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 2009

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 2009, together with the comparative figures for the previous year.

Consolidated income statement
for the year ended 30 June 2009
(Expressed in United States dollars)

	Note	**2009** **$'000**	**2008** **$'000** (restated)
Turnover	*5*	478,960	545,293
Cost of sales		(445,778)	(493,538)
Gross profit		33,182	51,755
Other operating income		6,334	7,817
Distribution costs		(17,118)	(10,417)
Administrative expenses		(35,480)	(29,733)
Other operating expenses		(4,930)	(170)
Loss from changes in fair value of plantation assets less estimated point-of-sale costs		(1,952)	(3,034)
(Loss) / profit from operations		(19,964)	16,218
Financial income		8,695	11,283
Financial expenses		(28,021)	(21,166)
Net financing costs	*6*	(19,326)	(9,883)

**for identification purposes only*

Consolidated income statement
for the year ended 30 June 2009 (continued)
(Expressed in United States dollars)

	Note	**2009** **$'000**	**2008** **$'000** (restated)
Share of profits less losses of associates		96	19,539
Share of profits less losses of jointly controlled entities		800	1,762
(Loss) / profit before taxation	*7*	(38,394)	27,636
Income tax	*8*	(4,593)	(1,523)
(Loss) / profit for the year		(42,987)	26,113
Attributable to:			
Equity holders of the Company		(37,447)	14,035
Minority interests		(5,540)	12,078
(Loss) / profit for the year		(42,987)	26,113
Dividend attributable to the year:	*9*		
Final dividend proposed after the balance sheet date		3,441	3,441
(Loss) / earnings per share (US cents)	*10*		
- Basic and diluted		(0.87)	0.33

Consolidated balance sheet
At 30 June 2009
(Expressed in United States dollars)

	Note	2009 $'000	2008 $'000 (restated)
Non-current assets			
Fixed assets, net	*11*		
- Investment properties		7,525	10,322
- Other property, plant and equipment		370,430	428,051
Construction in progress		15,401	9,153
Interests in leasehold land held under operating leases		34,216	27,939
Intangible assets		50,107	32,725
Plantation assets	*12*	213,396	241,209
Interest in associates		68,497	75,372
Interest in jointly controlled entities		10,828	14,887
Other investment		31	34
Deferred tax assets		2,789	5,853
Total non-current assets		773,220	845,545
Current assets			
Inventories	*13*	135,457	139,049
Trade and other receivables	*14*	74,105	80,039
Current tax recoverable		20,378	19,395
Cash and cash equivalents	*15*	240,876	273,316
Total current assets		470,816	511,799
Total assets		1,244,036	1,357,344

Consolidated balance sheet
At 30 June 2009 (continued)
(Expressed in United States dollars)

	Note	2009 $'000	2008 $'000 (restated)
Current liabilities			
Bank loans and overdrafts	*16*	101,084	120,829
Obligations under finance leases		28,047	32,510
Trade and other payables	*17*	124,176	132,349
Current tax payable		1,787	263
Total current liabilities		255,094	285,951
Net current assets		215,722	225,848
Total assets less current liabilities		988,942	1,071,393
Non-current liabilities			
Bank loans and overdrafts	*16*	206,398	179,327
Obligations under finance leases		34,292	57,120
Deferred tax liabilities		53,008	55,320
Total non-current liabilities		293,698	291,767
Total liabilities		548,792	577,718
Capital and reserves			
Share capital		430,174	430,174
Reserves		88,352	167,716
Total equity attributable to equity shareholders of the Company		518,526	597,890
Minority interests		176,718	181,736
Total equity		695,244	779,626
Total liabilities and equity		1,244,036	1,357,344

Consolidated statement of changes in equity for the year ended 30 June 2009 (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	Retained earnings $'000	Sub-total $'000	Minority interests $'000	Total equity $'000
At 1 July 2007									
- As previously stated	430,174	261,920	40,403	6,673	(302,354)	161,959	598,775	166,014	764,789
- Adoption of merger accounting	-	-	-	-	1,174	166	1,340	-	1,340
At 1 July 2007 (as restated)	430,174	261,920	40,403	6,673	(301,180)	162,125	600,115	166,014	766,129
Currency translation differences	-	-	11,213	-	101	-	11,314	5,996	17,310
Profit for the year (as restated)	-	-	-	-	-	14,035	14,035	12,078	26,113
Dividend declared and paid	-	-	-	-	-	(27,574)	(27,574)	(2,352)	(29,926)
At 30 June 2008 (as restated)	430,174	261,920	51,616	6,673	(301,079)	148,586	597,890	181,736	779,626
At 1 July 2008									
- As previously stated	430,174	261,920	51,423	6,673	(302,354)	148,278	596,114	181,736	777,850
- Adoption of merger accounting	-	-	193	-	1,275	308	1,776	-	1,776
At 1 July 2008 (as restated)	430,174	261,920	51,616	6,673	(301,079)	148,586	597,890	181,736	779,626
Consideration for business combination under merger accounting	-	-	-	-	(8,600)	-	(8,600)	-	(8,600)
Acquisition of subsidiary	-	-	-	-	-	-	-	19,904	19,904
Currency translation differences	-	-	(29,876)	-	-	-	(29,876)	(18,249)	(48,125)
Loss for the year	-	-	-	-	-	(37,447)	(37,447)	(5,540)	(42,987)
Dividend declared and paid	-	-	-	-	-	(3,441)	(3,441)	(1,133)	(4,574)
At 30 June 2009	430,174	261,920	21,740	6,673	(309,679)	107,698	518,526	176,718	695,244

Condensed consolidated cash flow statement
for the year ended 30 June 2009
(Expressed in United States dollars)

	Note	2009 *$'000*	2008 *$'000* (restated)
Operating profit before changes in working capital		69,371	87,105
Changes in working capital		(15,407)	828
Net cash generated from operations		53,964	87,933
Net income tax paid		(5,652)	(17,782)
Net cash generated from operating activities		48,312	70,151
Net cash used in investing activities		(63,056)	(43,779)
Net cash used in financing activities		(32,872)	(81,619)
Net decrease in cash and cash equivalents		(47,616)	(55,247)
Cash and cash equivalents at beginning of the year		241,124	295,517
Effect of foreign exchange rate changes		(2,258)	854
Cash and cash equivalents at end of the year	*15*	191,250	241,124

Notes to the annual results

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 2009, but is derived from these financial statements.

On 15 August 2008, the Group completed the acquisition of the entire equity interest in Anhui Tongling Anlin Wood Plantation Co., Ltd. ("Anhui Tongling"), a Chinese-foreign cooperative joint venture company established in the People's Republic of China ("PRC"), which is engaged in cultivation, development and usage of industrial resources forest land and the development of related forest, from Samling International Limited, a related party of the Group, in which Mr. Yaw Chee Ming, a director and controlling shareholder of the Company and Datuk Yaw Teck Seng, a controlling shareholder of the Company, have direct interest in shares, for a cash consideration of $8.6 million. Since Anhui Tongling is ultimately controlled by Mr. Yaw Chee Ming and Datuk Yaw Teck Seng immediately before and after the acquisition, the consolidated income statement for the year ended 30 June 2008, the consolidated balance sheet as at 30 June 2008 and the notes thereof have been prepared using the principle of merger accounting as if the Group had always been in existence.

2. Changes in accounting policies

The IASB has issued the following new Interpretations and an amendment to IFRSs that are first effective for the current accounting period of the Group:

- IFRIC 11 IFRS 2, *Group and treasury share transactions*
- IFRIC 12, *Service concession arrangements*
- IFRIC 14 IAS 19, *The limit on a defined benefit asset, minimum funding requirements and their interaction*
- Amendment to IAS 39, *Financial instruments: Recognition and measurement* and IFRS 7, *Financial instruments: Disclosures – Reclassification of financial assets*

These IFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's operations.

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

3. Acquisitions

On 15 August 2008, the Group completed the acquisition of the entire equity interest of Anhui Tongling at a cash consideration of $8.6 million. This acquisition was accounted for using the merger method of accounting as mentioned in Note 1 above.

On 26 August 2008, the Group completed the acquisition of the business of Elegant Living (Hong Kong) Limited, Elegant Living International Holdings Limited and New Elegant Living Timber Manufacturing (Zhongshan) Co., Ltd. (collectively the "Elegant Living companies") through Samling Elegant Living Inc, a 70% owned subsidiary, for an initial consideration of $38.3 million and a contingent consideration of up to approximately $25.7 million if certain profit targets are achieved within three years after acquisition.

The acquisition of the business of Elegant Living companies had the following effect on the Group's assets and liabilities:

	Pre-acquisition carrying amounts $'000	Fair value adjustments $'000	Recognised value of acquisition $'000
Fixed assets, net	4,947	600	5,547
Interests in leasehold land held under operating leases	9,650	206	9,856
Intangible assets	-	26,734	26,734
Inventories	11,814	302	12,116
Trade and other receivables	7,347	-	7,347
Current tax recoverable	269	-	269
Cash and cash equivalents	25,926	-	25,926
Bank loans	(4,546)	-	(4,546)
Trade and other payables	(9,687)	-	(9,687)
Current tax payable	(255)	-	(255)
Deferred tax liabilities	-	(6,960)	(6,960)
Minority interests	(13,639)	(6,265)	(19,904)
Net identifiable assets and liabilities	31,826	14,617	46,443
Goodwill			227
Total purchase consideration			46,670
Less: Contingent consideration			(8,335)
Less: Initial purchase consideration not yet paid			(2,500)
			35,835
Less: Cash and cash equivalents acquired			(25,926)
Net cash outflow in respect of the acquisition			9,909
			======

The acquisition, which was consolidated since 1 September 2008, contributed turnover amounting to $32.6 million and profit after taxation of $7.7 million for the year ended 30 June 2009.

The turnover and profit after taxation for the year ended 30 June 2009 if the acquisition had occurred at the beginning of the year would have been $40.6 million and $8.7 million.

4. Segmental reporting

Segment information is presented in the financial statements 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.

2009

	Logs $'000	**Plywood and veneer $'000**	**Upstream support $'000**	**Flooring products $'000**	**Other timber operations $'000**	**Other operations $'000**	**Eliminations $'000**	**Total $'000**
Revenue from external customers	165,102	191,603	7,268	32,564	73,243	9,180	-	478,960
Inter-segment revenue	64,201	21,479	163,052	-	5,083	2,473	(256,288)	-
Total revenue	229,303	213,082	170,320	32,564	78,326	11,653	(256,288)	478,960
Cost of sales	(208,043)	(221,746)	(170,068)	(23,685)	(69,506)	(9,018)	256,288	(445,778)
Other income and expenses	(4,399)	(16,257)	(3,470)	(3,186)	(13,299)	(10,583)	-	(51,194)
Segment result before changes in fair value of plantation assets	16,861	(24,921)	(3,218)	5,693	(4,479)	(7,948)	-	(18,012)
Loss from changes in fair value of plantation assets less estimated point-of-sale costs	(1,952)	-	-	-	-	-	-	(1,952)
Segment result	14,909	(24,921)	(3,218)	5,693	(4,479)	(7,948)	-	(19,964)
Net financing costs								(19,326)
Share of profits less losses of associates and jointly controlled entities	-	-	-	-	(1,102)	1,998	-	896
Income tax								(4,593)
Loss for the year								(42,987)
								=====
Segment assets	319,882	285,635	144,313	88,854	70,952	35,930	-	945,566
Interest in associates and jointly controlled entities	-	-	-	-	14,617	64,708	-	79,325
Unallocated assets								219,145
Total assets								1,244,036
								=======
Segment liabilities	18,203	26,491	47,124	2,368	12,623	17,367	-	124,176
Unallocated liabilities								424,616
Total liabilities								548,792
								======
Capital expenditure	26,943	11,058	12,305	950	2,352	6,966	-	60,574
Depreciation and amortisation	16,407	18,049	28,160	3,021	1,834	2,241	-	69,712
Non-cash expenses other than depreciation and amortisation	10,247	4,890	964	-	133	1,480	-	17,714

4. Segmental reporting (continued)

2008 (restated)

	Logs $'000	**Plywood and veneer $'000**	**Upstream support $'000**	**Flooring products $'000**	**Other timber operations $'000**	**Other operations $'000**	**Eliminations $'000**	**Total $'000**
Revenue from external customers	174,077	294,702	11,051	-	54,972	10,491	-	545,293
Inter-segment revenue	88,408	24,866	205,191	-	3,592	3,337	(325,394)	-
Total revenue	262,485	319,568	216,242	-	58,564	13,828	(325,394)	545,293
Cost of sales	(235,270)	(308,236)	(213,461)	-	(51,055)	(10,910)	325,394	(493,538)
Other income and expenses	(1,936)	(8,994)	(7,941)	-	(4,749)	(8,883)	-	(32,503)
Segment result before changes in fair value of plantation assets	25,279	2,338	(5,160)	-	2,760	(5,965)	-	19,252
Loss from changes in fair value of plantation assets less estimated point-of-sale costs	(3,034)	-	-	-	-	-	-	(3,034)
Segment result	22,245	2,338	(5,160)	-	2,760	(5,965)	-	16,218
Net financing costs								(9,883)
Share of profits less losses of associates and jointly controlled entities	-	-	-	-	2,123	19,178	-	21,301
Income tax								(1,523)
Profit for the year								26,113
								======
Segment assets	374,431	336,932	172,134	-	77,328	34,398	-	995,223
Interest in associates and jointly controlled entities	-	-	-	-	18,914	71,345	-	90,259
Unallocated assets								271,862
Total assets								1,357,344
								=======
Segment liabilities	16,794	29,503	65,403	-	17,088	3,562	-	132,350
Unallocated liabilities								445,368
Total liabilities								577,718
								=======
Capital expenditure	30,244	22,226	20,270	-	5,648	266	-	78,654
Depreciation and amortisation	17,875	18,243	29,150	-	1,997	2,226	-	69,491
Non-cash expenses other than depreciation and amortisation	4,864	-	60	-	-	2	-	4,926

4. Segmental reporting (continued)

Geographical segments

All the segments are primarily managed and operated in Malaysia, Guyana, New Zealand, Australia and the Peoples' Republic of China ("PRC") (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.

2009

	Malaysia $'000	**Guyana $'000**	**New Zealand $'000**	**PRC $'000**	**Japan $'000**	**North America $'000**	**Australia $'000**	**Other regions $'000**	**Total $'000**
Revenue from external customers	86,869	8,315	4,218	82,100	104,947	26,420	40,567	125,524	478,960
Segment assets	488,506	63,132	253,884	114,553	874	901	23,716	-	945,566
Capital expenditure	37,063	2,235	17,275	3,956	-	-	45	-	60,574

2008 (restated)

	Malaysia $'000	**Guyana $'000**	**New Zealand $'000**	**PRC $'000**	**Japan $'000**	**North America $'000**	**Australia $'000**	**Other regions $'000**	**Total $'000**
Revenue from external customers	91,857	7,930	4,695	95,569	128,199	30,851	25,858	160,334	545,293
Segment assets	606,464	69,878	272,316	25,116	95	863	20,491	-	995,223
Capital expenditure	54,103	5,741	17,314	1,468	-	-	28	-	78,654

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

	2009 $'000	*2008* $'000 (restated)
Sales of goods	471,692	534,242
Revenue from provision of services	7,268	11,051
	478,960	545,293

6. Net financing costs

	2009 $'000	2008 $'000
Interest on loans and overdrafts from banks and other borrowings wholly repayable within 5 years	(13,306)	(19,482)
Interest on loans and overdrafts from banks and other borrowings wholly repayable after 5 years	(8,439)	(6,890)
	(21,745)	(26,372)
Less: Borrowing costs capitalised into plantation assets (note 12)	7,602	9,358
Interest expense	(14,143)	(17,014)
Net loss on changes in fair value of financial instruments *	(6,273)	(2,784)
Foreign exchange losses	(7,605)	(1,368)
Financial expenses	(28,021)	(21,166)
Interest income	4,092	10,010
Foreign exchange gains	4,603	1,273
Financial income	8,695	11,283
	(19,326)	(9,883)

Borrowing costs have been capitalised at a rate of 3.92% to 7.89% per annum (2008: 5.29% to 7.12%).

** The net loss on changes in fair value of financial instruments include a mark to market loss of $2.3 million for a cross currency swap transaction recognised in accordance with IAS 39.*

7. (Loss) / profit before taxation

(Loss) / profit before taxation is arrived at after charging:

	2009 $'000	2008 $'000
Depreciation	61,874	63,812
Less: Depreciation capitalised as plantation assets	(252)	(318)
	61,622	63,494
Amortisation of interests in leasehold land held under operating leases	1,010	730
Amortisation of intangible assets	7,080	5,267

8. Income tax

	2009 $'000	*2008* $'000 (restated)
Current tax		
Provision for the year	4,794	7,640
Under provision in respect of prior years	4	990
	4,798	8,630
Deferred tax		
Origination and reversal of temporary differences	(205)	(6,061)
Reduction in tax rate (notes (c) and (e))	-	(1,046)
	(205)	(7,107)
	4,593	1,523

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 2009 and 2008.

(c) Pursuant to the income tax rules and regulations of Malaysia, the subsidiaries in Malaysia are liable to Malaysian income tax at a rate of 25% (2008: 26%) for the year ended 30 June 2009. In September 2007, the Malaysian government announced a reduction in the income tax rate from 27% to 26% for the year of assessment 2008 and from 26% to 25% for the year of assessment 2009. Accordingly, the provision for Malaysian income tax for the year ended 30 June 2009 is calculated at 25% 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 sustained a loss for tax purposes during the years ended 30 June 2009 and 2008 or were exempted from income tax.

(e) The subsidiaries in New Zealand are liable to New Zealand income tax at a rate of 30% (2008: 33%). No provision for New Zealand income tax has been made as the subsidiaries sustained a loss for tax purposes during the years ended 30 June 2009 and 2008.

8. Income tax (continued)

Notes: (continued)

(f) The subsidiary in Australia is liable to Australian income tax at a rate of 30% (2008: 30%).

(g) According to the Corporate Income Tax Law ("New Tax Law") of the People's Republic of China ("PRC") which took effect on 1 January 2008, the standard PRC income tax rate was changed from 33% to 25%.

Foothill LVL & Plywood (Cangshan) Co., Ltd. is subject to the standard PRC income tax rate of 25%.

Riverside Plywood Corporation is subject to the standard PRC income tax rate of 25%.

Baroque Timber (Zhongshan) Co., Ltd. ("Baroque ZS") and Baroque Timber Industry (Tianjin) Co., Ltd. ("Baroque TJ") were fully exempted from PRC enterprise income tax from 1 January 2008 to 31 December 2009 and subject to a preferential tax rate of 11%, 12% and 12.5% for each of the years ending 31 December 2010, 2011 and 2012 respectively. From 1 January 2013 onwards, Baroque ZS and Baroque TJ are subject to the standard PRC income tax rate of 25%.

Pursuant to section 86(4) of the New Tax Law, Anhui Tongling is fully exempted from PRC enterprise income tax.

9. Dividends

(a) Dividend attributable to the year

	2009	*2008*
	\$000	*\$000*
Final dividend proposed after the balance sheet date of 0.080 US cents (2008: 0.080 US cents) per share	3,441	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

	2009	*2008*
	\$000	*\$000*
Final dividend in respect of the previous financial year of 0.080 US cents (2008 : 0.641 US cents), approved and paid during the year	3,441	27,574
	======	======

10. (Loss) / earnings per share

The calculation of basic (loss)/earnings per share for the year ended 30 June 2009 is based on the loss attributable to equity holders of the Company for the year of $37,447,000 (2008 : profit of $14,035,000 (restated)) and the number of 4,301,737,000 (2008 : 4,301,737,000) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares during years ended 30 June 2009 and 2008. Diluted earnings per share is the same as the basic earnings per share.

11. Fixed assets, net

a) Acquisition and disposal

During the year ended 30 June 2009, the Group acquired fixed assets with an aggregate cost of $34,026,000 (2008: $53,571,000). Items of fixed assets with a net book value of $2,130,000 were disposed of during the year ended 30 June 2009 (2008: $827,000), resulting in a gain on disposal of $234,000 (2008: $97,000).

b) Certain interests in leasehold land held under operating leases, building, plant and machinery and equipment are pledged to banks for certain banking facilities granted to the Group as disclosed in note 16.

12. Plantation assets

Included in additions to the Group's plantation assets are interest capitalised of $7,602,000 (2008: $9,358,000) and depreciation of fixed assets of $252,000 (2008: $318,000) for the year ended 30 June 2009.

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 7 (2008: 7) plantation licences for a gross area of approximately 458,000 (2008: 458,000) hectares in Malaysia. The licences are for 60 years, the earliest of which expires in December 2058. The newly acquired subsidiary, Anhui Tongling, was granted the plantation rights to a total land area of 3,079 hectares.

12. Plantation assets (continued)

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% (2008: 10.2%) for plantation assets in Malaysia, 10% (2008: 10%) for plantation assets in China and 7.25% (2008: 7.25%) for plantation assets in New Zealand 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 discount rate used in the valuation of the plantation assets in the PRC was based on an average discount rate used by plantation assets in Asia-Pacific region.

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 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 costs improvements in future operations.

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

13. Inventories

(a) Inventories in the balance sheet comprise:

	2009	*2008*
	$'000	$'000
		(restated)
Timber logs	35,910	31,614
Raw materials	8,990	9,859
Work-in-progress	17,225	17,870
Manufactured inventories	39,583	40,556
Stores and consumables	33,749	39,150
	135,457	139,049

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

	2009	*2008*
	$'000	$'000
		(restated)
Carrying amount of inventories sold	443,112	493,538
Write-down of inventories	2,666	-
	445,778	493,538

14. Trade and other receivables

	2009	*2008*
	$'000	$'000
		(restated)
Trade receivables	44,561	49,493
Prepayments, deposits and other receivables	29,544	30,546
	74,105	80,039

Included in the Group's trade receivables are amounts due from related parties of $7,799,000 and $9,758,000 as at 30 June 2009 and 2008 respectively.

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

14. Trade and other receivables (continued)

An ageing analysis of trade receivables, net of impairment allowances, is as follows:

	2009 $'000	*2008* $'000
Within 30 days	26,511	34,124
31 - 60 days	5,816	5,277
61 - 90 days	2,152	2,205
91 - 180 days	5,812	3,484
181 - 365 days	2,907	2,679
1 - 2 years	1,179	993
Over 2 years	184	731
	44,561	49,493

15. Cash and cash equivalents

	2009 $'000	*2008* $'000 (restated)
Deposits with banks and other financial institutions	197,285	233,772
Cash at bank and in hand	43,591	39,544
Cash and cash equivalents in the balance sheet	240,876	273,316
Bank overdrafts *(note 16)*	(19,990)	(24,912)
Secured deposits with banks and other financial institutions	(29,636)	(7,280)
Cash and cash equivalents in the cash flow statement	191,250	241,124

16. Bank loans and overdrafts

The bank loans and overdrafts were repayable as follows:

	2009	*2008*
	$'000	$'000
		(restated)
Within 1 year or on demand	101,084	120,829
After 1 year but within 2 years	28,801	14,917
After 2 years but within 5 years	96,814	64,503
After 5 years	80,783	99,907
	206,398	179,327
	307,482	300,156

The bank loans and overdrafts were secured as follows:

	2009	*2008*
	$'000	$'000
Overdrafts *(note 15)*		(restated)
- unsecured	15,937	18,458
- secured	4,053	6,454
	19,990	24,912
Bank loans		
- unsecured	139,227	183,867
- secured	148,265	91,377
	287,492	275,244
	307,482	300,156

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

	2009	*2008*
	$'000	$'000
Fixed assets	51,879	56,284
Interests in leasehold land held under operating leases	2,953	3,178
Plantation assets	193,326	220,363
Cash and cash equivalents	29,636	7,280
	277,794	287,105

17. Trade and other payables

	2009 $'000	*2008* $'000 (restated)
Trade payables	57,204	63,689
Other payables	29,514	26,264
Accrued expenses	28,823	39,846
Derivative financial instruments	8,635	2,550
	124,176	132,349

Included in the Group's trade payables are amounts due to related parties of $6,694,000 and $8,454,000 at 30 June 2009 and 2008 respectively.

An ageing analysis of trade payables is as follows:

	2009 $'000	*2008* $'000
Within 30 days	20,365	21,939
31 - 60 days	8,652	9,153
61 - 90 days	5,874	5,450
91 - 180 days	5,916	11,833
181 - 365 days	11,356	12,027
1 - 2 years	4,782	449
Over 2 years	259	2,838
	57,204	63,689

18. Contingent liabilities

Further to the disclosures in the June 2008 Annual Report, the update status of the legal claims stated therein is as follows:

i. Legal claims from the Penans

In respect of the legal claims against two of the Company's subsidiaries, Syarikat Samling Timber Sdn. Bhd. and Samling Plywood (Baramas) Sdn. Bhd. ("SPB") together with the State Government of Sarawak in the Malaysian courts by certain inhabitants of longhouses, Penans, and settlements situated on timber concessions held by SPB, at the mention on 10 February 2009, the Miri High Court Judge struck off the case with costs to the defendants with liberty for the plaintiffs to file afresh.

18. Contingent liabilities (continued)

i. Legal claims from the Penans (continued)

The legal claims against another subsidiary, Merawa Sdn. Bhd. ("Merawa") together with the Director of Forests and the State Government of Sarawak in the Malaysian courts by certain inhabitants of longhouses and settlements situated on timber concession held by Merawa remained pending before the Malaysian courts as at 30 June 2009. The Directors believe that the Group has merit in their defence to the claims and accordingly, no provision for this legal claim was made in the financial statements.

ii. Contingent consideration in respect of business combination

The Group has recognised contingent consideration of $8.3 million for the acquisition of the business of Elegant Living companies as discussed in note 3 above which represents the Directors estimate of the most likely contingent consideration payable. The Group may be required to pay additional contingent consideration of up to $17.4 million under the terms of the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Highlights

Segment Revenue	*Logs US$'000*	*Plywood and veneer US$'000*	*Upstream support US$'000*	*Flooring products US$'000*	*Other timber operations US$'000*	*Other operations US$'000*	*Eliminations US$'000*	*Consolidated US$'000*
30 June 2009								
External customers	**165,102**	**191,603**	**7,268**	**32,564**	**73,243**	**9,180**	**-**	**478,960**
Inter-segment revenue	**64,201**	**21,479**	**163,052**	**-**	**5,083**	**2,473**	**(256,288)**	**-**
Total revenue	**229,303**	**213,082**	**170,320**	**32,564**	**78,326**	**11,653**	**(256,288)**	**478,960**
30 June 2008 (restated)								
External customers	174,077	294,702	11,051	-	54,972	10,491	-	545,293
Inter-segment revenue	88,408	24,866	205,191	-	3,592	3,337	(325,394)	-
Total revenue	262,485	319,568	216,242	-	58,564	13,828	(325,394)	545,293

Segment Gross Profit (before inter-segment elimination)

30 June 2009								
Gross profit/(loss)	**21,260**	**(8,664)**	**252**	**8,879**	**8,820**	**2,635**	**-**	**33,182**
Gross profit/(loss) margin (%)	***9.3***	***(4.1)***	***0.1***	***27.3***	***11.3***	***22.6***	***-***	***6.9***
Percentage of segment contribution (%)	***64.1***	***(26.1)***	***0.7***	***26.8***	***26.6***	***7.9***	***-***	***100.0***
30 June 2008 (restated)								
Gross profit	27,215	11,332	2,781	-	7,509	2,918	-	51,755
Gross profit margin (%)	*10.4*	*3.5*	*1.3*	-	*12.8*	*21.1*	-	*9.5*
Percentage of segment contribution (%)	*52.6*	*21.9*	*5.4*	-	*14.5*	*5.6*	-	*100.0*

Profit Attributable to Equity Holders of the Company

	2009	*2008*
	US$'000	*US$'000*
		(restated)
Gross profit	**33,182**	51,755
Other expenses net of other income before loss from changes in fair value of plantation assets less estimated point-of-sale costs	**(51,194)**	(32,503)
Loss from changes in fair value of plantation assets less estimated point-of-sale costs	**(1,952)**	(3,034)
(Loss)/profit from operations	**(19,964)**	16,218
Net financing costs	**(19,326)**	(9,883)
Share of profits less losses of associates and jointly controlled entities	**896**	21,301
(Loss)/profit before taxation	**(38,394)**	27,636
Income tax	**(4,593)**	(1,523)
(Loss)/profit for the year	**(42,987)**	26,113
Minority interests	**5,540**	(12,078)
(Loss)/profit attributable to equity shareholders of the Company	**(37,447)**	14,035

Review of Group Results

Due to the world wide economic crisis, the Group achieved a turnover of US$479.0 million for the financial year under review, representing a 12.2% decrease from the turnover of US$545.3 million achieved in the preceding financial year.

The Group's results for the financial year under review were adversely affected by lower sales volumes of logs, plywood and veneer coupled with lower selling prices of plywood and veneer. It was further affected by cost pressures brought about by higher diesel and glue prices in the first half of financial year and the impact of semi-fixed and fixed operating costs being allocated over lower volumes sold which resulted in a rise in production cost per cubic meter. As a consequence, gross profit has decreased to US$33.2 million from US$51.8 million achieved in the preceding financial year, a drop of about 35.9%. Gross profit margin has also decreased to 6.9% compared to 9.5% for the preceding financial year. After accounting for the higher distribution and administrative expenses, principally due to the inclusion of the results of the Elegant Living companies with effect from 1 September 2008, the Group recorded a loss from operations of US$20.0 million compared to a profit from operations of US$16.2 million recorded in the preceding financial year. Net financial expenses of US$19.3 million was 95.5% higher than the preceding financial year due to the impact of unrealised foreign exchange losses on US Dollar loans in a foreign subsidiary company. Share of profits less losses of associates and jointly controlled entities was lower at US$0.9 million principally as a result of the lower crude palm oil prices ("CPO") achieved by the associate involved in oil palm plantations. As a result of the above factors, the Group recorded a loss before taxation of US$38.4 million compared to a profit before taxation of US$27.6 million achieved in the preceding financial year. After accounting for minority interest of US$5.5 million, losses attributable to equity shareholders of the Company was US$37.4 million compared to profits of US$14.0 million in the preceding financial year.

Although the Group recorded a loss before taxation of US$38.4 million, operating cash flow before changes in working capital was positive at US$69.4 million which was 20.4% lower than the preceding financial year.

Review of Business Segment Results

Log Trading

Log trading, a major business segment, accounted for approximately 34.5% and 31.9% 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 2009			*Year ended 30 June 2008 (restated)*		
	Sales Volume m^3	**Weighted Average US\$/ m^3**	**Revenue US\$'000**	Sales Volume m^3	Weighted Average US\$/ m^3	Revenue US\$'000
Hardwood logs - export sales	**532,886**	***174.26***	**92,862**	703,144	*172.14*	121,037
Hardwood logs - local sales	**595,353**	***78.62***	**46,809**	399,550	*93.11*	37,201
Softwood logs - export sales	**344,833**	***61.52***	**21,214**	179,035	*62.24*	11,144
Softwood logs - local sales	**54,897**	***76.82***	**4,217**	57,230	*82.04*	4,695
Total external log sales	**1,527,969**	***108.05***	**165,102**	1,338,959	*130.01*	174,077
Internal log sales (i)	**706,290**	***90.90***	**64,201**	940,390	*94.01*	88,408
Total log sales	**2,234,259**	***102.63***	**229,303**	2,279,349	*115.16*	262,485

(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 1,128,239 cubic metres ("m^3") of hardwood logs and 399,730 m^3 of softwood logs which was 2.3% and 69.2% higher respectively than the preceding financial year.

The volume of hardwood logs sold in the financial year under review represented approximately 55.9% of total hardwood logs extracted with the balance being processed in the Group's downstream mills. The volume of hardwood logs extracted included 292,689 m^3 of salvage logs extracted from an area earmarked for tree plantations under a supply agreement signed with a local buyer. Excluding the volume of salvage logs sold under this contract, the volume of logs extracted were lower than the preceding financial year principally due to the Group's strategy of preserving its timber resources instead of harvesting and selling at lower prices. Demand of logs from the Group's downstream plants was also lower as production levels fell. The average hardwood log export prices achieved for the financial year under review was US\$174.3 per m^3 compared to US\$172.1 per m^3 achieved for the preceding financial year.

For the financial year under review, the New Zealand subsidiary company, Hikurangi Forest Farms Limited ("HFF") sold 399,730 m^3 of logs as compared to 236,265 m^3 of logs sold in the preceding financial year. Production from the New Zealand forest will be ramped up gradually in line with the maturity profile of the maturing radiata pine trees. Part of the logs from the planned increased harvest will be used to meet the requirements of a new downstream plant which is currently being planned. Earth levelling works at the plant site has been completed and the Group is in the midst of sourcing for the plant and equipment. The average softwood log prices achieved was 5.1% lower at US\$63.6 per m^3 compared to the preceding financial year. The Group views the New Zealand forest as a long term strategic asset to complement its tropical hardwood resource in increasing coverage in high value-added products to new and existing markets.

Although the log trading segment continued to be the largest contributor to operating profits at US$14.9 million, log sales were also similarly affected by the economic crisis but to a lesser extent. As the economic crisis developed, bank credit facilities were tightened. This affected the ability of customers in accessing trade facilities which impacted trade.

China remained as the major importer of both tropical hardwood and softwood logs and has provided a certain level of stability to log prices. However, its demand for logs has also softened as many domestic factories had either curtailed or shut down their operations as demand for finished wood products fell due to the slow-down in the United States ("US") housing market. The Chinese government has implemented massive economic stimulus, including spending on public infrastructure and rural development, to help boost the domestic economy and to mitigate the impact of the lower exports. These initiatives have helped as the level of log demand remained generally stable, although it has tapered off slightly. The Group sold 29.2% of its log exports to China.

Although the Indian economy, as with the rest of the world, recorded a slow down, the demand level for logs, especially for harder species suited for flooring, furniture and construction industry did not reduce significantly. Construction spending remains on an upward trend as the level of affluence increases, with increased housing starts fuelled by rapid urbanisation and improved living conditions. The Group has been actively promoting these harder species which are sold at higher prices and are exported from both Malaysia and Guyana. However, exports to India in the financial year under review were hampered by buyers not being able to obtain trade facilities with the tightening of credit. In spite of this, the Group managed to sell 26.5% of its total logs export to India in the financial year under review.

Japan's demand for logs has decreased as Japanese housing starts weakened to a level of about 950,000 units which is about 5% lower than that of the preceding financial year. Plywood mills lowered their production volumes and reduced their log purchases. As log sales to Japan were mainly of the premium grade which fetched better prices, the Group continued to maintain its proven track record on meeting their requirements not only in terms of quality but also consistency and timeliness of supply. This has helped in maintaining a long term relationship with its loyal Japanese customers and has enabled the Group to continue to sell to these customers even with a general slowdown in demand.

On the supply side, with the general slowdown in demand, the volume of hardwood logs being harvested and exported from Malaysia and Indonesia were reduced. Many operators curtailed or stopped their operations as the drop in demand coupled with rising costs, especially fuel in the first half of the financial year under review, put much pressure on margins. Although Russia still remains as the key supplier of softwood logs in the market, especially to China, the uncertainty over when the deferred implementation of the increase in export taxes in Russia will take place still cast a certain level of uncertainty on the supply from this source. This could push buyers to look to other new sources thus opening up new demand opportunities for Malaysia and New Zealand, of which the Group has resources.

The log trading segment results for the financial year under review were generally affected by higher operating costs. Overall operating costs was under much pressure brought about by the sharp rise in crude oil prices, particularly in the first half of the financial year under review, and higher spare parts cost. Although selling prices have generally being maintained, the increase in operating costs affected margins. As a consequence, log trading recorded a gross profit of US$21.3 million, a drop of US$5.9 million compared to US$27.2 million achieved in the preceding financial year. Gross profit margin also decreased to 9.3% from 10.4% in the preceding financial year.

The changes in fair value of plantation assets less estimated point-of-sale costs was a loss of US$2.0 million compared to a loss of US$3.0 million in the preceding financial year. The loss from changes in fair value for the financial year under review was due to the impact of lower prices and generally higher operating costs which offset the value of growth of the planted trees.

At the operating profit level, the log trading segment recorded a profit of US$14.9 million which was 32.9% lower than US$22.2 million achieved in the preceding financial year.

In the financial year under review, the Group expended US$17.4 million to maintain and expand its forest plantation areas in New Zealand, Malaysia and China. The Group views the New Zealand tree plantations as a strategic long term asset that will complement the Group's hardwood resource in the future. To ensure it provides the highest percentage of clear pruned logs when harvested, it is continuously maintained and pruned in accordance with industry best practices. In Malaysia, an additional 1,243 hectares were planted with acacia, khaya and rubberwood species in the financial year under review bringing the total planted area to 16,055 hectares. This plantation wood resource will complement the sustainable wood resource from the natural forest in East Malaysia in the future.

Plywood and Veneer

Plywood and veneer contributed 40.0% to the Group's total turnover for the financial year under review. The following table shows selected operating and financial data with respect to sales volume, weighted average price and revenue of plywood and veneer sold, including inter-company sales.

Plywood

	Year ended 30 June 2009			*Year ended 30 June 2008*		
	Sales Volume m^3	**Weighted Average US$/ m^3**	**Revenue US$'000**	Sales Volume m^3	Weighted Average US$/ m^3	Revenue US$'000
Plywood- export sales	**331,268**	***417.68***	**138,364**	509,832	*436.21*	222,392
Plywood- local sales	**53,267**	***349.82***	**18,634**	51,858	*354.10*	18,363
Total external plywood sales	**384,535**	***408.28***	**156,998**	561,690	*428.63*	240,755
Internal plywood sales	**19,711**	***521.54***	**10,280**	19,361	*478.59*	9,266
Total plywood sales	**404,246**	***413.80***	**167,278**	581,051	*430.29*	250,021

Veneer

	Year ended 30 June 2009			*Year ended 30 June 2008*		
	Sales Volume m^3	**Weighted Average US$/ m^3**	**Revenue US$'000**	Sales Volume m^3	Weighted Average US$/ m^3	Revenue US$'000
Veneer- export sales	**62,368**	***307.61***	**19,185**	92,395	*309.76*	28,620
Veneer- local sales	**64,594**	***238.72***	**15,420**	94,745	*267.32*	25,327
Total external veneer sales	**126,962**	***272.56***	**34,605**	187,140	*288.27*	53,947
Internal veneer sales	**37,806**	***296.22***	**11,199**	58,048	*268.74*	15,600
Total veneer sales	**164,768**	***278.00***	**45,804**	245,188	*283.65*	69,547

The Group sold 384,535 m^3 of plywood and 126,962 m^3 of veneer to external parties which when compared to 561,690 m^3 of plywood and 187,140 m^3 of veneer sold in the preceding financial year was a 31.5% and 32.2% lower respectively. Exported plywood prices recorded a decrease of 4.2% as compared to the preceding financial year. The drop in demand and prices which were most pronounced in the second half of the financial year was principally due to the slowdown in demand from Japan and US. As one of the use of veneer is for the production of plywood, its prices have a correlation with the movement in plywood prices. Veneer export prices, which averaged US$309.8 per m^3 for the preceding financial year, decreased to an average of US$307.6 per m^3 for the financial year under review.

Japan, the key export market for the Group's plywood, recorded weaker housing starts due to the global economic crisis. Face with the uncertainty of demand domestically, buyers adopted a wait and see attitude on how the market would play out and were not willing to make long term commitments to avoid having an overstocked position. Although the Japanese Yen strengthen during the financial year under review which afforded the Japanese greater purchasing power, this also did not translate into higher level of purchases due to lack of confidence in a fast turnaround of demand as there was generally an overstocked position which gradually eased in the second half of the financial year. In spite of the lower housing starts, total sales to Japan, which purchases higher quality plywood at premium prices, accounted for 53.2% of the Group's total exported plywood sales. The Group's plywood mills, the products of which are all able to comply with the Japanese Agricultural Standard ("JAS"), was able to maintain its sales due to it long established relationship with its loyal buyers.

As the impact of the economic crisis worsen, the Group's sales to the US dropped significantly. In the financial year under review, the Group's sales to the US dropped by 8.0% compared to the preceding financial year, with only 4.0% of the Group's export sales being sold to the US. The Group managed to divert some of the sales that would otherwise have been made to the US to other markets such as Korea, which accounted for 20.0% of the Group's total exported plywood sales.

On the supply front, China continues to be a dominant force in plywood production, providing for both domestic and export market and only trails Malaysia and Indonesia as the largest exporter of plywood. The Group continues to focus on producing more niche and higher quality plywood to lessen its direct competition with the Chinese producers which produce more commodity based plywood.

The Group's total veneer sales from its veneer mills, which are located near to the forest resource to peel fresh salvage logs from plantation areas that are just harvested to maximise log recovery, totalled 164,768 m^3 of which 22.9% was used internally in the Group's plywood factories as a raw material input with the balance sold to external customers. The slowdown in demand due to the economic climate similarly affected veneer sales as buyers who purchase the veneer for plywood production also faced a slowdown in plywood demand. On the production front, the Group focused on the maximising the production and sale of face and back veneer which provided better gross profit margins. The Group's focus in the financial year under review was on maximising log recovery and production of higher percentage of face and back veneer.

As demand dropped, the Group's temporarily curtailed its plywood and veneer production and produced enough to meet the customer requirements in order to avoid an inventory build-up. In the financial year under review, operating costs for plywood and veneer have increased significantly due to the impact of higher diesel and glue prices in the first half of financial year as well as the impact of fixed production cost being allocated over a lower production volume. In view of this, being an integrated timber operator, the Group increased its focus on cash cost of production of plywood and veneer along the whole supply chain, monitoring margins for all its plywood and veneer production. The Group continued to improve on the operational flow to achieve higher operational efficiency to mitigate the effects of the increased cost.

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$3.8 million, or approximately 34.2%, to US$7.3 million for the financial year under review from US$11.1 million for the preceding financial year. Total revenue from billings to internal companies for the financial year under review amounted to US$163.1 million compared to US$205.2 million for the preceding financial year. This decrease in revenue was in line with the lower level of harvesting activities in the Group's forests as demand for logs felled. For the financial year under review, gross profit achieved from the upstream support services was US$0.3 million which was US$2.5 million lower than that of the preceding financial year. In terms of gross profit margin, it has decreased to 0.1% compared to 1.3% in the preceding financial year. The drop in gross profit margin was mainly due to higher operating cost per m^3 as a result of the semi-fixed and fixed operating costs being allocated over the lower volumes extracted.

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. Strict control and monitoring against benchmarks set ensured that operators are accountable for its usage. The Group's central purchasing company continues to source for spare parts from new suppliers and also directly from manufacturers whilst at the same time, maintain the quality of the spare parts.

Emphasis is also placed on improving workers' productivity, through a performance based reward system. This performance based system improves productivity over the years as workers are aware of specific targets that they should focus on. As the cost of extraction of a log is similar irrespective of species, the continuing monitoring of logs extracted is done on an on-going basis to ensure that the best value logs are extracted to maximise margins.

Flooring Operations

The Group has on 26 August 2008 successfully completed the acquisition of the business of Elegant Living (Hong Kong) Limited, Elegant Living International Holdings Limited and New Elegant Living Timber Manufacturing (Zhongshan) Co., Ltd. The new group into which the assets are injected, of which the Company owns 70% (collective the "Elegant Living companies") manufactures and sells flooring products. It has two plants in the People's Republic of China ("PRC"), one in Zhongshan which manufactures engineered flooring and another in Tianjin which manufactures laminated flooring. This acquisition forms part of the Group's strategy to reach further down the supply chain and enlarge its distribution presence in the PRC. Currently the market leader in PRC for hand sculptured engineered flooring, the Elegant Living companies has 548 distribution outlets throughout the PRC.

The results of the Elegant Living companies were consolidated into the Group with effect from 1 September 2008. For the 10 months to 30 June 2009, the Elegant Living companies achieved a turnover of US$32.6 million, of which engineered and solid flooring contributed 76.4% whilst laminated flooring contributed 23.6%.

For the financial year under review, engineered flooring sales totalled 1,126,131 m^2 at an average selling price of US$21.4 per m^2. Export sales, principally to the US, were sluggish with lower housing development activities as the economic crisis worsens. The Elegant Living companies exported 762,161 m^2 of engineered flooring and diverted some of its production which was originally for the export market to the China domestic market. The domestic market remained robust, partially boosted by the impact of the stimulus packages and also due to the population becoming more affluent. 363,970 m^2 of engineering flooring was sold in the domestic market.

Elegant Living companies' sales of laminated flooring were principally for the domestic China market. For the financial year under review, Elegant Living companies sold 961,096 m^2 of laminated flooring at an average selling price of US$8.0 per m^2. Demand for laminated flooring was strong as many Chinese household started to use laminated flooring, which was priced at about 60.0% below engineered flooring, when they undertake any renovation works in their homes. Demand for laminated flooring for use in new condominiums and shopping complexes construction was also on the rise.

Other Timber Operations

Other timber operations which comprise the operations of housing products, chipboard, wood chip processing, sawn timber and selling and distribution of building materials 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 increased by US$18.2 million or approximately 33%, to US$73.2 million in the financial year under review from US$55.0 million in the preceding financial year. This increase was primarily due to the inclusion of full year results of Brewster Pty. Ltd. ("Brewster"), the newly acquired distribution subsidiary in Australia, which was acquired in December 2007.

In terms of gross profit, other timber operations achieved US$8.8 million which was 17.5% higher than the preceding financial year.

Other Operations

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

Revenue from other operations decreased by US$1.3 million or approximately 12.4% to US$9.2 million in the financial year under review from US$10.5 million in the preceding financial year due to lower sales achieved by rubber retread compound operations as a result of slow down in local tyre retreating business. The Group continued to focus on tight credit control, selling to customers that meet the stringent credit requirements of the Group.

Other operations achieved a gross profit of US$2.6 million for the financial year under review compared to US$2.9 million achieved in the preceding financial year. The major contributor to the gross profit was from the quarry operations at US$1.9 million.

Net Financing Costs

The Group recorded a higher net financing costs of US$19.3 million compared to US$9.9 million for the preceding financial year. This was mainly due to recognition of unrealised foreign exchange losses on the translation of US Dollar loan in a foreign subsidiary company.

Share of Profits less Losses of Associates

The Group recognised a profit of US$0.1 million as share of profits less losses of associates, a decrease of US$19.4 million from the profit of US$19.5 million recognised as our net share of profits less losses of associates for the preceding financial year. This decrease was primarily attributable to a decrease in net profits from our associated company, Glenealy Plantations (Malaya) Berhad ("Glenealy"). As CPO prices was higher in the preceding financial year, the Group's share of Glenealy's operating results as well as its share of profits from changes in fair value of plantation assets less estimated point-of-sale cost was higher in the preceding financial year.

Share of Profits less Losses of Jointly Controlled Entities

The Group recognised US$0.8 million as share of profits less losses of jointly controlled entities, a decrease of approximately 55.6%, from the US$1.8 million recognised 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 slowdown in demand which affected sales.

Income Tax

An income tax expense of US$4.6 million was accounted for during the financial year under review as compared to US$1.5 million for the preceding financial year. The taxation charge was higher due to the reversal of deferred tax assets for certain loss making subsidiaries.

Liquidity and Financial Resources

As at 30 June 2009, the Group's cash and bank balances amounted to US$240.9 million compared to US$273.3 million as at 30 June 2008.

The gearing ratio was 29.7% and 28.7% as at 30 June 2009 and 30 June 2008, respectively. The gearing ratio is derived by dividing the total of bank loans and overdrafts and obligations under finance leases by total assets. The gearing ratio remained relatively stable in the financial year under review compared to 30 June 2008.

Available facilities that were not drawndown as at 30 June 2009 amounted to US$59.9 million compared to US$27.3 million as at 30 June 2008. At 30 June 2009, the Group has outstanding indebtedness of US$369.8 million compared to US$389.7 million as at 30 June 2008. Of the US$369.8 million of indebtedness, US$129.1 million is repayable within one year with the balance of US$240.7 million having a maturity of more than one year as presented below:

	US$ million
Within one year	129.1
After one year but within two years	49.2
After two years but within five years	110.7
After five years	80.8
Total	369.8

	US$ million
Secured	214.7
Unsecured	155.1
Total	369.8

The indebtedness carry interest rates ranging from 2.1% to 8.8%.

Employees

As at 30 June 2009, the Group employed a total of 11,459 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 2009, there were no options granted to any employees.

Prospects and Future Plans

The outlook for the timber market remains uncertain as the world continues in its efforts to manage the global economic crisis. In the past few months, there had been some positive signs that, with the efforts of various developed countries in implementing stimulus packages to address the economic meltdown, the world economy may be on the road to recovery. It is hoped that these positive indicators of a turnaround will be sustained.

Demand drivers

As the economic crisis unfolded, demand drivers such as annual housing starts, infrastructure and construction activities in timber importing countries like Japan, India and China were stalled as fears of recession fears swept across the globe. Currently there is indication of some recovery in demand in the later part of the year. In Japan, it is hoped that housing starts will improve driven by various government stimuli (which included large tax breaks on home mortgages, waiving taxes on capital gains and introducing non-taxable limit on monetary gifts used to acquire a home), and this will kick off a new cycle of restocking thus boosting plywood imports into Japan. Recovery in demand from China and India is also expected as both countries' stimulus plans include infrastructure development which augurs well for the timber business. Credit availability, which was a factor causing the slowdown in economic activity, has also improved and more buyers are able to obtain trade facilities from financial institutions. This would help to increase timber trade which was hampered by the tightening or lack of trade facilities in the financial year under review.

On a conservative note, although fuel prices that had reached record levels in July 2008 have dropped to more manageable levels, there is still some uncertainty over its future direction as it has started to move up again in recent months. Any sharp upswing in fuel prices will have a ripple effect on the world economy. This may cause further slowdown in economic growth and affect demand for timber products as development activities slow down.

Supply drivers

In terms of supply, it is expected to shrink as the continuing economic crisis had caused many timber mills without resources to curtail or close down their operations. As stock levels gradually reduce and in the event of an economic recovery, an imbalance between supply and demand may possibly cause timber product prices to rise. The fact that Malaysia continues to be a major source for hardwood logs, it augurs well for our Group in this respect. Although the timber market did not experience the expected surge in log prices due to the postponement of Russia's proposed 80% export tax on roundwood logs to January 2010, its implementation could push markets to look to other new sources thus opening up new demand opportunities for Malaysia and New Zealand.

Business strategies

To make sure the Group is poised for a strong recovery after the economic downturn, the Group will strengthen its core timber business and distribution business, which will give it new impetus for achieving future growth. On the operational front, the Group has taken steps to preserve timber resources, maintain its experienced workforce and implement various cost-cutting strategies while monitoring cost of production closely. These measures will allow the Group to take full advantage of an economic recovery when it takes place. The Group will also work closely with its customers and suppliers to ensure that the supply chain remains intact for mutual benefit.

The Group will continue to build on and enlarge its distribution presence in Australia through Brewster and PRC through the Elegant Living companies. Being able to reach further down the supply chain, the Group will build on its distribution presence in these two countries by expanding and enhancing its product range besides establishing closer rapport with the end customers. Brewster which has distribution outlets in the major cities of Australia will, other than providing the support for the Group products from Malaysia and Guyana, plays an important role in the distribution of the products from the new processing plant in New Zealand in the future. In China, Elegant Living companies have added 62 distribution outlets in the financial year under review and it is on target in its plan to expand the number of outlets further. The Group will now have access to 548 Elegant Living companies distribution outlets. Elegant Living companies offer other synergistic advantages to the Group as it adds value to the plywood and logs it purchases from the Group companies.

Continue building resources

The Group will continue to focus on increasing its sustainable woodflow from its existing resources through both organic growth and acquisitions to meet the needs of downstream processing. Besides maintaining a stable woodflow of about 1.8 million m^3 per annum from its existing concession base of approximately 1.3 million hectares in Malaysia, the Group will work on increasing its future woodflow from plantation sources as well as its concession in Guyana. Currently the Group has a planted tree plantation hectarage of 44,868 hectares of which 25,734 hectares is located in New Zealand, 16,055 hectares in Malaysia and 3,079 hectares in China. In line with the planned construction of a new downstream manufacturing facility in New Zealand, plans to ramp up production to a sustainable level of about 800,000 m^3 per annum from the New Zealand plantations to meet the needs of this new mill is progressing well, with the necessary preparatory works being done especially on road construction and infrastructural development.

The Group will continue with its object of increasing its woodflow through the acquisition of new concessions and plantations that will strategically fit into the Group's overall plans and provide the Group with synergistic advantages.

In Malaysia, plywood manufacturing equipment will, under the scheduled replacement programme, be replaced by newer and better equipment to improve upon wood recovery and also with the capability to peel smaller diameter logs from the plantation areas.

Final Dividend

The Directors recommend the payment of a final dividend of 0.621 HK cents (equivalent to approximately 0.080 US cents) per share amounting to HK$26.7 million in respect of the financial year ended 30 June 2009 to shareholders whose names appear on the Register of Members of the Company on 23 November 2009. The proposed final dividend will be paid on 18 December 2009 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 17 November 2009 to 23 November 2009, 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 23 November 2009.

Book closure date (both days inclusive)	:	17 November 2009 to 23 November 2009
Latest time to lodge transfer with Registrar	:	at 4:30 p.m. on 16 November 2009
Address of Registrar	:	Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

On 15 August 2008, the Group completed the acquisition of the entire equity interest of Anhui Tongling Anlin Wood Plantation Co., Ltd. from Samling International Limited, a related party of the Group, at a consideration of US$8.6 million.

On 26 August 2008, the Group completed the acquisition of the business of Elegant Living (Hong Kong) Limited, Elegant Living International Holdings Limited and New Elegant Living Timber Manufacturing (Zhongshan) Co., Ltd. (collectively the "Elegant Living companies") for an initial consideration of US$38.3 million and a contingent consideration of up to approximately US$25.7 million if certain profit targets are achieved within three years after acquisition.

Other than the above, the Group had no material acquisition or disposal of subsidiaries and associates during the year ended 30 June 2009.

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 2009.

Compliance with the Code on Corporate Governance Practices

The board is committed to achieving the highest standards of corporate governance throughout the Group and is accountable to the Company's shareholders for good governance.

The Company has, throughout the financial year ended 30 June 2009, complied with the provisions and best practices of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules. 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 numbers 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.

In accordance with the call option arrangements, the Independent Non-Executive Directors are to review whether or not to exercise any of the call options granted to the Company in respect of certain businesses held by the controlling shareholders of the Company under the call option agreements on a quarterly basis.

The Independent Non-Executive Directors have reviewed the relevant information up to or as at 31 August 2009, and have decided not to exercise any of the call options granted to the Company under the call option agreements.

In accordance with the non-competition arrangements, the Independent Non-Executive Directors are 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 Independent Non-Executive Directors.

Audit Committee

The audit committee comprises four members and is chaired by Mr. Fung Ka Pun, an Independent Non-Executive Director. Other members of the audit committee are Mr. David William Oskin and Mr. Tan Li Pin, Richard, who are also the Independent Non-Executive Directors, and Mr. Chan Hua Eng, who is a Non-Executive Director. The Board has determined that Mr. Fung Ka Pun has recent and relevant financial experience. The principal responsibilities of the audit committee cover internal control and risk management, internal audit, external audit (including auditors' independence) and financial reporting. The audit committee has reviewed the Group's preliminary results announcement and the draft financial statements for the year ended 30 June 2009.

Scope of Work of KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2009 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 2009 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, 23 September 2009

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

Executive Directors
Yaw Chee Ming
Cheam Dow Toon

Non-Executive Director
Chan Hua Eng

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