets are stated at cost less impairment loss.

(b) Under IFRS, interest rate swaps are stated at fair value, with any resultant gain or loss recognized in the income statement. Under Malaysian GAAP, interest rate swaps are not revalued to fair value at balance sheet date and gain or loss on the change in fair value is not recognized in the income statement.

(c) Plantation assets of associate, Glenealy, are stated at fair value less point-of-sale costs, with any resultant gain or loss recognised in the income statement. Under Malaysian GAAP, plantation assets are stated at cost and amortised over the useful life of the rootstock commencing from the date of maturity of the rootstock.

(d) Under IFRS, goodwill arising from business combination is tested annually for impairment. Goodwill arising from business combination for the year ended June 30, 2003 which was previously written off against retained earnings, has been restated in the balance sheet and is tested annually for impairment.

REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED INTERIM FINANCIAL INFORMATION OF LINGUI

The following is a text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

February 23, 2007

INDEPENDENT REVIEW REPORT TO
THE BOARD OF DIRECTORS OF SAMLING GLOBAL LIMITED

Introduction

We have been instructed by Samling Global Limited (the "Company") to review the unaudited interim financial information of Lingui Developments Berhad ("Lingui") and its subsidiaries (collectively the "Lingui Group") set out on pages IV-2 to IV-16 of Appendix IV which comprises the unaudited income statements for the three and the six months ended December 31, 2005 and 2006; unaudited balance sheet as at December 31, 2006 and June 30, 2006; unaudited cash flow statements for the six months ended December 31, 2005 and 2006, unaudited statement of changes in equity for the six months ended December 31, 2005 and 2006 and notes to the unaudited interim financial information (collectively referred to as the "Malaysian Interim Financial Information").

Respective responsibilities of the directors of Lingui and the Company and Reporting Accountants

The Malaysian Interim Financial Information is prepared based on the unaudited interim financial statements of Lingui. The interim financial statements of Lingui has been prepared in accordance with Financial Reporting Standard 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standard Board. The interim financial statements are the responsibility of, and have been approved by, the directors of Lingui. The Malaysian Interim Financial Information is the responsibility of the Company's directors. It is our responsibility to form an independent conclusion, based on our review, on the Malaysian Interim Financial Information.

Review work performed

We conducted our review with reference to Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management of Lingui Group and the Company, and applying analytical procedures to the Malaysian Interim Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Malaysian Interim Financial Information.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Malaysian Interim Financial Information for the three and six months ended December 31, 2005 and 2006.

KPMG
Certified Public Accountants
Hong Kong, China