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 2007

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 2007, together with the comparative figures for the previous year.

Consolidated income statement
For the year ended 30 June 2007
(Expressed in United States dollars)

	Note	**2007**	2006
		$'000	$'000
Turnover	4	**561,223**	388,686
Cost of sales		**(410,834)**	(341,781)
Gross profit		**150,389**	46,905
Other operating income		**5,927**	2,780
Distribution costs		**(6,527)**	(4,536)
Administrative expenses		**(27,502)**	(17,157)
Other operating expenses		**(140)**	(1,538)
Gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs		**3,508**	(15,285)
Profit from operations		**125,655**	11,169
Financial income		**30,929**	6,876
Financial expenses		**(18,948)**	(22,377)
Net financing income/(costs)	5	**11,981**	(15,501)
Share of profit less losses of associates		**7,760**	1,317
Share of profit less losses of jointly control entities		**1,905**	2,816
Profit/(loss) before taxation	6	**147,301**	(199)
Income tax	7	**(16,420)**	1,745
Profit for the year		**130,881**	1,546
Attributable to:			
Equity holders of the Company		**98,430**	5,128
Minority interests		**32,451**	(3,582)
Profit for the year		**130,881**	1,546
Dividend attributable to the year:	8		
Interim dividend declared during the year		**-**	2,449
Final dividend proposed after the balance sheet date		**27,574**	-
		27,574	2,449
Earnings per shares (US cents)	9		
- Basic		**6.03**	0.17

Consolidated balance sheet
As at 30 June 2007
(Expressed in United States dollars)

	Note	**2007**	2006
		$'000	$'000
Non-current assets			
Property, plant and equipment, net	10		
- Investment properties		**9,940**	9,581
- Other property, plant and equipment		**415,246**	381,513
Construction in progress		**5,480**	1,963
Lease prepayments		**27,172**	26,504
Timber concessions		**28,945**	31,843
Goodwill		**671**	631
Plantation assets	11	**226,050**	165,299
Interest in associates		**54,675**	44,883
Interest in jointly controlled entities		**14,592**	15,345
Other investment		**32**	30
Deferred tax assets		**3,578**	3,642
Total non-current assets		**786,381**	681,234
Current assets			
Inventories	12	**110,512**	83,471
Trade and other receivables	13	**78,603**	97,261
Tax recoverable		**12,013**	9,390
Cash and cash equivalents	14	**326,542**	21,111
Total current assets		**527,670**	211,233
Total assets		**1,314,051**	892,467
Current liabilities			
Bank overdrafts, loans and borrowings	15	**103,782**	121,792
Finance lease liabilities		**29,222**	22,790
Bonds		**43,422**	-
Trade and other payables	16	**114,802**	186,258
Tax payable		**2,632**	1,842
		293,860	332,682
Net current assets/(liabilities)		**233,810**	(121,449)
Total assets less current liabilities		**1,020,191**	559,785
Non-current liabilities			
Bank loans and borrowings	15	**132,797**	129,241
Finance lease liabilities		**63,590**	55,509
Bonds		**-**	40,816
Deferred tax liabilities		**59,015**	47,899
Total non-current liabilities		**255,402**	273,465
Total liabilities		**549,262**	606,147

Consolidated balance sheet
As at 30 June 2007(continued)
(Expressed in United States dollars)

	2007	2006
Equity	**$'000**	$'000
Share capital	**430,174**	979
Reserves	**168,601**	166,449
Equity attributable to equity holders of the Company	**598,775**	167,428
Minority interests	**166,014**	118,892
Total equity	**764,789**	286,320
Total liabilities and equity	**1,314,051**	892,467

Consolidated statement of changes in equity
For the year ended 30 June 2007
(Expressed in United States dollars)

	Attributable to equity holders of the Company									
	Share capital $'000	Share premium $'000	Currency translation reserve $'000	Revaluation reserve $'000	Other reserve $'000	Capital reserve $'000	Retained earnings $'000	Sub-total $'000	Minority interests $'000	Total equity $'000
At 1 July 2005	50,442	113,753	20,200	6,673	5,031	-	51,689	247,788	207,182	454,970
Issue of shares, net of issue expenses	967	72,276	-	-	-	40,477	-	113,720	-	113,720
Currency translation differences	-	-	174	-	-	-	-	174	(4,747)	(4,573)
Profit for the year	-	-	-	-	-	-	5,128	5,128	(3,582)	1,546
Dividends declared and paid	-	-	-	-	-	-	(2,849)	(2,849)	(2,185)	(5,034)
Acquisition of additional interest in a subsidiary	-	-	-	-	22,725	-	-	22,725	(58,656)	(35,931)
Arising from Reorganisation	(50,430)	(113,753)	(3,778)	-	(60,858)	-	9,561	(219,258)	(19,120)	(238,378)
At 30 June 2006	979	72,276	16,596	6,673	(33,102)	40,477	63,529	167,428	118,892	286,320
At 1 July 2006	**979**	**72,276**	**16,596**	**6,673**	**(33,102)**	**40,477**	**63,529**	**167,428**	**118,892**	**286,320**
Issue of additional shares pursuant to Reorganisation and Further Acquisitions	**308,445**	**18,998**	**-**	**-**	**(269,252)**	**(40,477)**	**-**	**17,714**	**-**	**17,714**
Issue of shares pursuant to global offering, net of issue expenses	**120,750**	**170,646**	**-**	**-**	**-**	**-**	**-**	**291,396**	**-**	**291,396**
Currency translation differences	**-**	**-**	**23,807**	**-**	**-**	**-**	**-**	**23,807**	**17,317**	**41,124**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**98,430**	**98,430**	**32,451**	**130,881**
Dividends declared and paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,646)**	**(2,646)**
At 30 June 2007	**430,174**	**261,920**	**40,403**	**6,673**	**(302,354)**	**-**	**161,959**	**598,775**	**166,014**	**764,789**

Notes to the consolidated financial statements

1 General information and basis of presentation

The Company was incorporated in Bermuda on 27 June 2005 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). Pursuant to a group reorganisation (the "Reorganisation") of the timber and forestry related businesses of Datuk Yaw Teck Seng, Yaw Chee Ming, Yaw Holding Sdn. Bhd., Samling Strategic Corporation Sdn. Bhd., and companies controlled by them in Malaysia, Guyana and New Zealand which was completed on 30 June 2006, and the acquisitions of equity interests in several companies from third parties ("the Further Acquisitions") in preparation for the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation and the Further Acquisitions are set out in Appendix VIII to the Company's prospectus dated 23 February 20007. The Company's shares were listed on the Main Board of SEHK on 7 March 2007.

The Group is regarded as a continuing entity resulting from the Reorganisation and has been accounted for on the basis of merger accounting. The consolidated financial statements have been prepared on the basis that the Company is the holding company of the Group for both years presented, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation. Accordingly, the consolidated results of the Group for the year ended 30 June 2006 include the results of the Company and its subsidiaries as if the current group structure had been in existence throughout the years presented. All material intra-group transactions and balances have been eliminated on consolidation.

2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which include International Accounting Standards ("IAS") and related interpretations, promulgated by the International Accounting Standards Board ("IASB").

These 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 SEHK.

The IASB has issued certain new and revised IFRSs which are effective for accounting periods on or after 1 January 2006. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies applied in these financial ststements for the years presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Segment reporting

Business segments

Segment information is presented in respect of the Group's business segments, which are the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure.

	2007						
	Logs	**Plywood and veneer**	**Upstream support**	**Other timber operations**	**Other operations**	**Eliminations**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	**172,563**	**336,631**	**16,131**	**26,716**	**9,182**	**-**	**561,223**
Inter-segment revenue	**86,161**	**25,108**	**190,952**	**2,534**	**3,751**	**(308,506)**	**-**
Total revenue	**258,724**	**361,739**	**207,083**	**29,250**	**12,933**	**(308,506)**	**561,223**
Cost of sales	**(199,672)**	**(287,539)**	**(193,699)**	**(28,070)**	**(10,360)**	**308,506**	**(410,834)**
Other income and expenses	**(4,809)**	**(11,000)**	**(4,657)**	**(3,276)**	**(4,500)**	**-**	**(28,242)**
Segment result before changes in fair value of plantation assets	**54,243**	**63,200**	**8,727**	**(2,096)**	**(1,927)**	**-**	**122,147**
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	**3,508**	**-**	**-**	**-**	**-**	**-**	**3,508**
Segment result	**57,751**	**63,200**	**8,727**	**(2,096)**	**(1,927)**	**-**	**125,655**
Net financing income							**11,981**
Share of profits less losses of associates and jointly controlled entities	**-**	**-**	**-**	**2,570**	**7,095**	**-**	**9,665**
Income tax							**(16,420)**
Profit for the year							**130,881**
Segment assets	**358,829**	**311,770**	**173,313**	**51,387**	**26,373**	**-**	**921,672**
Interest in associates and jointly controlled entities	**-**	**-**	**-**	**18,085**	**51,182**	**-**	**69,267**
Unallocated assets							**323,112**
Total assets							**1,314,051**
Segment liabilities	**80,620**	**98,360**	**185,831**	**16,773**	**12,219**	**-**	**393,803**
Unallocated liabilities							**155,459**
Total liabilities							**549,262**
Capital expenditure	**32,393**	**23,809**	**40,193**	**1,918**	**324**	**-**	**98,637**
Depreciation and amortisation	**15,901**	**18,340**	**26,590**	**1,925**	**2,111**	**-**	**64,867**
Non-cash expenses other than depreciation and amortisation	**2,591**	**-**	**-**	**104**	**12**	**-**	**2,707**

3 Segment reporting (continued)

Business segments

	2006						
	Logs	Plywood and veneer	Upstream support	Other timber operations	Other operations	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	121,124	207,547	22,060	29,298	8,657	-	388,686
Inter-segment revenue	55,731	19,478	133,514	1,549	1,285	(211,557)	-
Total revenue	176,855	227,025	155,574	30,847	9,942	(211,557)	388,686
Cost of sales	(147,312)	(212,638)	(158,023)	(27,320)	(8,045)	211,557	(341,781)
Other income and expenses	(1,786)	(7,741)	(5,976)	(1,861)	(3,087)	-	(20,451)
Segment result before changes in fair value of plantation assets	27,757	6,646	(8,425)	1,666	(1,190)	-	26,454
Loss from changes in fair value of plantation assets less estimated point-of-sale costs	(15,285)	-	-	-	-	-	(15,285)
Segment result	12,472	6,646	(8,425)	1,666	(1,190)	-	11,169
Net financing costs							(15,501)
Share of profits less losses of associates and jointly control entities	-	-	-	2,565	1,568	-	4,133
Income tax							1,745
Profit for the year							1,546
Segment assets	294,413	282,913	147,912	52,165	32,143	-	809,546
Interest in associates and jointly controlled entities	-	-	-	17,956	42,272	-	60,228
Unallocated assets							22,693
Total assets							892,467
Segment liabilities	96,390	94,024	192,609	24,048	41,802	-	448,873
Unallocated liabilities							157,274
Total liabilities							606,147
Capital expenditure	26,936	29,174	47,137	623	11,639	-	115,509
Depreciation and amortisation	10,335	16,703	21,646	2,711	1,505	-	52,900
Non-cash expenses other than depreciation and amortisation	1,056	-	-	74	-	-	1,130

3 Segment reporting (continued)

Geographical segments

All the segments are primarily managed and operated in Malaysia, Guyana, New Zealand and China (including Hong Kong and Taiwan). In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are based on the geographical location of the assets.

	2007							
	Malaysia	**Guyana**	**New Zealand**	**China**	**Japan**	**North America**	**Other regions**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	**81,051**	**5,097**	**1,803**	**109,996**	**172,963**	**56,370**	**133,943**	**561,223**
Segment assets	**569,334**	**69,529**	**257,354**	**24,372**	**-**	**1,083**	**-**	**921,672**
Capital expenditure	**67,537**	**15,792**	**14,533**	**775**	**-**	**-**	**-**	**98,637**

	2006							
	Malaysia	Guyana	New Zealand	China	Japan	North America	Other regions	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	78,913	4,569	2,407	60,384	101,711	46,881	93,821	388,686
Segment assets	547,298	53,105	190,834	18,309	-	-	-	809,546
Capital expenditure	90,438	10,957	14,114	-	-	-	-	115,509

4 Turnover

Turnover 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 machineries services. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2007	2006
	$'000	$'000
Sales of goods	**545,092**	366,626
Revenue from provision of services	**16,131**	22,060
	561,223	388,686

5 Net financing income/(costs)

	2007	2006
	$'000	$'000
Interest on loans from banks and other borrowings	**(26,657)**	(22,902)
Less: Borrowing costs capitalised into plantation assets (note 11)	**8,368**	8,046
Interest expense	**(18,289)**	(14,856)
Net loss on change in fair value of financial instruments	**(659)**	-
Foreign exchange losses	**-**	(7,521)
Financial expenses	**(18,948)**	(22,377)
Interest income	**19,248**	4,444
Net gain on change in fair value of financial instruments	**-**	2,432
Foreign exchange gains	**11,681**	-
Financial income	**30,929**	6,876
	11,981	(15,501)

Borrowing costs have been capitalised at a rate of 5.29% to 7.78% per annum (2006: 5.12% to 8.11%).

6 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

	2007	2006
	$'000	$'000
Depreciation	**59,669**	50,613
Less: Depreciation capitalised as plantation assets	**(274)**	(221)
	59,395	50,392
Amortisation of lease prepayments	**669**	729
Amortisation of timber concessions	**4,803**	1,779

7 Income tax

	2007	2006
	$'000	$'000
Current tax		
Current year	**13,170**	5,310
(Over)/under - provision in respect of prior years	**(1,167)**	1,073
	12,003	6,383
Deferred tax		
Origination and reversal of temporary differences	**5,621**	(8,128)
Reduction in tax rate (note (c))	**(1,204)**	-
	4,417	(8,128)
Total income tax expense/(credit) in consolidated income statement	**16,420**	(1,745)

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

(b) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax during the years ended 30 June 2007 and 2006.

(c) Pursuant to the income tax rules and regulations of Malaysia, the companies comprising the Group in Malaysia are liable to Malaysian income tax at a rate of 28% during the year ended 30 June 2006. In September 2006, the Malaysian government announced a reduction in the income tax rate from 28% to 27% for the year of assessment 2007 and from 27% to 26% for the year of assessment 2008. Accordingly, the provision for Malaysian income tax for the year ended 30 June 30 2007 is calculated at 27% of the estimated assessable profits for the year.

(d) The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45%. One of the subsidiaries of the Group in Guyana was granted a tax holiday period for 5 years by the Ministry of Finance of Guyana from March 2005. No provision for Guyana income tax has been made as the subsidiaries either did not have assessable profits subject to Guyana income tax during the years ended 30 June 2007 and 2006 or was exempted from income tax.

(e) The subsidiaries in New Zealand are liable to New Zealand income tax at a rate of 33%. No provision for New Zealand income tax has been made as the subsidiaries did not have assessable profits subject to New Zealand income tax during the years ended 30 June 2007 and 2006. In May 2007, the New Zealand government announced a reduction in the income tax rate from 33% to 30% for the year of assessment 2008/2009.

(f) Pursuant to the approval obtained from the relevant People's Republic of China ("PRC") tax authorities, the subsidiaries in the PRC are entitled to a tax concession period whereby the subsidiaries are fully exempted from PRC enterprise income tax for the two years starting from its first profit-making year, followed by a 50% reduction in the PRC enterprise income tax for the next three years. The standard income tax rate in the PRC is 33%.

7 Income tax (continued)

(f) (continued)

The first profit-making year of Foothill LVL & Plywood (Cangshan) Co., Ltd. ("Foothill"), a subsidiary acquired by the Group on 29 June 2006, was 2003. Foothill was fully exempted from PRC enterprise income tax from 1 January 2003 to 31 December 2004 and subject to a preferential tax rate of 15% from 1 January 2005 to 31 December 2007.

Being a production oriented enterprise in the Nantong Economic Development Zone of the PRC, Riverside Plywood Corporation ("Riverside"), a subsidiary acquired by the Group on 29 June 2006, was entitled to a preferential PRC enterprise income tax rate of 15%. The first profit-making year of Riverside was 2004. Riverside was fully exempted from PRC enterprise income tax from 1 January 2004 to 31 December 2005 and subject to a preferential tax rate of 7.5% from 1 January 2006 to 31 December 2008.

According to the income tax law that was passed at the plenary session of the Tenth National People's Congress of the PRC, the standard income tax rate is changed from 33% to 25% effective from 1 January 2008.

8 Dividends

Dividends for the year ended 30 June 2006 represent dividends declared by subsidiaries of the Company to their then shareholders.

(a) Dividend attributable to the year

	2007	2006
	$'000	$'000
Interim dividend declared and paid:		
Syarikat Samling Timber Sdn. Bhd.	**-**	1,361
Samling Housing Products Sdn. Bhd.	**-**	1,088
	-	2,449
Final dividend proposed after balance sheet date of 0.641 US cents (2006: Nil US cents) per share	**27,574**	-
	27,574	2,449

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

	2007	2006
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the year	**-**	2,500

9 Earnings per share

The calculation of basic earnings per share for the year ended 30 June 2007 is based on the profit attributable to equity holders of the Company for the year of $98,430,000 and the weighted average number of 1,633,531,000 shares in issue during the year, calculated as follow:

Weighted average number of ordinary shares :

	'000
Issued ordinary share at 1 July 2006	**979**
Effect of shares subdivision	**3,549**
Effect of issue of additional shares pursuant to Reorganisation and Further Acquisitions	**1,242,229**
Effect of issue of shares pursuant to global offering	**386,774**
Weighted average number of ordinary shares at 30 June 2007	**1,633,531**

The calculation of basic earnings per share for the year ended 30 June 2006 was based on the profit attributable to equity holders of the Company for the year of $5,128,000 and the 3,094,236,830 shares in issue as at the date of the prospectus of 23 February 2007, as if the shares were outstanding throughout the year.

There were no dilutive potential ordinary shares during the years ended 30 June 2007 and 2006 and, therefore, diluted earnings per share are not presented.

10 Property, plant and equipment, net

(a) Acquisition and disposal

During the year ended 30 June 2007, the Group acquired property, plant and equipment with an aggregate cost of $78,122,000 (2006: $96,605,000). Items of property, plant and equipment with a net book value of $11,609,000 were disposed of during the year ended 30 June 2007 (2006: $7,652,000), resulting in a gain on disposal of $3,880,000 (2006: $667,000).

(b) Certain leasehold land and buildings, and plant and machinery and equipment are pledged to banks for certain banking facilities granted to the Group as disclosed in note 15.

11 Plantation assets

Included in additions to the Group's plantation assets are interest capitalised of $8,368,000 (2006: $8,046,000), and depreciation of property, plant and equipment of $274,000 (2006: $221,000) for the year ended 30 June 2007.

A significant portion of trees in New Zealand are planted on freehold forest and a small portion on leasehold forest with 79 years term, expiring in 2060. The Group has been granted 6 plantation licences for a gross area of approximately 438,000 hectares of planted forest in Malaysia. The licences are for 60 years, the earliest of which expires in December 2058.

11 Plantation assets (continued)

At 30 June 2007, plantation assets represent standing timber planted by the Group and comprise approximately 38,927 (2006: 35,714) hectares of tree plantations, which range from newly established plantations to plantations that are 27 years old. During the year ended 30 June 2007, the Group harvested approximately 91,677 m3 (2006: 95,608 m3) of wood, which had a fair value less estimated point-of-sale costs of $2,660,000 (2006: $1,056,000) at the date of harvest.

The Group's plantation assets in Malaysia and New Zealand were independently valued by Pöyry Forest Industry Pte Ltd ("Pöyry") and Chandler Fraser Keating Limited ("CFK"), respectively. In view of the non-availability of market value for trees in New Zealand and Malaysia, 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 8.5% (2006: 8.5%) for plantation assets in New Zealand and 10.2% (2006: 10.2%) for plantation assets in Malaysia for the year applied to pre-tax cash flows to provide a current market 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 published discount rates, 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. In the absence of forest sales transactions in Malaysia, the discount rate used in Malaysia was based on the weighted average cost of capital which recognises the weighted average cost of debt funded capital and equity capital.

The principal valuation methodology and assumptions adopted 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 income taxation 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 costs improvements in future operations.

Certain plantation assets are pledged to banks for certain banking facilities granted to the Group as disclosed in note 15.

12 Inventories

	2007	2006
	$'000	$'000
Timber logs	**31,546**	18,916
Raw materials	**9,394**	6,767
Work-in-progress	**13,506**	8,867
Manufactured inventories	**27,881**	17,849
Stores and consumables	**28,185**	31,072
	110,512	83,471

13 Trade and other receivables

	2007	2006
	$'000	$'000
Trade receivables	**47,372**	47,478
Prepayments, deposits and other receivables	**31,231**	24,600
Amounts due from related parties	**-**	25,183
	78,603	97,261

Amounts due from related parties comprised advances, which were unsecured, interest free and recoverable on demand.

Included in trade receivables are amounts due from related parties of $18,356,000 and $13,777,000 as at 30 June 2007 and 2006, respectively.

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:

	2007	2006
	$'000	$'000
Within 30 days	**22,454**	24,505
31-60 days	**3,486**	5,192
61-90 days	**4,800**	5,201
91-180 days	**5,817**	6,157
181-365 days	**5,796**	2,673
1-2 years	**2,735**	3,198
Over 2 years	**2,284**	552
	47,372	47,478

14 Cash and cash equivalents

	2007	2006
	$'000	$'000
Deposits	**310,789**	9,975
Cash at bank and in hand	**15,753**	11,136
Cash and cash equivalents in the consolidated balance sheet	**326,542**	21,111
Bank overdrafts	**(21,981)**	(28,540)
Fixed deposits and bank balances held as security	**(9,153)**	(9,664)
Cash and cash equivalents in the consolidated statement	**295,408**	(17,093)

15 Bank overdrafts, loans and borrowings

(a) Bank overdrafts, loans and borrowings

The bank overdrafts, loans and borrowings were repayable as follows:

	2007	2006
	$'000	$'000
Within 1 year or on demand	**103,782**	121,792
After 1 year but within 2 years	**14,136**	10,932
After 2 years but within 5 years	**42,542**	34,156
After 5 years	**76,119**	84,153
	132,797	129,241
	236,579	251,033

The bank overdrafts, loans and borrowings were secured as follows:

	2007	2006
	$'000	$'000
Overdrafts		
- unsecured	**20,195**	16,435
- secured	**1,786**	12,105
	21,981	28,540
Bank loans and borrowings		
- unsecured	**123,221**	94,121
- secured	**91,377**	128,372
	214,598	222,493
	236,579	251,033

15 Bank overdrafts, loans and borrowings (continued)

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

	2007	2006
	$'000	$'000
Property, plant and equipment	**55,309**	35,634
Lease prepayments	**2,967**	1,462
Plantation assets	**214,327**	157,545
Cash and cash equivalents	**9,153**	9,664
	281,756	204,305

The banking facilities of the Group amounted to $271,243,000 and $282,327,000, and were utilised to the extent of $236,579,000 and $251,033,000 at 30 June 2007 and 2006, respectively.

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. As at 30 June 2007 and 2006, none of the covenants relating to drawn down facilities had been breached.

16 Trade and other payables

	2007	2006
	$'000	$'000
Trade payables	**47,652**	67,824
Other payables	**35,886**	32,211
Accrued expenses	**31,264**	36,784
Amounts due to related parties	**-**	49,439
	114,802	186,258

Amounts due to related parties were unsecured, interest free and repayable on demand.

Included in trade payables are amounts due to related parties of $6,935,000 and $10,818,000 as at 30 June 2007 and 2006, respectively.

An ageing analysis of trade payables is as follows:

	2007	2006
	$'000	$'000
Within 30 days	**20,613**	18,070
31-60 days	**7,737**	8,950
61-90 days	**4,929**	6,403
91-180 days	**3,790**	9,978
181-365 days	**6,044**	13,264
1-2 years	**1,059**	10,856
Over 2 years	**3,480**	303
	47,652	67,824

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Highlights

Segment Revenue	Logs US$'000	Plywood and Veneer US$'000	Upstream Support US$'000	Other Timber Operations US$'000	Other Operations US$'000	Elimination US$'000	Consolidated US$'000
2007							
External customers	172,563	336,631	16,131	26,716	9,182	-	561,223
Inter-segment revenue	86,161	25,108	190,952	2,534	3,751	(308,506)	-
Total revenue	258,724	361,739	207,083	29,250	12,933	(308,506)	561,223
2006							
External customers	121,124	207,547	22,060	29,298	8,657	-	388,686
Inter-segment revenue	55,731	19,478	133,514	1,549	1,285	(211,557)	-
Total revenue	176,855	227,025	155,574	30,847	9,942	(211,557)	388,686

Segment Gross Profit	Logs	Plywood and Veneer	Upstream Support	Other Timber Operations	Other Operations	Elimination	Consolidated
2007	59,052	74,200	13,384	1,180	2,573		150,389
Percentage of segment contribution (%)	*39.3*	*49.3*	*8.9*	*0.8*	*1.7*		*100.0*
2006	29,543	14,387	(2,449)	3,527	1,897		46,905
Percentage of segment contribution (%)	*63.0*	*30.7*	*(5.2)*	*7.5*	*4.0*		*100.0*

Profit Attributable to Equity Holders of the Company

	2007 US$'000	2006 US$'000
Gross profit	150,389	46,905
Other expenses net of other income before gain/(loss) from changes in fair value of plantation assets less estimated point of sale costs	(28,242)	(20,451)
Gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs	3,508	(15,285)
Profit from operations	125,655	11,169
Net financing income/(costs)	11,981	(15,501)
Share of profits less losses of associates and jointly controlled entities	9,665	4,133
Income tax	(16,420)	1,745
Profit for the year	130,881	1,546
Minority interest	(32,451)	3,582
Profit attributable to equity holders of the Company	98,430	5,128

Review of Group Results

For the financial year under review, the Group achieved a turnover of US$561.2 million representing a 44.4% increase from the turnover of US$388.7 million achieved in the preceding financial year. This increase was primarily attributable to an increase in revenue from log, plywood and veneer sales which benefited from improved selling prices and increased sales volume.

Gross profit has correspondingly increased to US$150.4 million from US$46.9 million achieved in the preceding financial year. Principally as a result of the improved selling prices, gross profit margin has increased to 26.8% compared to 12.1% for the preceding financial year. Concurrently, other expenses net of other income has increased to US$28.2 million, which was 38.1% higher than the preceding financial year. After recognizing a gain of US$3.5 million from changes in fair value of plantation assets less estimated point-of-sale costs, profit from operations was US$125.7 million, a significant improvement from the US$11.2 million recorded in the preceding financial year. After accounting for net financing income of US$12.0 million and higher share of profits less losses of associates and jointly controlled entities of US$9.7 million, profits attributable to shareholders was US$98.4 million which was above the US$72.2 million forecasted in the initial public offering prospectus. On an earnings before income tax, depreciation and amortization and gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs ("EBITDA") basis, the Group achieved US$196.7 million which was 135.6% higher than that of the preceding financial year

Review of Business Segment Results

Logs Trading

Log trading is a major contributor to turnover. It accounted for approximately 30.7% and 31.2% of total turnover for the financial year under review and the preceding financial year respectively. The following table shows selected operating and financial data with respect to our sales volume, weighted average price and revenue of logs sold, including inter-company log sales.

		Year ended 30 June 2007			Year ended 30 June 2006	
	Sales Volume m3	Weighted Average US$/m3	Revenue US$'000	Sales volume m3	Weighted average US$/m3	Revenue US$'000
Hardwood logs - export sales	792,995	*168.71*	133,785	595,008	*143.39*	85,317
Hardwood logs - local sales	345,345	*93.44*	32,269	377,760	*78.37*	29,603
Softwood logs - export sales	67,132	*70.10*	4,706	67,804	*55.98*	3,796
Softwood logs - local sales	22,997	*78.40*	1,803	33,892	*71.05*	2,408
Total external log sales	1,228,469	*140.47*	172,563	1,074,464	*112.73*	121,124
Internal log sales (i)	979,548	*87.96*	86,161	755,440	*73.77*	55,731
Total log sales	2,208,017	*117.17*	258,724	1,829,904	*96.65*	176,855

(i) Internal log sales do not include logs consumed by the downstream mills where the mill and forest concession from which the logs were extracted are held by the same company.

The Group sold 1.14 million cubic meters (“m3”) of hardwood logs and 90,129 m3 of softwood logs which was 17.0% higher and 11.4% lower respectively than the preceding financial year.

The volume of hardwood logs sold represents approximately 42.7% of total hardwood logs extracted with the balance being processed in the Group’s downstream mills. Compared to the preceding financial year when logging operations in East Malaysia were hampered by prolonged adverse weather conditions which resulted in lower volumes of logs being extracted, the weather returned back to normal in the financial year under review. As a result the volumes of logs extracted from East Malaysia increased, resulting in a higher volume of logs being available for sale. In Guyana, the Group continued to ramp up its log extraction with greater acceptance by buyers of the various hardwood species that are extracted from its forest. To ensure that returns from logs are maximized, there was constant coordination between the log marketing team and the plywood mills to determine the best use of the logs, either by a direct sale or to be used in the mills to manufacture value added products. The average hardwood log prices achieved for the financial year under review was US$145.9 per m3 compared to US$118.1 per m3 achieved for the preceding financial year.

The 90,129 m3 of softwood logs sold were from the Group’s maturing radiata pine tree plantations in New Zealand. Plans to ramp up the woodflows in New Zealand to a sustainable level of 800,000 m3 is progressing as scheduled with the necessary preparatory works being done especially on road construction and infrastructural development. The average softwood log prices achieved of US$72.2 per m3 was 18.4% higher than that of the preceding financial year.

Strong demand from the Group’s traditional markets of China and Japan as well as India becoming a major buyer and the effects of a lower log supply situation resulted in a significant increase in prices, especially hardwood logs. China, with its strong economic growth driving an increase in construction and infrastructure development activities remains the largest importer of both tropical hardwood and softwood logs. Logs demand has grown as wood manufacturing plants were built or expanded to meet the increase in demand for wood products. Partly due to the Natural Forest Protection Program, these plants have to source its requirements through imports as local resources were unable to cope with their demand. Zero tariff on imported logs further encouraged log imports. The Group sold 34.6% of its log exports to China. In Japan, the improved housing starts augured well for log exports, both hardwood and softwood logs, as Japan normally sources for the best quality logs at premium prices for its domestic consumption. The Group sold 14.9% of its log exports to Japan. The Group continued on its strategy to maintain strong ties with its Japanese customers, meeting their requirements not only in terms of quality but also consistency and timeliness of supply. As the Indian economy expands, log demand has also increased especially for the harder species which fetches higher prices, which is the preference for flooring, furniture and construction industry. The Group sells its harder species from both Malaysia and Guyana to India which accounts for 17.3% of its total log exports. On the supply side, the volume of hardwood logs available in the market has generally fallen due to constriction of available tropical forest areas and a decrease in supplies from Indonesia with stricter enforcement efforts by the Indonesian government to curb illegal logging taking its effect. For softwood logs, Russia still supplies a significant volume to the market, especially to China, but with the recent announcement of the step up increase in export taxes, a certain level of uncertainty on the supply from this source has entered the market.

In line with the significant improvement in selling prices and the higher volumes sold, gross profits from log trading improved from US$29.5 million in the preceding financial year to US$59.1 million for the financial year under review. Gross profit margin also improved to 22.8% from 16.7% in the preceding financial year.

The changes in fair value of plantation assets less estimated point-of-sale costs was a gain of US$3.5 million compared to a loss of US$15.3 million from the previous financial year. The change for the current financial year was due to higher prices as at the end of the financial year and the growth of the planted trees.

At the operating profit level, the log trading segment recorded a profit of US$57.8 million which is 363.0% higher than the US$12.5 million achieved in the previous financial year end.

Besides practicing sustainable forest management to ensure a sustained supply of logs from the natural forests which the Group operates in, the Group has also incurred costs amounting to US$8.1 million to tend and expand its forest plantation areas. The New Zealand radiata pine plantation with a planted area of 26,274 hectares is continuously maintained and pruned to ensure that it provides the highest percentage of clear pruned logs when harvested. It is a strategic long term asset that will complement the Group’s hardwood resource. In Malaysia, an additional 3,284 hectares were planted with acacia, khaya and rubberwood species in the financial year under review. This wood resource will complement the sustainable wood resource from the natural forest in East Malaysia in the future.

Plywood and Veneer

Plywood and veneer was the largest contributor to turnover for the financial year under review and the preceding financial year, accounting for 60.0% and 53.4% of total turnover respectively. The following table shows selected operating and financial data with respect to our sales volume, weighted average price and revenue of plywood and veneer sold, including inter-company sales.

Plywood

	Year ended 30 June 2007			Year ended 30 June 2006		
	Sales volume m3	Weighted average US$/m3	Revenue US$'000	Sales volume m3	Weighted average US$/m3	Revenue US$'000
Plywood- export sales	580,921	*470.26*	273,185	451,837	*370.39*	167,355
Plywood- local sales	34,249	*347.78*	11,911	28,872	*291.56*	8,418
Total external plywood sales	615,170	*463.44*	285,096	480,709	*365.66*	175,773
Internal plywood sales	5,790	*455.96*	2,640	6,814	*401.38*	2,736
Total plywood sales	620,960	*463.37*	287,736	487,523	*366.16*	178,509

Veneer

	Year ended 30 June 2007			Year ended 30 June 2006		
	Sales volume m3	Weighted average US$/m3	Revenue US$'000	Sales volume m3	Weighted average US$/m3	Revenue US$'000
Veneer- export sales	99,175	*338.58*	33,579	78,495	*259.43*	20,364
Veneer- local sales	62,193	*288.71*	17,956	51,137	*223.13*	11,410
Total external veneer sales	161,368	*319.36*	51,535	129,632	*245.11*	31,774
Internal veneer sales	72,334	*310.61*	22,468	63,544	*263.47*	16,742
Total veneer sales	233,702	*316.66*	74,003	193,176	*251.15*	48,516

The Group sold 615,170 m3 of plywood and 161,368 m3 of veneer to external parties which when compared to 480,709 m3 of plywood and 129,632 m3 of veneer sold in the previous financial year was a 28.0% and 24.5% improvement respectively.

The improvement in volumes of plywood sold was due to various factors. To capitalize on the surge on plywood prices, production levels were ramped up and this effort was complemented by increased logs availability as improved weather conditions in Sarawak enable the extraction of a higher volume of logs from the Group's forest resources. Further the Group has the benefit of a full year of production from the plywood mill in Sibu, Sarawak which for the previous financial year has 6 months of production as it commenced operations in January 2006. The Group's plywood plant in Guyana also recorded an improvement in volumes.

Plywood recorded a significant rise in prices with exported plywood rising by as much as 27.0% compared to the preceding financial year. The Group sold 49.6% of its total plywood sales to Japan which was key factor for the surge in plywood prices, although there was a slight softening towards the end of the financial year under review due to an overstocked position by Japanese traders. The demand for timber has remained fairly stable in Japan in spite of the slowdown in housing starts towards the end of the financial year under review. Japan buys and also produces a sizeable amount of combi-plywood which has a softwood component in its construction to meet its requirements but the demand for hardwood plywood remained strong due to its intrinsic strengths and properties. Although the USA housing market has softened with rising interest rates and the sub-prime lending situation, it continues to be a key market for the Group accounting for 19.2% of total plywood sales. The Group continues to sell various products like thin ply and jumbo plywood to the USA. With its wide customer base, the Group has been able to divert sales from the USA to other markets following the softening of the US housing and construction sector. China remains as a competitor in the plywood market, being the third largest exporter of plywood after Malaysia and Indonesia. However, its continued economic growth which fuelled the expansion of the construction industry provided the necessary domestic demand for plywood keeping plywood prices at current levels. The Group sold 8.6% of its total plywood sales to China. The rise in plywood prices in the financial year under review was also attributed to the tight log supply situation and the containment in illegal logging, especially in Indonesia. As a consequence of the log supply situation, the production of plywood in Indonesia has declined due to underutilization of capacities due to shortage of logs, thereby, affecting the supply of plywood into the market.

The Group has 4 veneer mills, constructed from 2003 to 2005, which are located near to the forest resource to peel fresh logs that are just harvested to maximize log recovery. The location of the mills also reduces overall cost per m3 of veneer as only the peeled veneer is transported down from the forest for sale. The improvement in the volumes of veneer sold was mainly attributable to the increased production in these 4 plants utilizing salvage logs from the plantation areas as inputs.

Veneer prices, in line with the surge in logs and plywood prices, also recorded a significant percentage increase. Export prices, which average US$259.4 per m3 for the preceding financial year, rose to an average of US$338.6 per m3 for the financial year under review. The Group's veneer products were sold mainly to domestic plywood mills and to Taiwan. The focus of the Group is to maximize extraction of higher face and back veneer, which has a higher selling price. The Group also processed some veneer in its plywood mills for certain customers.

The Group's plywood and veneer division were affected by higher log, glue and other processing costs which affected the cost of production per m3. However, the impact of this cost per m3 increase was offset by the positive price trend and as a result gross profit margin improved to 20.5% from 6.3% in the preceding financial year.

Due to the higher volumes of plywood and veneer sold and the effects of a higher gross profit margin, the gross profit of US$74.2 million was US$59.8 million higher than that of the preceding financial year.

The Group continues to work towards maximizing its return on its timber resource by comparing the incremental contribution of processing logs into plywood or veneer versus its sale in its raw form. With an integrated operations supported by an adequate wood resource, the Group has the flexibility to switch between selling logs externally and processing it internally. To maximize wood recovery, the Group has invested in additional machineries that are able to peel smaller logs, including those from the plantations.

Upstream Support

The upstream support operations encompass the extraction of logs from the forest, the logistics of transporting the extracted logs from the forest by road and riverine systems either for sale or to the downstream mills for further processing, central purchasing of parts and the reconditioning and repairs of the Group's equipment fleet.

Revenue from upstream support for external sales decreased by US$5.9 million, or approximately 26.9%, to US$16.1 million for the financial year under review from US$22.1 million for the previous financial year. This decrease reflects our acquisition on 29 June 2006 of Merawa Sdn. Bhd., which we provide upstream support services. Due to the acquisition, our revenue from the provision of upstream support services to Merawa Sdn. Bhd. is subject to inter-company elimination for the current financial year, thereby decreasing our revenue from upstream support in the current financial year as a result of the required accounting treatment of post-acquisition sales to such company. Total revenue from billings to internal companies for the financial year amounted to US$191.0 million compared to US$133.5 million for the previous financial year. This increase in billings was principally due to the higher volumes extracted and the impact of higher costs.

As the upstream support services involves a large fleet of machineries and vehicles operating at the forest resource, controlling operating costs and increasing productivity is of paramount importance. The focus of the Group for the financial year under review was on increasing productivity and containing costs. To ensure that all equipments are operating at the optimal level, scheduled repairs and maintenance is strictly followed. Performance based incentive schemes with specific targets that were implemented to improve on workers' productivity has resulted in a more target focused workforce. As the cost of extraction of a log is similar irrespective of species and grades, on-going monitoring with on-the-job training for the logging teams ensure that only the best value logs are extracted to optimize margins. The central purchasing company is also working on sourcing cheaper spare parts both from existing and new suppliers without compromising on the quality of the parts. With increased productivity and cost containment efforts, gross profit achieved for the timber support services was US$13.4 million which was US$15.8 million higher than that of the preceding financial year. In terms of gross profit margin, there was an increase from negative 1.6% for the previous financial year to 6.5% for the financial year under review.

Other Timber Operations

Other timber operations comprise the operations of housing products, flooring, chipboard, wood chip processing and sawn timber. These operations are efforts by the Group to move further downstream into more value added products, using either the company's primary product of plywood or wood waste from the plywood operations as a production input.

Revenue from other timber operations decreased US$2.6 million or approximately 8.8%, to US$26.7 million in the financial year under review from US$29.3 million in the previous financial year. This decrease was primarily due to a decrease in revenue from the housing and flooring products operations.

In terms of gross profits, other timber operations achieved US$1.2 million which was 66.5% lower than the preceding financial year. This was due to lower sales recorded by housing and flooring products. The highest contributor to the gross profit was from wood chip operations at US$1.5 million followed by the sawmill operations at US$0.9 million.

Other Operations

The other operations of the Group basically comprise of the quarry, rubber retread compound and property investment operations.

Revenue from other operations increased by US$0.5 million or approximately 6.1%, to US$9.2 million in the financial year under review from US$8.7 million in the preceding financial year.

Other operations achieved a gross profit of US$2.6 million for the financial year under review compared to US$1.9 million achieved in the previous financial year. The highest contributor to the gross profit was from the quarry operations at US$1.3 million followed by the rubber retread compound operations at US$0.6 million.

Net Financing Income/(Costs)

The Group recorded a net financing income of US$12.0 million compared to a net financing costs of US$15.5 million for the preceding financial year. This was due to an increase in financial income of US$24.1 million and a decrease in financial expenses of US$3.4 million from the preceding financial year.

The increase in financial income was primarily due to the interest earned of US$18.5 million from the subscription monies during the listing of the Company's shares in March 2007 and the proceeds from the initial Public Offering. The increase in financial income was also due to the recognition of unrealized foreign exchange gains of US$11.7 million as compared to unrealized foreign exchange losses of US$7.5 million in the preceding financial year, which was recognized as a financial expense. As there was no unrealized foreign exchange losses recognized in the financial year under review, financial expenses was lower compared to the preceding financial year.

Share of Profits less Losses of Associates

The Group recognized a profit of US$7.8 million as our net share of profits less losses of associates, an increase of US$6.4 million from the profit of US$1.3 million recognized as our net share of profits less losses of associates for the preceding financial year. This change was primarily attributable to an increase in net profits from our associated company, Glenealy Plantations (Malaya) Berhad which benefited from a significant increase in Crude Palm Oil prices.

Share of Profits less Losses of Jointly Controlled Entities

The Group recognised US$1.9 million as our net share of profits of a jointly controlled entity, a decrease of approximately 32.4%, from the US$2.8 million recognized in the preceding financial year. This decrease was primarily attributable to a decrease in the net profits of our door facing manufacturing joint venture, Magna-Foremost Sdn. Bhd. due to a decrease in sales volume in the United States of America.

Income Tax

An income tax expense of US$16.4 million was accounted for in the financial year under review as compared to an income tax credit of US$1.7 million for preceding financial year. The effective tax rate was 11.1% as certain income of the Group were non taxable income and there were tax credits available for double deduction claims in respect of freight charges for certain subsidiary companies in the Group.

Liquidity and Capital Resources

As at 30 June 2007, the Group's cash and bank balances amounted to US$326.5 million compared to US$21.1 million as at 30 June 2006 principally due to the proceeds from the Initial Public Offering.

Our gearing ratio was 28.4% and 41.5% as at 30 June, 2007 and 30 June 2006, respectively. Our gearing ratio is derived by dividing the total of bank overdrafts, loans and borrowings, finance lease liabilities and bonds by total assets. The improving gearing ratio in the financial year under review was primarily due to the proceeds received from the successful listing of the Company's shares of US$309.8 million and improved financial results.

Available facilities that were not drawndown as at 30 June 2007 amounted to US$34.7 million compared to US$31.3 million as at 30 June 2006. At 30 June 2007, the Group has outstanding indebtedness of US$372.8 million compared to US$370.1 million as at 30 June 2006. Of the US$372.8 million of indebtedness, US$176.4 million is repayable within one year with the balance of US$196.4 million having a maturity of more than one year as presented below:

	US$'000
Within one year	176.4
After one year but within two years	40.1
After two years but within five years	80.2
After five years	76.1
Total	372.8

	US$'000
Secured	229.4
Unsecured	143.4
Total	372.8

The indebtedness carry interest rates ranging from 3.0% to 15.0%.

Employees

As at 30 June 2007, the Group employed a total of 13,127 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 2007, there were no options granted to any employees.

Future Plans & Prospects

Future Plans

The Group continues to focus on increasing its sustainable woodflow from its existing resources. In Malaysia, with woodflows from the existing concession base of 1.4 million hectares remaining stable at about 1.7 million m3 per annum, the Group is focusing its efforts on expanding its tree plantation areas by increasing planting activities in the coming years. Salvage logs from the clearing of areas for tree planting activities will supplement the logs extracted from the concessions and it will be processed by the Group's four veneer mills. Plywood manufacturing equipments will, under the scheduled replacement programme, be replaced by newer and better equipment to improve on wood recovery and also with the capability to peel smaller diameter logs.

In Guyana, the marketing efforts in promoting the hard log species has reaped some benefits as more customers, especially from India, are accepting these log species for their application uses such as for flooring and structural use. As the hard species from the Guyana forest are not common, the Group intends to further promote these hard species, especially the exotic variety to increase the Group's sales from this country. With the planned increase of woodflow from Guyana, the construction of another 2 sawmills in Buckhall, Guyana is in progress.

Plans to increase the woodflows in New Zealand to a sustainable level of 800,000 m3 is progressing as scheduled with the necessary preparatory works being done especially on road construction and infrastructural development. To add value to the increased woodflow, the construction of a downstream manufacturing facility in the town of Gisborne is progressing as planned. With the land for the processing site being secured, work has commenced on the mill design specifications and equipment requirements.

On plans to increase the Group's woodflow through the acquisition of new concessions and plantations, the Group is evaluating various proposals that will strategically fit into the Group's overall plans and provide the Group with synergistic advantages.

With a fully integrated operation which stretches from owning and operating the forest resources to downstream operations, the Group recognises the next level is to further move down the supply chain and to be closer to the end customers. It serves to understand the customers' need better as well as being able to respond quickly to any new changes in demand or new product requirements. This also helps in the promotion of the Samling global brand name to a wider group of end customers. To achieve this objective, the Group plans to invest in sales and distribution networks in the key markets that it operates. Various means to achieve this are being considered, including but not limited to strategic tie-ups, potential joint ventures and acquisitions of distribution companies which serves the Group's objectives.

To improve wood yields and wood quality from the tree plantations, the Group continues to invest in research and development to identify improved planting materials through tissue culture, cloning and genetic improvements. In addition, research and development activities on silviculture practices such as thinning intensities and pruning will be undertaken to achieve larger diameter logs within the tree plantations and within the harvesting rotation timeframes.

The availability of up to date management information on the key areas of the business is important for decision making. The Group is in the midst of implementing a new Enterprise Resource Planning ("ERP") system, Microsoft Dynamics AX from Microsoft, to improve on the processes of tracking of the wood resource movement from the forest to the processing plants and to the point of final sale. Reporting information across the organisation will be enhanced.

Forest certification is voluntary and the Group intends to stay committed to forest certification. The Group has received forest certification for approximately 56,000 hectares on natural forests in Malaysia and approximately 35,000 hectares of tree plantations in New Zealand. Certification will assist in building brand identity as well as prepare the Group to meet future market demands for certified wood products. The Group is also currently working actively with the Forest Stewardship Council on the audit of the Guyana forest for its reinstatement. The Group's practice of sustainable forest management is designed to ensure the long term supply of our forest resources and to certify the legality of log sources. Best practices which are adopted in the management of all the Group's forestry areas will be continuously improved upon.

Prospects

Although timber prices have eased slightly due to the overstocked position in Japan, the current outlook for the timber market remains promising with continued demand from China and India. The greater demand for wood products globally, especially from the Asia Pacific region, driven by strong economic growth, expansion of construction activities and increased infrastructure developments, should help maintain timber prices at the higher levels experienced in the financial year under review. Japan, being one of the largest importers of tropical timber will be an important factor to the price equation. Although demand of plywood from Japan have slowed down in the first two months of the current financial year, principally due to an overstocked position and lower housing starts, Japan will continue to be a significant market for higher premium timber products. China and India, with their continued economic growth will be the other factor providing the expected growth in demand for timber. Timber supply is expected to remain constrained due to a general shrinkage in harvestable areas with more focus on forest conservation and also due to Indonesia's efforts in curbing illegal logging, which augurs well for timber prices. Other development which may have a positive impact on timber prices is the Russian announcement on the gradual increase in export taxes on logs which will take effect from 1 July 2007. The recent announcement by China on the reduction in VAT rebates on plywood exports also augurs well for plywood prices. On a bearish level, a continued slowdown in housing starts in Japan and adverse economic developments in the United States of America, notably the housing sector and the sub-prime lending situation may have a contagion effect on other world economies should there be a slowdown. A sharp sustained rise of crude oil prices will also affect growth in the Group's export markets in consequence, the overall demand for timber.

The Group, with its wood resource, manufacturing capacities and integrated operations, will be well positioned to take advantage of the expected favourable pricing environment. Significant investments in logging equipment and the construction of infrastructure within the Group's forest resources which have been made in recent years will enable the Group to increase its log production as its tree plantation matures. The expansion of downstream processing capacities in recent years and the replacement program for newer and better equipment will also ensure that the Group continues to add value from the additional timber that will be available in the years to come. The Group will continue striving to maintain its competitiveness by being efficient in its operations and production in order to face the many challenges ahead in the globalised market.

Various cost containment programs are being implemented to ensure that major costs are controlled, especially fuel where co-generation plants are being built to reduce fuel costs by utilising wood waste from the various processing plants. On the marketing side, the Group will continue to work towards brand building, the production of higher margin niche products and sale to more end customers. However, it must be cautioned that any further appreciation of the Malaysian Ringgit against the US Dollar will continue to impact upon cost and margins unless US Dollar sale prices move in tandem. To manage this foreign exchange exposure, the Group will apply appropriate hedge measures for its sales proceeds and payment obligations.

Use of Proceeds

The Company was successfully listed on the Main Board of SEHK and the net proceeds raised from the placing and public offer after deducting the relevant expenses were approximately US$309.8 million.

The planned usage of proceeds was as follow:

Use	Planned amount (US$ million)	Actual progress (US$ million)
a)Acquisition opportunities and expansion of operations	263.8	0.3
b)Plantation development	16.0	-
c)Research, development and information systems	8.0	1.2
d)Repayment of debts	13.0	13.0
e)Working capital and other general corporate purposes	9.0	1.2
Total	309.8	15.7

The unutilised net proceeds has been placed as short term bank deposits.

Final Dividend

The Directors recommend the payment of a final dividend of 5.00 HK cents (equivalent to approximately 0.641 US cents) per share amounting to HK$215.1 million in respect of the financial year ended 30 June 2007 to shareholders whose names appear on the Register of Members of the Company on 19 November 2007. The proposed final dividend will be paid on 18 December 2007 subject to the approval at the forthcoming Annual General Meeting.

Closure of Register of Members

The register of members will be closed from 14 November 2007 (Wednesday) to 19 November 2007 (Monday), 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 19 November 2007.

Book closure date (both days inclusive)	: 14 November 2007 to 19 November 2007
Latest time to lodge transfer with Registrar	: at 4.30 p.m. on 13 November 2007
Address of Registrar	: Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

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

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 7 March 2007 and 1,050,000,000 new shares were issued to the public. In relation to the exercise of an Over-allotment Option, the Company issued an additional 157,500,000 new shares which were listed on 20 March 2007.

Other than the above, neither the Company nor any of its subsidiaries purchased or sold any of the listed securities of the Company. In addition, the Company had not redeemed any of its listed securities during the year.

Corporate Governance

The Board is committed to the highest standards of corporate governance throughout the Group and is accountable to the Company's shareholders for good governance. The Company has adopted the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Code") since its listing on 7 March 2007. It has complied with the code provisions of the said Code since its listing. The Code Provision A.4.1 in respect of the specific term of non-executive directors has been met by the bye-laws requiring at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third), including the non-executive directors retiring from office by rotation so every director shall be subject to retirement of at least once every three years. A retiring director shall be eligible for re-election.

Audit Committee

The audit committee has reviewed the Group's financial statements for year ended 30 June 2007. The audit committee comprises four members, namely Mr. Fung Ka Pun (Chairman of the committee), Mr. David William Oskin and Mr. Tan Li Pin, Richard, who are independent non-executive Directors, and Mr. Chan Hua Eng, who is a non-executive Director.

Scope of Work of KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2007 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 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.irasia.com/listco/hk/samling/index.htm. 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, 30 August 2007

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

Executive Directors	*Non-Executive Director*
Yaw Chee Ming	Chan Hua Eng
Cheam Dow Toon	

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

* *For identification purposes only*