SAMLING GLOBAL LIMITED
三 林 環 球 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 3938)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2011

The Board of Directors ("the Board") of Samling Global Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2011, together with the comparative figures for the previous year.

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2011
(Expressed in United States dollars)

	Note	**2011** **$'000**	2010 $'000
Revenue	4	**729,047**	598,248
Cost of sales		**(645,837)**	(540,897)
Gross profit		**83,210**	57,351
Other operating income		**11,256**	11,615
Distribution costs		**(24,574)**	(21,745)
Administrative expenses		**(41,012)**	(33,292)
Other operating expenses		**(8,736)**	(69)
Gain from changes in fair value of plantation assets less estimated point-of-sale costs		**1,585**	4,232
Profit from operations		**21,729**	18,092
Financial income		**17,880**	17,409
Financial expenses		**(13,640)**	(17,297)
Net financing income	5	**4,240**	112

* *for identification purposes only*

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2011 (continued)
(Expressed in United States dollars)

	Note	**2011**	2010
		$'000	*$'000*
Share of profits less losses of associates		**31,819**	9,225
Share of profits less losses of jointly controlled entities		**(11)**	1,631
Profit before taxation	*6*	**57,777**	29,060
Income tax	*7*	**(12,160)**	(592)
Profit for the year		**45,617**	28,468
Attributable to:			
Equity shareholders of the Company		**20,746**	12,645
Non-controlling interests		**24,871**	15,823
Profit for the year		**45,617**	28,468
Earnings per share (US cent)	*9*		
Basic and diluted		**0.48**	0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2011

(Expressed in United States dollars)

	2011	2010
	$'000	*$'000*
Profit for the year	**45,617**	28,468
Other comprehensive income for the year ***(Note)***		
Exchange difference on re-translation of financial statements of subsidiaries	**60,690**	29,121
Total comprehensive income for the year	**106,307**	57,589
Attributable to:		
Equity shareholders of the Company	**65,047**	29,298
Non-controlling interests	**41,260**	28,291
Total comprehensive income for the year	**106,307**	57,589

Note: The component of other comprehensive income does not have any significant tax effect for the years ended 30 June 2011 and 2010.

CONSOLIDATED BALANCE SHEET
at 30 June 2011
(Expressed in United States dollars)

	Note	2011 $'000	2010 $'000
Non-current assets			
Fixed assets	*10*		
— Investment properties		**23,020**	15,925
— Other property, plant and equipment		**381,556**	379,804
Construction in progress		**2,614**	13,696
Interests in leasehold land held under operating leases		**42,396**	35,035
Intangible assets		**39,116**	44,560
Plantation assets	*11*	**285,321**	239,263
Interests in associates	*12*	**142,079**	82,360
Interests in jointly controlled entities		**12,266**	13,494
Available-for-sale financial asset		**325**	34
Deferred tax assets		**7,416**	6,103
Total non-current assets		**936,109**	830,274
Current assets			
Inventories	*13*	**161,802**	144,655
Trade and other receivables	*14*	**144,271**	122,235
Current tax recoverable		**16,594**	18,121
Pledged bank deposits		**3,873**	7,356
Cash and cash equivalents	*15*	**125,980**	156,498
Total current assets		**452,520**	448,865
Total assets		**1,388,629**	1,279,139

CONSOLIDATED BALANCE SHEET
at 30 June 2011 (continued)
(Expressed in United States dollars)

	Note	2011 $'000	2010 $'000
Current liabilities			
Bank loans and overdrafts	*16*	**132,926**	112,008
Obligations under finance leases		**15,529**	21,979
Trade and other payables	*17*	**162,214**	152,969
Current tax payable		**5,779**	2,461
Total current liabilities		**316,448**	289,417
Net current assets		**136,072**	159,448
Total assets less current liabilities		**1,072,181**	989,722
Non-current liabilities			
Bank loans	*16*	**161,782**	176,493
Obligations under finance leases		**18,623**	23,685
Deferred tax liabilities		**57,033**	54,423
Total non-current liabilities		**237,438**	254,601
Total liabilities		**553,886**	544,018
Capital and reserves			
Share capital		**430,174**	430,174
Reserves		**195,357**	133,751
Total equity attributable to equity shareholders of the Company		**625,531**	563,925
Non-controlling interests		**209,212**	171,196
Total equity		**834,743**	735,121
Total liabilities and equity		**1,388,629**	1,279,139

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2011
(Expressed in United States dollars)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Currency translation reserve	Revaluation reserve	Other reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
At 1 July 2009	430,174	261,920	21,740	6,673	(309,679)	107,698	518,526	176,718	695,244
Changes in equity for the year:									
Profit for the year	—	—	—	—	—	12,645	12,645	15,823	28,468
Total other comprehensive income for the year	—	—	16,653	—	—	—	16,653	12,468	29,121
Total comprehensive income for the year	—	—	16,653	—	—	12,645	29,298	28,291	57,589
Additional investment in a subsidiary	—	—	—	—	19,542	—	19,542	(31,727)	(12,185)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(2,086)	(2,086)
Dividends in respect of previous financial year, approved and paid during the year	—	—	—	—	—	(3,441)	(3,441)	—	(3,441)
At 30 June 2010	430,174	261,920	38,393	6,673	(290,137)	116,902	563,925	171,196	735,121
At 1 July 2010	430,174	261,920	38,393	6,673	(290,137)	116,902	563,925	171,196	735,121
Changes in equity for the year:									
Profit for the year	—	—	—	—	—	20,746	20,746	24,871	45,617
Total other comprehensive income for the year	—	—	44,301	—	—	—	44,301	16,389	60,690
Total comprehensive income for the year	—	—	44,301	—	—	20,746	65,047	41,260	106,307
Acquisition of subsidiaries	—	—	—	—	—	—	—	103	103
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(3,347)	(3,347)
Dividends in respect of previous financial year, approved and paid during the year	—	—	—	—	—	(3,441)	(3,441)	—	(3,441)
At 30 June 2011	430,174	261,920	82,694	6,673	(290,137)	134,207	625,531	209,212	834,743

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2011
(Expressed in United States dollars)

	Note	**2011**	2010
		$'000	*$'000*
Operating profit before changes in working capital		**110,507**	97,765
Changes in working capital		**(22,325)**	(30,111)
Net cash generated from operations		**88,182**	67,654
Net income tax and withholding tax paid		**(11,305)**	(369)
Net cash generated from operating activities		**76,877**	67,285
Net cash used in investing activities		**(54,927)**	(33,950)
Net cash used in financing activities		**(53,023)**	(89,491)
Net decrease in cash and cash equivalents		**(31,073)**	(56,156)
Cash and cash equivalents at the beginning of the year		**139,998**	191,250
Effect of foreign exchange rate changes		**6,000**	4,904
Cash and cash equivalents at the end of the year	*15*	**114,925**	139,998

NOTES

(Expressed in United States dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include International Accounting Standards ("IASs") and related interpretations, promulgated by the International Accounting Standards Board ("IASB").

The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information set out in this announcement does not constitute the Group's consolidated financial statements for the year ended 30 June 2011, but is derived from these financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued new and revised IFRSs, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

— Amendments to IFRS 5, *Non-current assets held for sale and discontinued operations — plan to sell the controlling interest in a subsidiary*

— Amendments to IAS 39, *Financial instruments: Recognition and measurement — eligible hedged items*

— Improvements to IFRSs (2009)

— IFRIC 17, *Distributions of non-cash assets to owners*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendment to IAS 39 and the amendment introduced by the Improvements to IFRSs (2009) omnibus standard in respect of IAS 17, *Leases*, have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

— The impact of the majority of the revisions to IFRS 5 and IFRIC 17 have not had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

As a result of the amendment to IAS 17, *Leases*, arising from the "*Improvements to IFRSs (2009)*" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate.

3. SEGMENT REPORTING

The Group manages its business by divisions, which are organised by business line. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resources allocation and performance assessment, the Group has identified five reportable segments. Operating segments with similar nature of the production process and products have been aggregated to form the following reportable segments.

Hardwood logs	This segment primarily derives its revenue from the sale of timber logs to external customers and group companies. Hardwood logs are either harvested from the Group's forest concessions or tree plantation areas primarily located in Malaysia, Guyana and the People's Republic of China ("PRC").
Softwood logs	This segment primarily derives its revenue from the sale of timber logs to external customers. Softwood logs are harvested from the Group's tree plantation areas located in New Zealand.
Plywood and veneer	This segment derives its revenue from the sale of plywood and veneer. These products are manufactured by the Group's manufacturing facilities primarily located near its forest concessions or tree plantation areas in Malaysia and Guyana.
Flooring products	This segment manufactures flooring products through the Group's manufacturing facilities primarily located in the PRC for sale primarily to external customers.
Other operations	This segment derives its revenue from (i) the sale of timber related products (i.e. chipboard, door facings, doors, housing products, kitchen cabinet and sawn timbers), granite aggregates, rubber compound, glue and oil palm products to external customers; and (ii) provisions of logistic services, provision of electricity supply and leasing of properties to group companies.

Starting from 1 July 2010, the financial results of hardwood logs and upstream support which were reported as two separate operating segments in previous years' financial statements are grouped and reported to the Group's most senior executive management as one single operating segment for the purpose of resources allocation and performance assessment. Following a change in the composition of the Group's operating segments that in turn results in a change in the reportable segments, the segment information for the year ended 30 June 2010 has been restated.

3. **SEGMENT REPORTING (CONTINUED)**

(a) **Segment results, assets and liabilities**

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates and jointly controlled entities, current tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 June 2011 and 2010 is set out below.

	2011						
	Logs						
	Hardwood logs	**Softwood logs**	**Sub-total**	**Plywood and veneer**	**Flooring products**	**Other operations**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Revenue from external customers	**280,338**	**55,868**	**336,206**	**190,029**	**91,902**	**110,910**	**729,047**
Inter-segment revenue	**87,931**	**—**	**87,931**	**21,972**	**—**	**8,293**	**118,196**
Reportable segment revenue	**368,269**	**55,868**	**424,137**	**212,001**	**91,902**	**119,203**	**847,243**
Reportable segment profit/(loss)	**21,659**	**12,429**	**34,088***	**(4,837)**	**5,448**	**(12,970)**	**21,729**
Reportable segment assets	**234,200**	**316,909**	**551,109**	**278,963**	**133,081**	**140,913**	**1,104,066**
Interests in associates	**—**	**—**	**—**	**—**	**—**	**142,079**	**142,079**
Interests in jointly controlled entities	**—**	**—**	**—**	**—**	**—**	**12,266**	**12,266**
Additions to non-current segment assets during the year	**25,767**	**16,029**	**41,796**	**3,668**	**1,727**	**18,669**	**65,860**
Reportable segment liabilities	**67,995**	**2,664**	**70,659**	**32,475**	**19,378**	**39,702**	**162,214**

* *Included gain from changes in fair value of plantation assets less estimated point-of-sale costs of $1,585,000.*

3. **SEGMENT REPORTING (CONTINUED)**

(a) **Segment results, assets and liabilities (continued)**

	2010 (restated)						
	Logs						
	Hardwood logs *$'000*	Softwood logs *$'000*	Sub-total *$'000*	Plywood and veneer *$'000*	Flooring products *$'000*	Other operations *$'000*	Total *$'000*
Revenue from external customers	218,292	37,629	255,921	181,300	58,002	103,025	598,248
Inter-segment revenue	80,454	139	80,593	21,445	3,271	5,013	110,322
Reportable segment revenue	298,746	37,768	336,514	202,745	61,273	108,038	708,570
Reportable segment profit/(loss)	15,872	15,171	31,043^	(14,533)	8,325	(6,743)	18,092
Reportable segment assets	244,982	268,141	513,123	267,421	119,619	125,047	1,025,210
Interests in associates	—	—	—	—	—	82,360	82,360
Interests in jointly controlled entities	—	—	—	—	—	13,494	13,494
Additions to non-current segment assets during the year	30,774	14,108	44,882	10,510	4,678	13,365	73,435
Reportable segment liabilities	67,152	9,884	77,036	37,175	10,217	28,541	152,969

^ *Included gain from changes in fair value of plantation assets less estimated point-of-sale costs of $4,232,000.*

3. SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2011	2010
	$'000	*$'000*
Revenue		
Reportable segment revenue	**847,243**	708,570
Elimination of inter-segment revenue	**(118,196)**	(110,322)
Consolidated revenue	**729,047**	598,248
Profit		
Reportable segment profit	**21,729**	18,092
Share of profits less losses of associates	**31,819**	9,225
Share of profits less losses of jointly controlled entities	**(11)**	1,631
Net financing income	**4,240**	112
Consolidated profit before taxation	**57,777**	29,060
Assets		
Reportable segment assets	**1,104,066**	1,025,210
Interests in associates	**142,079**	82,360
Interests in jointly controlled entities	**12,266**	13,494
Deferred tax assets	**7,416**	6,103
Current tax recoverable	**16,594**	18,121
Unallocated head office and corporate assets	**106,208**	133,851
Consolidated total assets	**1,388,629**	1,279,139
Liabilities		
Reportable segment liabilities	**162,214**	152,969
Current tax payable	**5,779**	2,461
Deferred tax liabilities	**57,033**	54,423
Bank loans and overdrafts	**294,708**	288,501
Obligations under finance leases	**34,152**	45,664
Consolidated total liabilities	**553,886**	544,018

3. **SEGMENTAL REPORTING (CONTINUED)**

(c) **Geographical information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than deferred tax assets and available-for-sale financial asset ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, construction in progress, interests in leasehold land held under operating leases and plantation assets, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in associates and jointly controlled entities.

2011	**Malaysia**	**Guyana**	**New Zealand**	**The PRC**	**Japan**	**North America**	**Australia**	**Other countries**	**Total**
	$'000	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***	***$'000***
Revenue from external customers	**170,148**	**10,610**	**6,325**	**172,465**	**130,696**	**56,342**	**59,588**	**122,873**	**729,047**
Specified non-current assets	**509,095**	**46,434**	**307,314**	**50,811**	**8,541**	**—**	**166**	**6,007**	**928,368**
2010									
Revenue from external customers	131,610	6,871	6,919	129,833	99,616	44,785	57,946	120,668	598,248
Specified non-current assets	451,391	49,553	259,019	52,378	7,951	—	3,845	—	824,137

4. REVENUE

Revenue mainly represents the sales value of goods supplied to customers less returns and discounts and income from provision of timber extraction, river transportation and repairs and re-conditioning of equipment and machinery services. The amount of each significant category of revenue recognised in the income statement during the year is as follows:

	2011	2010
	$'000	*$'000*
Sales of goods	**709,656**	562,606
Revenue from provision of services	**19,391**	35,642
	729,047	598,248

5. NET FINANCING INCOME

	2011	2010
	$'000	*$'000*
Interest on loans and overdrafts from banks and finance charges on obligations under finance leases wholly repayable within five years	**(19,817)**	(19,985)
Interest on bank loans wholly repayable after five years	**(30)**	—
	(19,847)	(19,985)
Less: Borrowing costs capitalised into plantation assets *(note 11)*	**6,317**	7,049
Interest expense	**(13,530)**	(12,936)
Net loss on changes in fair value of financial instruments	**—**	(3,628)
Foreign exchange losses	**(110)**	(733)
Financial expenses	**(13,640)**	(17,297)
Interest income	**2,868**	2,214
Net gain on changes in fair value of financial instruments	**1,229**	—
Foreign exchange gains	**13,783**	15,195
Financial income	**17,880**	17,409
	4,240	112

The borrowing costs have been capitalised at a rate of 4.55% to 7.31% (2010: 4.80% to 7.31%) per annum.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2011 $'000	2010 $'000
(i)	Depreciation	**62,577**	61,530
	Less: Depreciation capitalised into plantation assets *(note 11)*	**(696)**	(824)
		61,881	60,706
(ii)	Amortisation of interests in leasehold land held under operating leases	**1,199**	1,119
(iii)	Amortisation of intangible assets	**8,298**	7,697

(iv) On 28 January 2011, the Group entered into a supplemental agreement (the "Supplemental Agreement") with Elegant Living (Hong Kong) Limited, Elegant Living International Holdings Limited and New Elegant Living Timber Manufacturing (Zhongshan) Co., Ltd., vendors of the flooring business acquired by the Group on 26 August 2008. In accordance with the Supplemental Agreement, the Group agreed to pay an amount ("Second Deferred Consideration" as defined in the Supplemental Agreement) to the vendors which will be calculated by reference to the actual aggregate audited consolidated net profits of the acquired flooring business for the three years ended 31 August 2011. Accordingly, the Group has recognised approximately $6,063,000 in the profit or loss for the year ended 30 June 2011 which represents its best estimate of the amount payable in accordance with the terms of the Supplemental Agreement.

	2011 $'000	2010 $'000
Second Deferred Consideration payable to vendors of a previous acquisition	**6,063**	—

7. INCOME TAX

	2011 $'000	2010 $'000
Current tax		
Provision for the year	**11,845**	6,127
Under/(over)-provision in respect of prior years	**104**	(967)
	11,949	5,160
Deferred tax		
Origination and reversal of temporary differences	**(5,727)**	(2,380)
Effect on deferred tax balances at the beginning of the year resulting from a change in tax rate *(note (e))*	**—**	(2,188)
	(5,727)	(4,568)
Withholding tax		
Under-provision in respect of prior years *(note (i))*	**5,938**	—
Total income tax expense in the consolidated income statement	**12,160**	592

7. INCOME TAX (CONTINUED)

Notes:

(a) Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in Bermuda and the BVI.

(b) No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the years ended 30 June 2011 and 2010.

(c) The subsidiaries in Malaysia are liable to Malaysian income tax at a rate of 25% (2010: 25%).

(d) The subsidiaries in Guyana are liable to Guyana income tax at a rate of 30% (2010: 35%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the years ended 30 June 2011 and 2010.

(e) The subsidiaries in New Zealand are liable to New Zealand income tax at a rate of 30% (2010: 30%). No provision for New Zealand income tax has been made for the years ended 30 June 2011 and 2010 as the subsidiaries have utilised the tax losses to set off against the taxable profits generated during the relevant years. In May 2010, the New Zealand government announced a reduction in the income tax rate from 30% to 28% with effective from the year of assessment 2011/2012.

(f) The subsidiaries in Australia are liable to Australian income tax at a rate of 30% (2010: 30%).

(g) The subsidiaries in the PRC are liable to the PRC Enterprise Income Tax at a rate of 25% (2010: 25%), except for certain subsidiaries which are subject to a preferential tax rate of 12.5% until December 2012. For the years ended 30 June 2011 and 2010, a subsidiary is exempted from the PRC income tax.

(h) No provision for Indonesian income tax has been made as the subsidiaries in Indonesia did not earn any income subject to Indonesian income tax during the year ended 30 June 2011.

(i) The under-provision of withholding tax arose from the interest income charged by the Company to a subsidiary in prior years. Such interest income is subject to a withholding tax rate of 15%.

8. DIVIDENDS

(a) Dividend attributable to the year

	2011	2010
	$'000	*$'000*
Final dividend proposed after the balance sheet date of 0.128 US cents (2010: 0.080 US cents) per share	**5,522**	3,441

The final dividend proposed after the balance sheet date has not been recognised as a liability in the balance sheet.

(b) Dividend attributable to the previous financial year, approved and paid during the year

	2011	2010
	$'000	*$'000*
Final dividend in respect of the previous financial year of 0.080 US cents (2010: 0.080 US cents) per share, approved and paid during the year	**3,441**	3,441

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company for the year of $20,746,000 (2010: $12,645,000) and 4,301,737,000 (2010: 4,301,737,000) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares during the years ended 30 June 2011 and 2010. The diluted earnings per share is the same as the basic earnings per share.

10. FIXED ASSETS

(a) Acquisitions and disposals

During the year ended 30 June 2011, the Group acquired fixed assets with an aggregate cost of $37,297,000 (2010: $49,662,000). Items of fixed assets with an aggregate net book value of $6,940,000 were disposed of during the year ended 30 June 2011 (2010: $2,697,000), resulting in a gain on disposal of $389,000 (2010: $2,252,000).

(b) Certain fixed assets are pledged to banks for certain banking facilities granted to the Group as disclosed in note 16.

11. PLANTATION ASSETS

Included in additions to the Group's plantation assets for the year ended 30 June 2011 are interest capitalised of $6,317,000 (2010: $7,049,000) and depreciation of fixed assets of $696,000 (2010: $824,000).

A significant portion of trees in New Zealand are planted on freehold forest and a small portion on leasehold forest with a term of 79 years, expiring in 2060. The Group has been granted seven (2010: seven) plantation licences for a gross area of approximately 458,000 (2010: 458,000) hectares in Malaysia. The licences are granted for 60 years, the earliest of which expires in December 2058. The Group was granted the plantation rights of a total land area of 3,079 hectares in the PRC, expiring in 2066.

The Group's plantation assets in Malaysia and the PRC were independently valued by Pöyry Forest Industry Pte Ltd ("Pöyry") while the plantation assets in New Zealand were independently valued by Chandler Fraser Keating Limited ("CFK"). In view of the non-availability of market value for tree plantation in New Zealand, Malaysia and the PRC, both Pöyry and CFK have applied the net present value approach whereby projected future net cash flows, based on their assessments of current timber log prices, were discounted at the rate of 10.2% (2010: 10.2%) for plantation assets in Malaysia, 10% (2010: 10%) for plantation assets in the PRC and 7.25% (2010: 7.25%) for plantation assets in New Zealand to arrive at the fair value of the plantation assets.

The discount rate used in the valuation of the plantation assets in New Zealand as at each balance sheet date was determined by reference to discount rates published by public entities and government agencies in New Zealand, weighted average cost of capital analysis, internal rate of return analysis, surveyed opinion of forest valuers practice and the implied discount rate of forest sales transactions mainly in New Zealand over a period of time, with more weight given to the implied discount rate.

11. PLANTATION ASSETS (CONTINUED)

The principal valuation methodology and assumptions adopted in the valuation of the plantation assets in New Zealand are as follows:

— A stand-based approach was employed whereby stands are scheduled to be harvested at or near their optimum economic rotation age.

— The cash flows are those arising from the current rotation of trees only. No account was taken of revenues or costs from re-establishment following harvest, or of land not yet planted.

— The cash flows do not take into account of income tax and finance costs.

— The cash flows have been prepared in real terms and have not therefore included inflationary effects.

— The impact of any planned future activity of the business that may impact the pricing of the logs harvested from the forest is not taken into account.

— Costs are current average costs. No allowance has been made for cost improvements in future operations.

In the absence of forest sales transactions in Malaysia, the discount rate used in Malaysia was based on the weighted average cost of capital. The discount rate used in the valuation of the plantation assets in the PRC was based on an average discount rate adopted by entities with plantation assets in the Asia-Pacific region.

Certain plantation assets are pledged to banks for certain banking facilities granted to the Group as disclosed in note 16.

12. INTERESTS IN ASSOCIATES

(a) On 19 August 2010, the Company entered into a Shares Subscription Agreement to subscribe 20,000,000 shares in Stone Tan China Holding Corporation (“Stone Tan”), representing 36.8% of equity interest in Stone Tan. Total consideration for the subscription of 20,000,000 shares amounted to $20,000,000. The principal activity of Stone Tan and its subsidiaries is the provision of financial services in the PRC.

In June 2011, Stone Tan further allotted 10,869,565 new shares to other investors. The Group’s equity interest in Stone Tan was diluted from 36.8% to 30.67% since the allotment of new shares.

(b) On 23 March 2011, a subsidiary of the Group further purchased 2,180,000 shares, representing 1.91% equity interest, in Glenealy Plantations (Malaya) Berhad (“Glenealy”), a company listed on the Main Board of Bursa Malaysia Securities Berhad, for a cash consideration of $3,086,000. The negative goodwill arising from the acquisition amounting to $4,106,000 is recognised as the share of profits less losses of associates in the consolidated income statement for the year ended 30 June 2011.

13. INVENTORIES

	2011	2010
	$'000	*$'000*
Timber logs	**32,415**	33,892
Raw materials	**16,734**	11,811
Work-in-progress	**24,062**	19,323
Manufactured inventories	**49,493**	43,927
Stores and consumables	**39,098**	35,702
	161,802	144,655

The analysis of the amount of inventories recognised as an expense is as follows:

	2011	2010
	$'000	*$'000*
Carrying amount of inventories sold	**638,143**	538,006
Write-down of inventories	**7,694**	2,891
	645,837	540,897

14. TRADE AND OTHER RECEIVABLES

	2011	2010
	$'000	*$'000*
Trade receivables	**64,543**	66,385
Prepayments, deposits and other receivables	**63,249**	44,150
Loans to third parties	**16,479**	11,700
	144,271	122,235

As at 30 June 2011, the Group's trade receivables included amounts due from associates, jointly controlled entities and related parties of $4,386,000 (2010: $4,658,000), $77,000 (2010: $756,000) and $553,000 (2010: $915,000) respectively.

Details of the Group's loans to third parties are:

(i) In prior years, a loan of $9,000,000 has been disbursed to a third party in connection with a proposed acquisition of an Indonesian company (the "Target"). The Group elected to terminate this proposed acquisition in April 2010. In accordance with the sales and purchase agreement and convertible loan agreement in place, the loan of $9,000,000 shall then be repaid to the Group in full by 19 November 2010 or the commencement of the commercial operation of the Target, whichever occurs earlier. On 17 December 2010, the Group had entered into an agreement with that third party to revise the repayment term of the above loan where the loan shall be fully repaid within a period of 24 months from the date of agreement. During the repayment period, the borrower shall pay to the Group every month a minimum amount of $300,000. The loan is unsecured and bears interest at 6% (2010: 6%) per annum. As at 30 June 2011, the outstanding loan amounted to $7,200,000 (2010: $9,000,000);

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(ii) At 30 June 2010, a loan of $2,700,000, which is unsecured, interest bearing at 5.5% per annum and was due for repayment in April 2010. The amount was subsequently repaid to the Group in August 2010; and

(iii) Two loans totalling $9,279,000 were disbursed to two third parties (the"Borrowers") during the year ended 30 June 2011 in connection with certain proposed acquisitions. As at 30 June 2011, the loans are secured and interest free. These loans are convertible into shares of certain designated companies as set out in the loan agreements. These loans are repayable by the Borrowers at the request of the Group, which will be at the time that the Group decides not to proceed with the proposed acquisitions in accordance with the terms and conditions of the loan agreements. The loans shall carry interest at 6% per annum since then. Subject to the fulfilment of certain terms and conditions as set out in the loan agreements, a loan of $4,323,000 will be further disbursed to the above mentioned third parties in accordance with the terms and conditions of the loan agreements.

Ageing analysis

The Group normally allows a credit period ranging from 30 days to 90 days to its customers.

An ageing analysis of trade receivables is as follows:

	2011	2010
	$'000	*$'000*
Within 30 days	**39,957**	36,226
31–60 days	**8,497**	9,604
61–90 days	**3,243**	4,634
91–180 days	**8,118**	9,161
181–365 days	**1,273**	4,360
1–2 years	**2,493**	1,278
Over 2 years	**962**	1,122
	64,543	66,385

15. CASH AND CASH EQUIVALENTS

	2011	2010
	$'000	*$'000*
Deposits with banks and other financial institutions	**101,543**	114,291
Cash at bank and in hand	**24,437**	42,207
Cash and cash equivalents in the balance sheet	**125,980**	156,498
Bank overdrafts *(note 16)*	**(11,055)**	(16,500)
Cash and cash equivalents in the consolidated cash flow statement	**114,925**	139,998

16. BANK LOANS AND OVERDRAFTS

The bank loans and overdrafts were repayable as follows:

	2011	2010
	$'000	*$'000*
Within one year or on demand	**132,926**	112,008
After one year but within two years	**34,043**	29,626
After two years but within five years	**123,601**	146,867
After five years	**4,138**	—
	161,782	176,493
	294,708	288,501

The bank loans and overdrafts were secured as follows:

	2011	2010
	$'000	*$'000*
Bank overdrafts *(note 15)*		
— unsecured	**10,136**	11,410
— secured	**919**	5,090
	11,055	16,500
Bank loans		
— unsecured	**147,153**	152,231
— secured	**136,500**	119,770
	283,653	272,001
	294,708	288,501

The carrying value of assets secured for bank loans and borrowings were as follows:

	2011	2010
	$'000	*$'000*
Fixed assets	**68,018**	56,992
Interests in leasehold land held under operating leases	**12,458**	12,101
Plantation assets	**259,080**	220,495
Pledged bank deposits	**3,873**	7,356
	343,429	296,944

16. BANK LOANS AND OVERDRAFTS (CONTINUED)

As at 30 June 2011, a bank loan of the Group amounting to $35,000,000 (2010: $45,000,000) was secured by the Group's shares in Lingui Developments Berhad.

As at 30 June 2011, the banking facilities of the Group amounting to $345,049,000 (2010: $331,001,000) were utilised to the extent of $294,708,000 (2010: $288,501,000).

All of the Group's banking facilities are subject to the fulfilment of covenants, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants.

17. TRADE AND OTHER PAYABLES

	2011	2010
	$'000	*$'000*
Trade payables	**71,357**	69,529
Other payables	**35,393**	33,110
Accrued expenses	**39,913**	37,332
Derivative financial instruments	**12,083**	12,998
Amount due to an associate	**3,468**	—
	162,214	152,969

(i) As at 30 June 2011, the Group's trade payables included amounts due to associates, jointly controlled entities and related parties of $625,000 (2010: $1,435,000), $Nil (2010: $30,000) and $2,564,000 (2010: $4,299,000) respectively.

(ii) The amount due to an associate is secured, interest-bearing at a rate of 12% per annum and repayable on 28 March 2012.

An ageing analysis of trade payables is as follows:

	2011	2010
	$'000	*$'000*
Within 30 days	**33,523**	29,469
31–60 days	**12,996**	10,757
61–90 days	**4,606**	7,046
91–180 days	**7,134**	9,179
181–365 days	**8,924**	10,333
1–2 years	**3,673**	2,670
Over 2 years	**501**	75
	71,357	69,529

18. CONTINGENT LIABILITIES

Further to the disclosures made in the 2011 Interim Report, the updated status of the legal claims stated therein is as follows:

(a) In 2007, a subsidiary of the Group, Merawa Sdn. Bhd. ("Merawa"), together with the Director of Forests and the State Government of Sarawak, are being jointly sued in the Malaysian courts by certain inhabitants of longhouses and settlements situated on timber concessions held by Merawa. The action commenced in 2007 and the plaintiffs are claiming various reliefs including a declaration that they have native customary rights over claimed land located within the relevant timber concession areas. Merawa denied the claim and also counterclaimed for damages, costs, interest and/or other relief.

(b) Four of the Group's subsidiaries, Samling Plywood (Lawas) Sdn. Bhd. ("Samling Plywood Lawas"), Samling Plywood (Miri) Sdn. Bhd. ("Samling Plywood Miri"), Ravenscourt Sdn. Bhd. ("Ravenscourt") and Samling Reforestation (Bintulu) Sdn. Bhd. ("Samling Reforestation") 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 at and around the timber concessions held by Samling Plywood Lawas, Samling Plywood Miri and Ravenscourt and planted forest held by Samling Reforestation respectively. The plaintiffs are claiming various orders, reliefs and damages including declarations that issuance of the forest timber licences and licences for planted forests by the Director of Forests, Sarawak to Samling Plywood Lawas, Samling Plywood Miri, Ravenscourt and Samling Reforestation which overlap the plaintiffs' claimed areas are unlawful, unconstitutional, null and void.

As at 30 June 2011, the above proceedings remained pending before the Malaysian courts.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Highlights

Segment Revenue	Logs*	Plywood and veneer	Flooring products	Other operations	Eliminations	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
2011						
External customers	**336,206**	**190,029**	**91,902**	**110,910**	**—**	**729,047**
Inter-segment revenue	**87,931**	**21,972**	**—**	**8,293**	**(118,196)**	**—**
Total revenue	**424,137**	**212,001**	**91,902**	**119,203**	**(118,196)**	**729,047**
2010						
External customers	255,921	181,300	58,002	103,025	—	598,248
Inter-segment revenue	80,593	21,445	3,271	5,013	(110,322)	—
Total revenue	336,514	202,745	61,273	108,038	(110,322)	598,248
2011						
Gross profit	**46,005**	**2,846**	**15,984**	**18,375**	**—**	**83,210**
Gross profit margin (%)	**10.8**	**1.3**	**17.4**	**15.4**	**—**	**11.4**
Percentage of segment contribution (%)	**55.3**	**3.4**	**19.2**	**22.1**	**—**	**100.0**
2010						
Gross profit/(loss)	33,297	(5,622)	11,613	18,063	—	57,351
Gross profit/(loss) margin (%)	9.9	(2.8)	19.0	16.7	—	9.6
Percentage of segment contribution (%)	58.1	(9.8)	20.2	31.5	—	100.0

* *Logs comprise hardwood logs and softwood logs.*

Profit Attributable to Equity Shareholders of the Company

	2011 *US$'000*	2010 *US$'000*
Gross profit	**83,210**	57,351
Other expenses net of other income before gain from changes in fair value of plantation assets less estimated point-of-sale costs	**(63,066)**	(43,491)
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	**1,585**	4,232
Profit from operations	**21,729**	18,092
Net financing income	**4,240**	112
Share of profits less losses of associates and jointly controlled entities	**31,808**	10,856
Profit before taxation	**57,777**	29,060
Income tax	**(12,160)**	(592)
Profit for the year	**45,617**	28,468
Non-controlling interests	**(24,871)**	(15,823)
Profit attributable to equity shareholders of the Company	**20,746**	12,645

Review of Group Results

Benefiting from a general recovery in the world economy, the results for the financial year under review improved over that of the preceding financial year. Logs segment which recorded increased sales volume and selling prices was the main contributor to the Group's results, with India and the People's Republic of China ("PRC") being the key export markets. Revenue achieved of US$729.0 million was 21.9% higher than that of the corresponding preceding financial year. With higher selling prices, gross profit also improved to 11.4% compared to 9.6% in the preceding financial year.

With higher volumes traded, operating expenses, principally distribution and administrative costs also correspondingly increased. An amount of US$6.1 million, being the pro-rated second deferred consideration payable to the vendors of Elegant Living companies was recognised as other operating expenses during the financial year under review. After recognising a gain of US$1.6 million from changes in fair value of plantation assets less estimated point-of-sale costs, profit from operations was US$21.7 million, an increase of 20.1% from the US$18.1 million recorded in the preceding financial year. Contribution from the Group's share of profits less losses of associates in the oil palm plantation business was higher at US$26.8 million compared to US$7.8 million in the preceding financial year as crude palm oil prices improved. These positive factors enabled the Group to achieve a profit before taxation of US$57.8 million, an improvement of US$28.7 million compared to the preceding financial year. After accounting for non-controlling interests of US$24.9 million, profit attributable to equity shareholders of the Company was US$20.7 million, compared to US$12.6 million in the preceding financial year. In terms of operating cash flow before changes in working capital, the Group achieved US$110.5 million which was 13.0% higher than that of the preceding financial year.

Review of Business Segment Results

Logs

Starting from 1 July 2010, the financial results of hardwood logs and upstream support which were reported as two separate operating segments in previous year financial statements are grouped and reported to the Group's most senior executive management as one single operating segment for the purpose of resources allocation and performance assessment.

Logs segment accounted for approximately 46.1% and 42.8% of total revenue for the financial year under review and the corresponding preceding financial year respectively. For the financial year under review, the logs segment contribution to the Group's revenue and gross profit was about US$336.2 million and US$46.0 million respectively.

The total volume of hardwood logs sold was 1.76 million cubic meters ("m^3"), 16.8% higher than that of the preceding financial year. Average export prices achieved was US$209.0 per m^3 which was US$51.5 per m^3 higher than the preceding financial year. Softwood logs showed a similar trend to hardwood logs with sales volume and average prices improving to 0.51 million m^3 and US$108.8 per m^3 respectively compared to 0.45 million m^3 and US$84.4 per m^3 in the preceding financial year.

Demand from India and the PRC remained stable. Both hardwood and softwood log export prices achieved were higher than the preceding financial year, with notably sharp price increases during the fourth quarter after the Japanese earthquake. This increase in log prices helped to cushion the impact of rising log extraction costs brought about by the increase in fuel prices.

With more favourable weather conditions, the Group, in order to capitalise on the higher prices, increased its log production volumes and sold higher volumes of hardwood logs and softwood logs. The increase in softwood log production was also in line with the maturity profile of the New Zealand forest.

For the financial year under review, sales to India accounted for about 31.9% of the Group's total log export revenue. Being a wood deficit country, demand for the imported harder wood species remained strong as construction activities remained robust with more housing needs, especially in the urban areas to cope with increased migration of the population to the cities. The PRC's demand for both hardwood and softwood logs remained firm as its economy recorded strong growth fuelling a boom in the housing and infrastructure sector, notwithstanding its Central government's implementation of various measures to curb overheating of its economy and to contain inflationary pressures. The Group exported 32.3% of its total log export sales to the PRC. Local sales for hardwood logs, mainly of the smaller diameter logs, were also higher by 43.4% compared to that of the preceding financial year.

Upstream support services involves the usage of a large and extensive fleet of machinery, vehicles and vessels at the forest operations. The Group continues to enhance its machine operational efficiency and equipment management to ensure that all machines and equipment are optimally utilised and minimising breakdowns. As spare parts and fuel makes up a significant percentage of extraction cost, the Group has kept a close watch in these two cost components including benchmarking to ensure that overall log extraction unit cost is well contained. To improve on overall machine productivity, capital expenditure totalling US$16.0 million was incurred in the financial year under review as part of a replacement programme to replace its older logging fleet.

In New Zealand, of which the Group has 25,246 hectares of planted radiata pine forest, road upgrading and other infrastructure works intensified in the financial year under review. This was part of the preparatory work in anticipation of higher harvest volumes of softwood logs in the coming financial years as the plantation matures. Going forward, this softwood plantation resource will provide a sustainable woodflow to complement the woodflow from the natural growing forest.

Plywood and Veneer

Plywood and veneer contributed 26.1% to the Group's total revenue for the financial year under review. Total external plywood sales for the financial year under review was 291,635 m^3 which was 15.8% lower than that achieved in the preceding financial year. However, average prices achieved was US$505.0 per m^3 compared to US$418.6 per m^3 in the preceding financial year.

Although housing starts in Japan have improved from the record lows in 2009, plywood sales remained lacklustre for the most part of the financial year as buyers were unwilling to commit to more volumes due to uncertainty. Demand and prices rose sharply after the Japanese earthquake in March 2011 but this upward trend eased off towards the end of the financial year under review as the timing of post-earthquake reconstruction activities remained unclear. The Group's total export volumes to Japan which accounted for 64.2% of the Group's total export plywood sales was 5.9% above that of the corresponding preceding financial year. To mitigate the depressed demand from Japan, the Group shifted focus to other markets, including Australia, which fetches higher prices.

In the financial year under review, the volume of veneer sold by the Group was 5.4% higher than the preceding financial year. Average prices also improved to US$312.1 per m^3 from US$279.3 per m^3 achieved in the preceding financial year. The Group increased its veneer production to capitalise on its demand by plywood producers who were not able to get sufficient log supplies during the rainy periods in Sarawak, Malaysia and were willing to pay higher prices for veneer. The Group utilised 29.6% of its veneer production in its plywood mills for further processing while the balance of 70.4% were exported or sold locally. The improvement in prices was mainly brought about by the increased focus on the production of higher valued face and back veneer and the co-related effects on veneer prices brought about by the spike in plywood prices after the Japanese earthquake.

The plywood and veneer segment reported gross profit margin of 1.3%, which improved over the negative margin of 2.8% in the preceding financial year. Even with this improvement, the Group continued to place emphasis on the cash cost of production to ensure that at all times on cash cost basis, gross profit is positive.

Flooring Products

In the financial year under review, the Group continued to increase on its flooring product sales through the PRC based Elegant Living group of companies. Revenue from external flooring sales improved to US$91.9 million, an increase of 58.4% compared to the preceding financial year. In terms of sales mix, 61% of the sales were from laminated flooring and the remaining was from engineered flooring and solid flooring. Although the flooring products market in the United States ("US") was still relatively week, this was largely mitigated by the strong domestic demand in the PRC, mainly for the still buoyant housing sector. The Group was also able to capture more market share through the opening of more distribution outlets, principally in the Western region of the PRC. The new laminate plant in Chengdu which was commissioned in November 2009 helped in increasing production capacity to meet the improving sales.

In terms of gross profits, the flooring products segment achieved US$16.0 million which was 37.6% higher than that of the preceding financial year. However gross profit margins at 17.4% was lower than the preceding financial year due to higher sales of laminated flooring which has lower margins in the financial year under review.

Other Operations

Other operations mainly comprise of the production and sale of housing products, kitchen cabinets and wood chip which are efforts by the Group to move further downstream into more value added products, using either the Group's primary product of plywood or wood waste from the plywood operations as production input. This segment also includes quarry operations, rubber retread compound and property investment operations.

Revenue from other operations increased by US$7.9 million, or approximately 7.7%, to US$110.9 million in the financial year under review from US$103.0 million in the preceding financial year. This increase was primarily due to the higher sales by the distribution company in Australia and the housing products division. In term of gross profit, other operations achieved US$18.4 million which was 1.7% higher than the preceding financial year.

Net Financing Income

The Group recorded a net financing income of US$4.2 million compared to US$0.1 million in the preceding financial year. The higher net financing income was principally due to the recognition of gain on changes in fair value of interest rate swap financial instruments.

Share of Profits less Losses of Associates

The Group recognised a profit of US$31.8 million as share of profits less losses of associates compared to a profit of US$9.2 million in the preceding financial year. The higher profit was primarily attributable to both higher operational profits and the effects of gain from the changes in fair value of oil palm plantation assets less estimated point-of-sale costs recognised by the associate involved in oil palm plantations due to higher crude palm oil prices.

Share of Profits less Losses of Jointly Controlled Entities

The Group recognised a loss of US$0.01 million as net share of profits less losses of jointly controlled entities compared to a profit of US$1.6 million in the preceding financial year. This decrease was primarily attributable to losses from the door and door facing manufacturing joint ventures, due to slowdown in demand which affected sales.

Income Tax

With the higher profit achieved during the financial year under review, the taxation charge of US$12.2 million was higher as compared to US$0.6 million in the preceding financial year. The taxation charge for the financial year included an under-provision of withholding tax arose from the interest income charged by the Company to a subsidiary in prior years of US$5.9 million.

Liquidity and Financial Resources

As at 30 June 2011, the Group's cash and bank balances amounted to US$126.0 million compared to US$156.5 million as at 30 June 2010.

The gearing ratio was 23.7% and 26.1% as at 30 June 2011 and 30 June 2010, respectively. The gearing ratio is derived by dividing the total of bank overdrafts, loans and obligations under finance leases by total assets. The gearing ratio remained relatively stable in the financial year under review compared to 30 June 2010.

Available facilities that were not drawn down as at 30 June 2011 amounted to US$50.3 million compared to US$42.5 million as at 30 June 2010. As at 30 June 2011, the Group has outstanding indebtedness of US$328.9 million compared to US$334.2 million as at 30 June 2010. Of the US$328.9 million of indebtedness, US$148.5 million is repayable within one year with the balance of US$180.4 million having a maturity of more than one year as presented below:

	US$ million
Within one year	148.5
After one year but within two years	42.6
After two years but within five years	133.7
After five years	4.1
Total	328.9

	US$ million
Secured	171.6
Unsecured	157.3
Total	328.9

The indebtedness carry interest rates ranging from 2.0% to 8.1%.

Employees

As at 30 June 2011, the Group employed a total of 12,953 employees. Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual evaluation.

Pursuant to the written resolutions passed by the shareholders of the Company on 2 February 2007 and the directors on 4 February 2007, the Company has conditionally adopted a share option scheme. As at 30 June 2011, there were no options granted to any employees.

Prospects and Future Plans

Demand drivers

The performance of the Group in the current financial year will depend much on recovery in Japan with the post-earthquake reconstruction activities and the continued strong demand of logs from the PRC and India.

When Japan's major reconstruction activities in areas affected by the earthquake and tsunami commences, it will require substantial volume of timber. Its effect on the timber demand and prices will much depend on the rate of reconstruction and if it is over a relative shorter duration, the impact will be more pronounced.

The PRC will continue to be a large importer for wood products globally. The Group experienced strong demand for its logs and flooring products from the PRC in the financial year under review and this is expected to continue in the current financial year, though it may be at a lower level. The rising level of affluence of the PRC's large population is expected to provide the impetus for the economy to remain relatively robust. To manage overheating in the housing sector, the Chinese government's tightening of credit, implementation of house purchase restrictions and planned construction of 36 million units of affordable housing will have an impact on demand but the extent of it will depend much on the resilience of this sector. India, with its growing economy, will continue to be a key buyer for the harder log species to meet the increasing demand for better housing as the population's standard of living improves. It is currently still forecasting relatively strong GDP growth, though reduced from earlier projections before the current economic situation set in.

Supply drivers

In terms of logs supply, it has generally increased especially with the spike in prices after the Japanese tsunami. However, we expect log supplies to be constrained in the long term as more government policies are introduced to limit the commercialisation of natural standing timber. The supply dynamics has seen Russian logs making a comeback especially to the PRC, competing with other exporting countries for market share. This situation may change further, depending on any future changes to be made to the Russian log export taxes with its admission to the World Trade Organization ("WTO"). For plywood, although Indonesia is currently not much of a threat, the PRC's plywood exports will continue to compete for market share.

Business strategies

The Group will continue to strengthen its core timber businesses, focusing on maximising the utilisation of its timber resources in the most efficient manner and enhancing its distribution network. Being an integrated Group, it has the ability to direct its resource to the business sector that maximises returns.

Operationally, the Group will continue to work on improving efficiency and the productivity of its workforce and of its plant and machinery, besides keeping a tight control over the cash cost of production. New factory equipment using the latest technologies will be acquired to increase the level of mechanisation of the production process. This will at the same time enhance the Group's product range as well as improving wood recovery. The programme for the replacement of logging equipment with new ones will be on-going to ensure that the Group has a relatively young and efficient fleet. To further boost the productivity of the workforce, incentive schemes are implemented to reward workers who meet or exceed an agreed performance indicator.

The Group will continue to build on and enlarge its distribution presence in Australia through Australian Wood Panels Group Pty. Ltd. and in PRC through the Elegant Living group of companies. Through these companies, the Group is able to distribute its wood products to a wider market besides being able to reach further down the supply chain to be closer to the end users. The Group's offices in India and Japan have also helped the Group to be able to respond faster to customer requirements in these countries.

Continue building resources

The Group has recognised the importance of forest plantation resource and maintaining a sustainable woodflow to meet the future requirements of downstream processing activities as an important part of the Group's strategic plan. This woodflow supply will be both from the natural forest as well as planted forest.

Recognising that the cost of extracting timber from the natural forest in concession areas, which currently produce about 2.6 million m^3 per annum, may become more expensive in the future, with extraction taking place in deeper areas of the forest, the Group has to date planted 45,655 hectares of plantation forest in New Zealand, Malaysia and the PRC. The plantation forest in New Zealand with about 25,246 hectares planted will be able to produce a sustained production of about 800,000 m^3 per annum in about 2 years time. This will supplement the woodflow from the natural forest.

The Group will continue to source for new concessions and plantations that will strategically fit into the Group's overall growth plans and provide the Group with synergistic advantages.

Final Dividend

The Board of Directors recommends the payment of a final dividend of 1.00 HK cents (equivalent to approximately 0.128 US cents) per share amounting to HK$43.0 million in respect of the financial year ended 30 June 2011 to shareholders whose names appear on the Register of Members of the Company on 16 November 2011. The proposed final dividend will be paid on 19 December 2011 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Closure of Register of Members

The register of members will be closed from 10 November 2011 to 16 November 2011, both days inclusive, during which period no transfer of shares will be registered for the purpose of ascertaining who is entitled to the final dividends and to attend the Company's Annual General Meeting to be held on 16 November 2011.

Book closure date (both days inclusive)	:	10 November 2011 to 16 November 2011
Latest time to lodge transfer with Registrar	:	at 4.30 p.m. on 9 November 2011
Address of Registrar	:	Computershare Hong Kong Investor Services Limited, 17M Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 19 August 2010, the Company entered into a Shares Subscription Agreement to subscribe 20,000,000 shares in Stone Tan China Holding Corporation ("Stone Tan"), representing 36.8% of equity interest in Stone Tan. Total consideration for the subscription of 20,000,000 shares amounted to US$20 million. The principal activity of Stone Tan and its subsidiaries is the provision of financial services in the PRC.

In June 2011, Stone Tan further allotted 10,869,565 new shares to other investors. The Group's equity interest in Stone Tan was diluted from 36.8% to 30.67% since the allotment of new shares.

On 23 March 2011, a subsidiary of the Group further purchased 2,180,000 shares, representing 1.91% equity interest, in Glenealy Plantations (Malaya) Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad, for a cash consideration of US$3.1 million.

Other than the above, the Group had no material acquisition or disposal of subsidiaries and associated companies during the financial year ended 30 June 2011.

Purchase, Sale or Redemption of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the financial year ended 30 June 2011.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Compliance with the Code on Corporate Governance Practices

The Board of Director is committed to maintaining its high standards of corporate governance based on its established corporate governance practices in accordance with the code provisions of corporate governance contained in the Code on Corporate Governance Practices ("the CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). The Board is accountable to the Company's shareholders good governance in directing and controlling the businesses of the Group.

The Board is pleased to report that the Company has been in full compliance with the code provisions and most of the recommended best practices in the CG Code throughout the financial year ended 30 June 2011 except for Code Provision A.4.1 in respect of the specific term of non-executive directors. The Code Provision A.4.1 has been met by the bye-laws requiring that in each annual general meeting of the Company, one-third of the directors retire from office by rotation so that every director shall be subject to retirement of at least once in every three years. The detailed biography of such Directors eligible for re-election will be stated in the notice of the general meeting.

The Board had received assurance from the Audit Committee that the system of internal control and internal audit function has been operating effectively during the financial year. The Audit Committee has reviewed the Group's preliminary results announcement and the draft financial statements for the financial year ended 30 June 2011.

The Audit Committee, Remuneration Committee, Nomination Committee and Independent Non-Executive Directors ("INED") Committee continued to discharge their duties and responsibilities in accordance with the authorities specified in its terms of reference, which are made available on the Company's website at *www.samling.com*.

In accordance with the arrangements disclosed in the Prospectus, the INED Committee is required to review whether or not to exercise any of the call options granted to the Company in respect of the Remaining Businesses held by the Controlling Shareholders of the Company under the Call Option agreement on a quarterly basis.

The INED Committee has reviewed the relevant information up to or as at 15 September 2011, and has decided not to exercise any of the call options granted to the Company under the Call Option agreement.

In accordance with the arrangements disclosed in the Prospectus, the INED is required to review whether or not to pursue or decline any investment or other commercial opportunity referred to the Company by the Controlling Shareholders of the Company under the non-competition agreement entered into between the Company and the Controlling Shareholders. No such investment or other commercial opportunity has been referred to the Company by the Controlling Shareholders of the Company for consideration by the INED Committee.

Scope of Work of KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2011 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year ended 30 June 2011 and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

Publication of Final Results and Annual Report

This results announcement is available for viewing at the website of Hong Kong Exchanges and Clearing Limited at *www.hkex.com.hk* and at the website of the Company at *www.samling.com*. The annual report will be dispatched to shareholders and published on the above websites as soon as practicable.

By Order of the Board of
Samling Global Limited
Chan Hua Eng
Chairman

Hong Kong, 22 September 2011

At the date of this announcement, the board of directors of Samling Global Limited comprises the following directors:

Executive Director
Yaw Chee Ming

Non-Executive Director
Chan Hua Eng

Independent Non-Executive Directors
David William Oskin
Tan Li Pin, Richard
Fung Ka Pun
Amirsham A Aziz