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 2010

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 2010, together with the comparative figures for the previous year.

Consolidated income statement for the year ended 30 June 2010
(Expressed in United States dollars)

	Note	*2010* $'000	*2009* $'000
Revenue	*5*	598,248	478,960
Cost of sales		(540,897)	(445,778)
Gross profit		57,351	33,182
Other operating income		11,615	6,334
Distribution costs		(21,745)	(17,118)
Administrative expenses		(33,292)	(35,480)
Other operating expenses		(69)	(4,930)
Gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs		4,232	(1,952)
Profit/(loss) from operations		18,092	(19,964)
Financial income		17,409	8,695
Financial expenses		(17,297)	(28,021)
Net financing income/(costs)	*6*	112	(19,326)

* *for identification purposes only*

Consolidated income statement
for the year ended 30 June 2010 (continued)
(Expressed in United States dollars)

	Note	*2010* $'000	*2009* $'000
Share of profits less losses of associates		9,225	96
Share of profits less losses of jointly controlled entities		1,631	800
Profit/(loss) before taxation	*7*	29,060	(38,394)
Income tax	*8*	(592)	(4,593)
Profit/(loss) for the year		28,468	(42,987)
Attributable to:			
Equity shareholders of the Company		12,645	(37,447)
Non-controlling interests		15,823	(5,540)
Profit/(loss) for the year		28,468	(42,987)
Earnings/(loss) per share (US cent)	*10*		
- Basic and diluted		0.29	(0.87)

Consolidated statement of comprehensive income for the year ended 30 June 2010

(Expressed in United States dollars)

	2010 $'000	*2009* $'000
Profit/(loss) for the year	28,468	(42,987)
Other comprehensive income for the year (Note)		
Exchange difference on re-translation of financial statements of subsidiaries	29,121	(48,125)
Total comprehensive income for the year	57,589	(91,112)
Attributable to:		
Equity shareholders of the Company	29,298	(67,323)
Non-controlling interests	28,291	(23,789)
Total comprehensive income for the year	57,589	(91,112)

Note: The component of other comprehensive income does not have any significant tax effect for the years ended 30 June 2010 and 2009.

Consolidated balance sheet at 30 June 2010

(Expressed in United States dollars)

	Note	*2010* $'000	*2009* $'000
Non-current assets			
Fixed assets	*11*		
- Investment properties		15,925	7,525
- Other property, plant and equipment		379,804	370,430
Construction in progress		13,696	15,401
Interests in leasehold land held under operating leases		35,035	34,216
Intangible assets		44,560	50,107
Plantation assets	*12*	239,263	213,396
Interests in associates		82,360	68,497
Interests in jointly controlled entities		13,494	10,828
Other investment		34	31
Deferred tax assets		6,103	2,789
Total non-current assets		830,274	773,220
Current assets			
Inventories	*13*	144,655	135,457
Trade and other receivables	*14*	122,235	74,105
Current tax recoverable		18,121	20,378
Cash and cash equivalents	*15*	163,854	240,876
Total current assets		448,865	470,816
Total assets		1,279,139	1,244,036

Consolidated balance sheet
at 30 June 2010 (continued)
(Expressed in United States dollars)

	Note	*2010* $'000	*2009* $'000
Current liabilities			
Bank loans and overdrafts	*16*	112,008	101,084
Obligations under finance leases		21,979	28,047
Trade and other payables	*17*	152,969	124,176
Current tax payable		2,461	1,787
Total current liabilities		289,417	255,094
Net current assets		159,448	215,722
Total assets less current liabilities		989,722	988,942
Non-current liabilities			
Bank loans	*16*	176,493	206,398
Obligations under finance leases		23,685	34,292
Deferred tax liabilities		54,423	53,008
Total non-current liabilities		254,601	293,698
Total liabilities		544,018	548,792
Capital and reserves			
Share capital		430,174	430,174
Reserves		133,751	88,352
Total equity attributable to equity shareholders of the Company		563,925	518,526
Non-controlling interests		171,196	176,718
Total equity		735,121	695,244
Total liabilities and equity		1,279,139	1,244,036

Consolidated statement of changes in equity
for the year ended 30 June 2010
(Expressed in United States dollars)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Currency translation reserve	Revaluation reserve	Other reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2008	430,174	261,920	51,616	6,673	(301,079)	148,586	597,890	181,736	779,626
Changes in equity for the year ended 30 June 2009									
Consideration for business combination under merger accounting	-	-	-	-	(8,600)	-	(8,600)	-	(8,600)
Acquisition of subsidiary	-	-	-	-	-	-	-	19,904	19,904
Total comprehensive income for the year	-	-	(29,876)	-	-	(37,447)	(67,323)	(23,789)	(91,112)
Dividends in respect of previous financial year, approved and paid during the year	-	-	-	-	-	(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
At 1 July 2009	430,174	261,920	21,740	6,673	(309,679)	107,698	518,526	176,718	695,244
Changes in equity for the year ended 30 June 2010									
Additional investment in a subsidiary	-	-	-	-	19,542	-	19,542	(31,727)	(12,185)
Total comprehensive income for the year	-	-	16,653	-	-	12,645	29,298	28,291	57,589
Dividends in respect of previous financial year, approved and paid during the year	-	-	-	-	-	(3,441)	(3,441)	(2,086)	(5,527)
At 30 June 2010	430,174	261,920	38,393	6,673	(290,137)	116,902	563,925	171,196	735,121

Condensed consolidated cash flow statement
for the year ended 30 June 2010
(Expressed in United States dollars)

	Note	*2010* $'000	*2009* $'000
Operating profit before changes in working capital		97,765	69,371
Changes in working capital		(30,111)	(15,407)
Net cash generated from operations		67,654	53,964
Net income tax paid		(369)	(5,652)
Net cash generated from operating activities		67,285	48,312
Net cash used in investing activities		(33,950)	(63,056)
Net cash used in financing activities		(89,491)	(32,872)
Net decrease in cash and cash equivalents		(56,156)	(47,616)
Cash and cash equivalents at the beginning of the year		191,250	241,124
Effect of foreign exchange rate changes		4,904	(2,258)
Cash and cash equivalents at the end of the year	*15*	139,998	191,250

Notes

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 2010, but is derived from these financial statements.

2. Changes in accounting policies

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

- IFRS 8, *Operating segments*
- IAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to IFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- IAS 23 (revised 2007), *Borrowing costs*
- IFRS 3 (revised 2008), *Business combinations*
- Amendments to IAS 27, *Consolidated and separate financial statements*

The amendments to IAS 23 have had no material impact on the Group's financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments on the consolidated financial statements is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management and has resulted in additional reportable segments being identified and presented. Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any year presented.

2. Changes in accounting policies (continued)

- As a result of the adoption of the amendments of IFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into three-level fair value hierarchy according to the extent which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to IFRS 7, under which comparative information for newly required disclosures about the fair value measurements of financial instruments has not been provided.

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 July 2009 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008).

- The amendments to IAS 27 dealt with (i) the acquisition of additional interest in a non-wholly owned subsidiary whereby it will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners with no goodwill being recognised as a result of such transactions; (ii) the treatment of losses incurred by a non-wholly owned subsidiary which will be allocated between the controlling and non-controlling interests in proportion to their interest in that entity, even if this results in a deficit balance within the consolidated entity being attributed to the non-controlling interests; and (iii) the recognition of dividend receivable from subsidiaries, associates and jointly controlled entities, irrespective of whether it is out of pre- or post-acquisition profits, in the company's profit or loss.

3. Acquisition of subsidiary

On 20 May 2010, the Group completed the acquisition of the entire equity interest of Suzhou Times Flooring Co., Ltd. ("Times Flooring"), a Foreign Invested Enterprise established in the People's Republic of China ("PRC") for a cash consideration of $1,142,000.

The acquisition had the following effect on the Group's assets and liabilities:

	Recognised fair value at the date of acquisition $'000
Fixed assets	1,120
Inventories	1,215
Trade and other receivables	116
Current tax recoverable	20
Cash and cash equivalents	194
Trade and other payables	(1,132)
Net identifiable assets and liabilities	1,533
Negative goodwill credited to the income statement	(391)
Total purchase consideration	1,142
Less: Cash and cash equivalents acquired	(194)
Net cash outflow in respect of the acquisition	948

Times Flooring, which was consolidated since 1 June 2010, contributed $367,000 to the consolidated revenue and a loss of $1,000 to the consolidated net profit of the Group for the year ended 30 June 2010.

If the acquisition had occurred on 1 July 2009, management estimates that consolidated revenue would have been $600,090,000 and consolidated net profit for the year would have been $27,971,000.

4. Segment reporting

The Group manages its business by divisions, which are organised by business line. On the first time adoption of IFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the six reportable segments. Operating segments with similar nature of the production process and products have been aggregated to form the following reportable segments.

Logs - Hardwood	This segment primarily derives its revenue from the sale of timber logs to external customers and group companies. Hardwood logs are either harvested from the Group's forest concessions or tree plantation areas primarily located in Malaysia, Guyana and the PRC.
Logs - Softwood	This segment primarily derives its revenue from the sale of timber logs to external customers. Softwood logs are harvested from the Group's tree plantation areas located in New Zealand.
Plywood and veneer	This segment derives its revenue from the sale of plywood and veneer. These products are manufactured by the Group's manufacturing facilities primarily located near its forest concessions or tree plantation areas in Malaysia and Guyana.
Upstream support	This segment provides supporting services such as tree-falling, barging, repairs and re-conditioning of equipment and machineries primarily to group companies.
Flooring products	This segment manufactures flooring products through the Group's manufacturing facilities primarily located in the PRC for sale primarily to external customers.
Other operations	This segment derives its revenue from the sale of timber related products (i.e. chipboard, door facings, doors, housing products and sawn timber), granite aggregates, rubber compound, glue, oil palm products, provision of logistic services, provision of electricity supply and leasing of properties.

(a) Segment results, assets and liabilities

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

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

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

4. Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 30 June 2010 and 2009 is set out below.

2010

	< ------------ Logs ------------ >			Plywood and veneer	Upstream support	Flooring products	Other operations	Total
	Hardwood $'000	Softwood $'000	Sub-total $'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	182,650	37,629	220,279	181,300	35,642	58,002	103,025	598,248
Inter-segment revenue	67,544	139	67,683	21,445	196,349	3,271	5,013	293,761
Reportable segment revenue	250,194	37,768	287,962	202,745	231,991	61,273	108,038	892,009
Reportable segment profit/(loss)	12,050	15,171	27,221	(14,533)	3,822	8,325	(6,743)	18,092
Reportable segment assets	112,804	268,141	380,945	267,421	132,178	119,619	125,047	1,025,210
Interests in associates and jointly controlled entities	-	-	-	-	-	-	95,854	95,854
Additions to non-current segment assets during the year	17,630	14,108	31,738	10,510	13,144	4,678	13,365	73,435
Reportable segment liabilities	10,610	9,884	20,494	37,175	56,542	10,217	28,541	152,969

2009

	< ------------ Logs ------------- >			Plywood and veneer	Upstream support	Flooring products	Other operations	Total
	Hardwood $'000	Softwood $'000	Sub-total $'000	$'000	$'000	$'000	$'000	$'000
Revenue from external customers	139,671	25,431	165,102	191,603	7,268	32,564	82,423	478,960
Inter-segment revenue	64,201	-	64,201	21,479	163,052	-	7,556	256,288
Reportable segment revenue	203,872	25,431	229,303	213,082	170,320	32,564	89,979	735,248
Reportable segment profit/(loss)	14,663	246	14,909	(24,921)	(3,218)	5,693	(12,427)	(19,964)
Reportable segment assets	111,220	242,082	353,302	268,635	127,894	88,854	106,881	945,566
Interests in associates and jointly controlled entities	-	-	-	-	-	-	79,325	79,325
Additions to non-current segment assets during the year	11,432	15,511	26,943	11,058	12,305	950	9,318	60,574
Reportable segment liabilities	9,188	9,015	18,203	26,491	47,124	2,368	29,990	124,176

4. Segment reporting (continued)

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

Revenue	*2010* $'000	*2009* $'000
Reportable segment revenue	892,009	735,248
Elimination of inter-segment revenue	(293,761)	(256,288)
Consolidated revenue	598,248	478,960

Profit	*2010* $'000	*2009* $'000
Reportable segment profit/(loss)	18,092	(19,964)
Share of profits less losses of associates	9,225	96
Share of profits less losses of jointly controlled entities	1,631	800
Net financing income/(costs)	112	(19,326)
Consolidated profit/(loss) before taxation	29,060	(38,394)

Assets	*2010* $'000	*2009* $'000
Reportable segment assets	1,025,210	945,566
Interests in associates and jointly controlled entities	95,854	79,325
Deferred tax assets	6,103	2,789
Current tax recoverable	18,121	20,378
Unallocated head office and corporate assets	133,851	195,978
Consolidated total assets	1,279,139	1,244,036

Liabilities	*2010* $'000	*2009* $'000
Reportable segment liabilities	152,969	124,176
Current tax payable	2,461	1,787
Deferred tax liabilities	54,423	53,008
Bank loans and obligations under finance leases	334,165	369,821
Consolidated total liabilities	544,018	548,792

4. Segmental reporting (continued)

(c) Geographic information

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

2010

	Malaysia $'000	**Guyana $'000**	**New Zealand $'000**	**The PRC $'000**	**Japan $'000**	**North America $'000**	**Australia $'000**	**Other countries $'000**	**Total $'000**
Revenue from external customers	131,610	6,871	6,919	129,833	99,616	44,785	57,946	120,668	598,248
Specified non-current assets	451,391	49,553	259,019	52,378	7,951	-	3,845	-	824,137

2009

	Malaysia $'000	**Guyana $'000**	**New Zealand $'000**	**The PRC $'000**	**Japan $'000**	**North America $'000**	**Australia $'000**	**Other countries $'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
Specified non-current assets	442,972	39,961	228,736	55,247	-	-	3,484	-	770,400

5. Revenue

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

	2010 $'000	*2009* $'000
Sales of goods	562,606	471,692
Revenue from provision of services	35,642	7,268
	598,248	478,960

6. Net financing income/(costs)

	2010 $'000	*2009* $'000
Interest on loans and overdrafts from banks and finance charges on obligations under finance leases wholly repayable within five years	(19,985)	(13,306)
Interest on loans and overdrafts from banks and finance charges on obligations under finance leases wholly repayable after five years	-	(8,439)
	(19,985)	(21,745)
Less: Borrowing costs capitalised into plantation assets	7,049	7,602
Interest expenses	(12,936)	(14,143)
Net loss on changes in fair value of financial instruments	(3,628)	(6,273)
Foreign exchange losses	(733)	(7,605)
Financial expenses	(17,297)	(28,021)
Interest income	2,214	4,092
Foreign exchange gains	15,195	4,603
Financial income	17,409	8,695
	112	(19,326)

The borrowing costs have been capitalised at a rate of 4.80% to 7.31% (2009: 3.92% to 7.89%) per annum.

7. Profit/(loss) before taxation

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

	2010 $'000	*2009* $'000
Depreciation	61,530	61,874
Less: Depreciation capitalised into plantation assets	(824)	(252)
	60,706	61,622
Amortisation of interests in leasehold land held under operating leases	1,119	1,010
Amortisation of intangible assets	7,697	7,080
Impairment losses on fixed assets	-	4,875

8. Income tax

	2010	*2009*
	$'000	$'000
Current tax		
Provision for the year	6,127	4,794
(Over)/under-provision in respect of prior years	(967)	4
	5,160	4,798
Deferred tax		
Origination and reversal of temporary differences	(2,380)	(205)
Effect on deferred tax balances at the beginning of the year resulting from a change in tax rate (note (e))	(2,188)	-
	(4,568)	(205)
	592	4,593

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 2010 and 2009.

(c) The subsidiaries in Malaysia are liable to Malaysian income tax at a rate of 25% (2009: 25%).

(d) The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45% (2009: 45%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the years ended 30 June 2010 and 2009.

(e) The subsidiaries in New Zealand are liable to New Zealand income tax at a rate of 30% (2009: 30%). No provision for New Zealand income tax has been made as the subsidiaries sustained losses for taxation purposes for the years ended 30 June 2010 and 2009. In May 2010, the New Zealand government announced a reduction in the income tax rate from 30% to 28% with effective from the year of assessment 2011/2012.

(f) The subsidiary in Australia is liable to Australian income tax at a rate of 30% (2009: 30%).

(g) The subsidiaries in the PRC are liable to the PRC income tax at a rate of 25% (2009: 25%), except for certain subsidiaries which are subject to a preferential tax rate of 11% for the year of assessment 2010 and a subsidiary which is exempted from the PRC income tax.

9. Dividends

(a) Dividends attributable to the year

	2010	*2009*
	$'000	$'000
Final dividend proposed after the balance sheet date of 0.080 US cents (2009: 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) Dividends attributable to the previous financial year, approved and paid during the year

	2010	*2009*
	$'000	$'000
Final dividend in respect of the previous financial year of 0.080 US cents (2009 : 0.080 US cents) per share, approved and paid during the year	3,441	3,441
	======	======

10. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share for the year ended 30 June 2010 is based on the profit attributable to equity shareholders of the Company for the year of $12,645,000 (2009: loss of $37,447,000) and 4,301,737,000 (2009: 4,301,737,000) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares during the years ended 30 June 2010 and 2009. The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

11. Fixed assets

a) Acquisitions and disposals

During the year ended 30 June 2010, the Group acquired fixed assets with an aggregate cost of $49,662,000 (2009: $34,026,000). Items of fixed assets with an aggregate net book value of $2,697,000 were disposed of during the year ended 30 June 2010 (2009: $2,130,000), resulting in a gain on disposal of $2,252,000 (2009: $234,000).

b) Certain fixed assets and interests in leasehold land held under operating leases 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 for the year ended 30 June 2010 are interest capitalised of $7,049,000 (2009: $7,602,000) and depreciation of fixed assets of $824,000 (2009: $252,000).

A significant portion of trees in New Zealand are planted on freehold forest and a small portion on leasehold forest with a term of 79 years, expiring in 2060. The Group has been granted 7 (2009: 7) plantation licences for a gross area of approximately 458,000 (2009: 458,000) hectares in Malaysia. The licences are granted for 60 years, the earliest of which expires in December 2058. The Group was granted the plantation rights to a total land area of 3,079 hectares in the PRC, expiring in 2066.

The Group's plantation assets in Malaysia and the PRC were independently valued by Pöyry Forest Industry Pte Ltd ("Pöyry") while the plantation assets in New Zealand were independently valued by Chandler Fraser Keating Limited ("CFK"). In view of the non-availability of market value for tree plantation in New Zealand, Malaysia and the PRC, both Pöyry and CFK have applied the net present value approach whereby projected future net cash flows, based on their assessments of current timber log prices, were discounted at the rate of 10.2% (2009: 10.2%) for plantation assets in Malaysia, 10% (2009: 10%) for plantation assets in the PRC and 7.25% (2009: 7.25%) for plantation assets in New Zealand to arrive at the fair value of the plantation assets.

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

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

- A stand-based approach was employed whereby stands are scheduled to be harvested at or near their optimum economic rotation age.
- The cash flows are those arising from the current rotation of trees only. No account was taken of revenues or costs from re-establishment following harvest, or of land not yet planted.
- The cash flows do not take into account of income tax and finance costs.
- The cash flows have been prepared in real terms and have not therefore included inflationary effects.
- The impact of any planned future activity of the business that may impact the pricing of the logs harvested from the forest is not taken into account.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.

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

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

13. Inventories

	2010	*2009*
	$'000	$'000
Timber logs	33,892	35,910
Raw materials	11,811	8,990
Work-in-progress	19,323	17,225
Manufactured inventories	43,927	39,583
Stores and consumables	35,702	33,749
	144,655	135,457

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

	2010	*2009*
	$'000	$'000
Carrying amount of inventories sold	538,006	443,112
Write-down of inventories	2,891	2,666
	540,897	445,778

14. Trade and other receivables

	2010	*2009*
	$'000	$'000
Trade receivables	66,385	44,561
Prepayments, deposits and other receivables	44,150	27,926
Loans to third parties	11,700	-
Loan to a jointly controlled entity	-	1,618
	122,235	74,105

Included in the Group's trade receivables are amounts due from associates, jointly controlled entities and related parties of $4,658,000 (2009: $3,323,000), $756,000 (2009: $484,000) and $915,000 (2009: $2,319,000) respectively, as at 30 June 2010.

Included in the Group's loans to third parties were:

(i) A loan of $9,000,000 (2009: $Nil) disbursed to a third party in connection with a proposed acquisition of coal mining business in Indonesia. The Group elected to terminate this proposed acquisition in April 2010 and in accordance with the sales and purchase agreement and convertible loan agreement in place, the loan of $9,000,000 shall then be repaid to the Group in full by 19 November 2010 or the commercial operation of the coal mine in Indonesia, whichever occurs earlier. The loan is unsecured and bears interest at 6% per annum; and

(ii) A loan of $2,700,000 (2009: $Nil) which is unsecured, interest bearing at 5.5% per annum and was due for repayment in April 2010. The amount was subsequently repaid to the Group in August 2010.

14. Trade and other receivables (continued)

An ageing analysis of trade receivables, net of allowance for doubtful debts, is as follows:

	2010 *$'000*	*2009* *$'000*
Within 30 days	36,226	26,511
31 - 60 days	9,604	5,816
61 - 90 days	4,634	2,152
91 - 180 days	9,161	5,812
181 - 365 days	4,360	2,907
1 - 2 years	1,278	1,179
Over 2 years	1,122	184
	66,385	44,561

15. Cash and cash equivalents

	2010 $'000	*2009* $'000
Deposits with banks and other financial institutions	121,647	197,285
Cash at bank and in hand	42,207	43,591
Cash and cash equivalents in the balance sheet	163,854	240,876
Bank overdrafts *(note 16)*	(16,500)	(19,990)
Secured deposits with banks and other financial institutions	(7,356)	(29,636)
Cash and cash equivalents in the consolidated cash flow statement	139,998	191,250

16. Bank loans and overdrafts

The bank loans and overdrafts were repayable as follows:

	2010 $'000	*2009* $'000
Within 1 year or on demand	112,008	101,084
After 1 year but within 2 years	29,626	28,801
After 2 years but within 5 years	146,867	96,814
After 5 years	-	80,783
	176,493	206,398
	288,501	307,482

16. Bank loans and overdrafts (continued)

The bank loans and overdrafts were secured as follows:

	2010 $'000	*2009* $'000
Overdrafts *(note 15)*		
- unsecured	11,410	15,937
- secured	5,090	4,053
	16,500	19,990
Bank loans		
- unsecured	152,231	139,227
- secured	119,770	148,265
	272,001	287,492
	288,501	307,482

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

	2010 $'000	*2009* $'000
Fixed assets	56,992	51,776
Interests in leasehold land held under operating leases	12,101	12,455
Plantation assets	220,495	193,326
Cash and cash equivalents	7,356	29,636
	296,944	287,193

At 30 June 2010, a bank loan of the Group amounting to $45,000,000 (2009: $50,000,000) was secured by the Group's shares in Lingui Developments Berhad.

The banking facilities of the Group amounting to $331,001,000 (2009: $367,382,000) were utilised to the extent of $288,501,000 (2009: $307,482,000) as at 30 June 2010.

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

17. Trade and other payables

	2010	*2009*
	$'000	$'000
Trade payables	69,529	57,204
Other payables	33,110	29,514
Accrued expenses	37,332	28,823
Derivative financial instruments	12,998	8,635
	152,969	124,176

Included in the Group's trade payables are amounts due to associates, jointly controlled entities and related parties of $1,435,000 (2009: $1,666,000), $30,000 (2009: $18,000) and $4,299,000 (2009: $5,010,000) respectively, as at 30 June 2010.

An ageing analysis of trade payables is as follows

	2010	*2009*
	$'000	$'000
Within 30 days	29,469	20,365
31 - 60 days	10,757	8,652
61 - 90 days	7,046	5,874
91 - 180 days	9,179	5,916
181 - 365 days	10,333	11,356
1 - 2 years	2,670	4,782
Over 2 years	75	259
	69,529	57,204

18. Contingent liabilities

Further to the disclosures made in the 2010 Interim Report, the updated status of the legal claims stated therein is as follows:

i. Legal claims from inhabitants of longhouses

a) In 2007, a subsidiary of the Group, Merawa Sdn. Bhd. ("Merawa"), together with the Director of Forests and the State Government of Sarawak, are being jointly sued in the Malaysian courts by certain inhabitants of longhouses and settlements situated on timber concessions held by Merawa. The action commenced in 2007 and the plaintiffs are claiming various reliefs including a declaration that they have native customary rights over claimed land located within the relevant timber concession areas. Merawa denied the claim and also counterclaimed for damages, costs, interest and/or other relief. As at 30 June 2010, the above proceeding remained pending before the Malaysian courts.

18. Contingent liabilities (continued)

i. Legal claims from inhabitants of longhouses (continued)

b) Two of the Company's subsidiaries, Samling Plywood (Lawas) Sdn. Bhd. ("Samling Plywood") and Samling Reforestation (Bintulu) Sdn. Bhd. ("Samling Reforestation") have been served with the following two writs of summons on 15 December 2009:

- Samling Plywood and Samling Reforestation together with the Director of Forests and State of Government of Sarawak are jointly named as defendants by certain families of the village communities of Long Pakan and Long Lilim and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Long Pakan and Long Lilim, Baram, Sarawak as the plaintiffs (collectively, "Plaintiff A"). Plaintiff A are claiming for various orders, reliefs and damages including declarations that issuance of the timber licence and licence for planted forests by the Director of Forests, Sarawak to Samling Plywood and Samling Reforestation respectively which overlap Plaintiff A's claimed areas are unlawful, unconstitutional, null and void.
- Samling Plywood together with the Director of Forests and State of Government of Sarawak are jointly named as defendants by certain families of the village communities of Ba Abang, Long Item and Long Kawi and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Kampung Ba Abang, Long Item and Long Kawi, Baram, Sarawak as the plaintiffs (collectively, "Plaintiff B"). Plaintiff B are claiming for various orders, reliefs and damages including declarations that issuance of the timber licence by the Director of Forests, Sarawak to Samling Plywood which overlap Plaintiff B's claimed areas are unlawful, unconstitutional, null and void.

The timber licence and the licence for planted forest held by Samling Plywood and Samling Reforestation respectively have been issued by governmental authorities in Sarawak. As at 30 June 2010, the Company has made applications to strike out the two writs of summons and awaiting for hearing and decision from the court.

ii. Contingent consideration in respect of business combination

With respect to 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. in 2008, the contingent consideration of $8.3 million recognised as payables previously was paid during the year ended 30 June 2010. The Group may be required to pay additional contingent consideration of up to $17.4 million if certain terms and conditions as set out in the sales and purchase agreement are met. As at 30 June 2010, such terms and conditions which lead to the payment of the additional contingent consideration were not met.

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 operations US$'000*	*Eliminations US$'000*	*Total US$'000*
2010							
External customers	220,279	181,300	35,642	58,002	103,025	-	598,248
Inter-segment revenue	67,683	21,445	196,349	3,271	5,013	(293,761)	-
Total revenue	287,962	202,745	231,991	61,273	108,038	(293,761)	598,248
2009							
External customers	165,102	191,603	7,268	32,564	82,423	-	478,960
Inter-segment revenue	64,201	21,479	163,052	-	7,556	(256,288)	-
Total revenue	229,303	213,082	170,320	32,564	89,979	(256,288)	478,960

Segment Gross Profit (before inter-segment elimination)

2010							
Gross profit/(loss)	24,517	(5,622)	8,780	11,613	18,063	-	57,351
Gross profit/(loss) margin (%)	*8.5*	*(2.8)*	*3.8*	*19.0*	*16.7*	-	*9.6*
Percentage of segment contribution (%)	*42.7*	*(9.8)*	*15.3*	*20.3*	*31.5*	-	*100.0*
2009							
Gross profit/(loss)	21,260	(8,664)	252	8,879	11,455	-	33,182
Gross profit/(loss) margin (%)	*9.3*	*(4.1)*	*0.1*	*27.3*	*12.7*	-	*6.9*
Percentage of segment contribution (%)	*64.1*	*(26.1)*	*0.7*	*26.8*	*34.5*	-	*100.0*

***** *Logs comprise hardwood and softwood logs*

Profit Attributable to Equity Holders of the Company

	2010 US$'000	*2009* US$'000
Gross profit	57,351	33,182
Other expenses net of other income before gain/loss from changes in fair value of plantation assets less estimated point-of-sale costs	(43,491)	(51,194)
Gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs	4,232	(1,952)
	----------	----------
Profit/(loss) from operations	18,092	(19,964)
Net financing income/(costs)	112	(19,326)
Share of profits less losses of associates and jointly controlled entities	10,856	896
	----------	----------
Profit/(loss) before taxation	29,060	(38,394)
Income tax	(592)	(4,593)
	----------	----------
Profit/(loss) for the year	28,468	(42,987)
Non-controlling interests	(15,823)	5,540
	----------	----------
Profit/(loss) attributable to equity shareholders of the Company	12,645	(37,447)
	======	======

Review of Group Results

With higher volumes of logs being sold, partially driven by strong demand from the People's Republic of China ("PRC") and India, the Group achieved a higher revenue of US$598.2 million for the financial year under review, representing a 24.9% increase from the revenue of US$479.0 million achieved in the preceding financial year.

With the gradual recovery of the world economy from the financial crisis which significantly affected the results of the Group for the preceding financial year, the Group's financial results for the financial year under review was a turnaround as all the businesses of the Group improved on their gross profits. Gross profit improved to US$57.4 million from US$33.2 million achieved in the preceding financial year, an increase of about 72.9%. Gross profit margin has also increased to 9.6% compared to 6.9% for the preceding financial year. For the key business of log trading and flooring products, with higher volumes sold, the average cost of production per cubic metres ("m^3") or square metres ("m^2") were lower as semi-fixed and fixed operating costs were allocated over higher volumes. Diesel and glue prices were also lower compared to the preceding financial year. This has enabled log trading and flooring products to achieve higher gross profits. Although the volume of plywood sold was lower due to lacklustre demand from Japan, the higher sales prices obtained enabled the plywood division to achieve better gross profits. After accounting for the higher other income (principally due to higher royalty income for flooring products) and deducting administrative and distribution expenses, the Group recorded a profit from operations of US$18.1 million compared to a loss from operations of US$20.0 million recorded in the preceding financial year. Due to the recognition of unrealised foreign exchange gains on US Dollar loans in a foreign subsidiary company and foreign currency deposits, the Group recognised net financing income of US$0.1 million during the financial year as compared to net financing costs of US$19.3 million recorded in the preceding financial year. Principally as a result of higher crude palm oil ("CPO") prices achieved and higher volume sold by the associate involved in oil palm plantations, share of profits less losses of associates and jointly controlled entities was higher at US$10.9 million. As a result of the above factors, the Group achieved a profit before taxation of US$29.1 million compared to a loss before taxation of US$38.4 million recorded in the preceding financial year. After accounting for non-controlling interests of US$15.8 million, profit attributable to equity shareholders of the Company was US$12.6 million compared to loss of US$37.4 million in the preceding financial year.

With the higher profit before taxation of US$29.1 million, operating profit before changes in working capital was US$97.8 million which was 40.9% higher than the preceding financial year.

Review of Business Segment Results

Log Trading

Log trading, a major business segment, accounted for approximately 36.8% and 34.5% of total revenue for the financial year under review and the preceding financial year respectively. It continued to be the largest contributor to operating profits at US$27.2 million. The following table shows selected operating and financial data with respect to sales volume, weighted average price and revenue of logs sold, including inter-company log sales.

	Year ended 30 June 2010			*Year ended 30 June 2009*		
	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	812,590	*157.51*	127,991	532,886	*174.26*	92,862
Hardwood logs - local sales	691,540	*79.04*	54,659	595,353	*78.62*	46,809
Softwood logs - export sales	379,765	*81.81*	31,070	344,833	*61.52*	21,214
Softwood logs - local sales	65,837	*99.62*	6,559	54,897	*76.82*	4,217
Total external log sales	1,949,732	*112.98*	220,279	1,527,969	*108.05*	165,102
Internal log sales (i)	729,696	*92.76*	67,683	706,290	*90.90*	64,201
Total log sales	2,679,428	*107.47*	287,962	2,234,259	*102.63*	229,303

(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 1,504,130 m^3 of hardwood logs and 445,602 m^3 of softwood logs which was 33.3% and 11.5% higher respectively than the preceding financial year.

The volume of hardwood logs sold in the financial year under review represented approximately 62.7% of total hardwood logs extracted with the balance being processed in the Group's downstream mills. The volume of hardwood logs extracted included 335,922 m^3 of salvage logs extracted under supply agreements signed with two local buyers from areas earmarked for tree plantations and flooding under a government dam project. The volume of salvage logs extracted under the similar arrangement in the preceding financial year was 292,689 m^3. Excluding the volume of salvage logs sold under these contracts, the volume of logs extracted was higher than the preceding financial year as demand from the PRC and India increased. With no significant changes in the volumes of plywood produced by the Group's downstream plants due to the stagnant Japanese market, the volume of own logs used by the downstream plants was about the same level as the preceding financial year. Due to log mix and sizes, the average hardwood log export prices achieved for the financial year under review was US$157.5 per m^3 which was lower compared to US$174.3 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 445,602 m^3 of softwood logs as compared to 399,730 m^3 of softwood logs sold in the preceding financial year. This increase in production from the New Zealand forest was part of the ramp up plan in line with the maturity profile of the maturing radiata pine trees. To cater for the gradual ramp up to about 800,000 m^3 in about 2 years time, additional logging crews were engaged and road construction works were accelerated. The increased production volumes were mainly exported to the PRC which increased its demand for logs to meet the needs of the booming housing and construction sector. Principally due to better prices from the PRC, the average softwood log prices achieved was US$84.4 per m^3, an improvement of 32.7% compared to the preceding financial year.

The PRC, which has overtaken Japan as the world's second largest economy remained as the major importer of both tropical hardwood and softwood logs and this augers well for the log market by providing a certain level of stability to log prices. Its huge demand for logs for the production of end products for domestic use has offset the slowdown in log requirements for the manufacturing of end products for the export market, especially to the United States ("US") which economy have yet to fully recover. The Chinese government massive stimulus, including spending on public infrastructure and rural development, has helped boost the domestic economy and mitigate the impact of the lower exports. The Group sold 33.6% of its log exports to the PRC.

The level of construction spending in India has remained generally unabated in the midst of the financial crisis as rapid urbanisation remains on an upward trend with the increase in affluence of its population. The easing of credit and with more vessels calling on Indian ports helped in facilitating the increase in timber trade with India. As India prefers the harder species which was sold at higher prices, the Group has been actively promoting the harder species from Malaysia and Guyana to this market. During the financial year under review, the Group sold 33.1% of its total log exports to India.

The weak housing starts for Japan did not auger well for log demand from this market. Faced with competition from imported plywood and weaker domestic demand, Japanese plywood mills curtailed their production volumes which resulted in lower log requirements. The Group managed to export 7.3% of its total log exports to Japan, principally those of a premium grade.

On the supply side, with the general improvement in demand, there were more logging operators back in the market. With pressure on margins easing as fuel prices dropped to more manageable levels when compared to the preceding financial year and the lacklustre plywood market of Japan, more logging operators which owns plywood mills have shifted more towards direct sale of logs to the key importing countries such as the PRC and India instead of the manufacturing of plywood. Although the supply of logs by Russia has dropped partially due to its export taxes and the move to retain logs in Russia for downstream manufacturing, it still remains as the key supplier of softwood logs in the market, especially to the PRC. However, this situation has caused buyers to source for alternative supply sources, opening up new demand opportunities for Malaysia and New Zealand, of which the Group has resources.

Whilst the margins of softwood logs were higher, this effect was offset by lower margins achieved by hardwood logs which was impacted by lower selling prices. As a result, overall gross profit margin for the log trading segment was lower at 8.5% compared to 9.3% in the preceding financial year. However with higher volumes sold, gross profit was higher at US$24.5 million, an increase of US$3.2 million compared to US$21.3 million achieved in the preceding financial year.

The changes in fair value of plantation assets less estimated point-of-sale costs was a gain of US$4.2 million compared to a loss of US$2.0 million in the preceding financial year. The gain from changes in fair value of plantation assets for the financial year under review was due to the impact of higher selling prices of the New Zealand plantation and the value of growth of the planted trees.

In the financial year under review, the Group expended US$19.3 million to maintain and expand its forest plantation areas in New Zealand, Malaysia and the PRC. The Group views New Zealand radiata pine 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 and the PRC, the Group currently has a combined planted area of 17,692 hectares. The main species planted are acacia, khaya, rubberwood and poplar. The timber from these plantations will complement the sustainable wood resource from the natural forest in the future.

Plywood and Veneer

Plywood and veneer contributed 30.3% to the Group's total revenue 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 2010			*Year ended 30 June 2009*		
	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	306,631	*425.15*	130,363	331,268	*417.68*	138,364
Plywood- local sales	39,786	*367.97*	14,640	53,267	*349.82*	18,634
Total external plywood sales	346,417	*418.58*	145,003	384,535	*408.28*	156,998
Internal plywood sales	16,818	*631.47*	10,620	19,711	*521.54*	10,280
Total plywood sales	363,235	*428.44*	155,623	404,246	*413.80*	167,278

Veneer

	Year ended 30 June 2010			*Year ended 30 June 2009*		
	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	60,442	*296.83*	17,941	62,368	*307.61*	19,185
Veneer- local sales	69,527	*264.01*	18,356	64,594	*238.72*	15,420
Total external veneer sales	129,969	*279.27*	36,297	126,962	*272.56*	34,605
Internal veneer sales	32,288	*335.26*	10,825	37,806	*296.22*	11,199
Total veneer sales	162,257	*290.42*	47,122	164,768	*278.00*	45,804

In the financial year under review, the Group sold 346,417 m^3 of plywood at an average selling price of US\$418.6 per m^3. The 9.9% drop in sales volume compared to the preceding financial year was the result of a lacklustre Japanese market. As plywood mills curtailed its production volumes, supplies fell and this caused plywood prices to move up which partially mitigated the impact of lower volumes. The total volume of veneer sold of 129,969 m^3 was a marginal increase of 2.4% compared to the preceding financial year. Average prices also increased in line with the movement of plywood prices and the mix of veneer sold. Veneer prices averaged US\$279.3 per m^3 for the financial year under review, an increase of 2.5% compared to US\$272.6 per m^3 for the preceding financial year.

In spite of the various government incentives to boost the economy, Japan, the key export market for the Group's plywood, recorded weaker housing starts due to house buyers' lack of confidence in the economic situation of the country. For 2009, housing starts of approximately 788,000 units was the lowest in the last 45 years. Housing starts from January to June 2010 of approximately 380,000 units also did not provide the market the boost it much needed. The Japanese government's push for house owners to remodel existing homes by announcing new environmental incentives have, to a certain extent, helped mitigate the slide in demand. However with no real sustained positive leads on the recovery of the housing sector, users and traders of plywood were not willing to make long term commitments to avoid having an overstocked position. The stronger Japanese Yen which afforded the Japanese greater purchasing power did not translate into higher level of purchases. In spite of the lower housing starts, total sales to Japan, which purchases higher quality plywood at premium prices, accounted for 52.1% 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 its long established relationship with its loyal buyers.

In efforts to boost the housing sector, the tax credit breaks given by the US government has caused housing starts to trend upwards in the second half of the financial year under review. However, indications are that this upward trend has been buckled after the tax credit break incentive expired. This uncertain outlook is further compounded by the increasing unemployment rate and tight credit conditions imposed by financial institutions. The Group recorded 14.3% of its total export sales to the US, which was higher than the 4.0% achieved in the preceding financial year. The Group's export sales to other markets such as South Korea and Taiwan accounted for 14.2% and 8.9% respectively of the Group's total exported plywood sales.

The Group continues to work on certifying its wood products to expand to markets that require such certification. During the financial year under review, two of its subsidiary companies obtained the internationally recognised Standards Mark certification for their plywood products that have been manufactured according to Australian Standards. This gives the Group an edge over its overseas competitors as wood products without this certification will not have market access to the certain building products segment in Australia. The Group will continue to work to expand its market share in this segment through Brewster Pty. Ltd. ("Brewster"), the distribution arm of the Group in Australia.

On the supply front, the PRC 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. As the PRC producers manufacture more of commodity based plywood, the Group focus on producing more niche and higher quality plywood has lessened its direct competition with the Chinese producers.

The veneer plants, which are located near to the forest resource to peel fresh salvage logs from plantation areas that are just harvested to maximise log recovery, recorded a marginal increase in external sales by 2.4% as less volumes were used for internal plywood production. As the veneer used by the Group's plywood plants comprise of the higher value face and back veneer, this has resulted in average external selling prices increasing only marginally by 2.5% compared to the preceding financial year. On the production front, the Group focused on the maximising log recovery and the production of face and back veneer which provided better gross profit margins.

Although gross profit margin from this segment has improved from the negative margin of 4.1% recorded in the preceding financial year, it still remained negative at 2.8%. This squeeze on margins was mainly due to the impact of fixed and semi-fixed production costs 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. On a cash cost basis, this segment achieved a positive gross profit based on cash cost of US$7.5 million which was improved over the US$3.7 million achieved in the preceding financial year. The Group continued to improve on the operational flow to achieve higher operational efficiency.

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 increased by US$28.3 million to US$35.6 million for the financial year under review from US$7.3 million for the preceding financial year. With the increase in extraction volumes, total revenue from billings to companies within the Group for the financial year under review amounted to US$196.3 million, an increase of US$33.2 million compared to the US$163.1 million billed for the preceding financial year. Gross profit achieved from the upstream support services was US$8.8 million, an improvement of US$8.5 million over that of the preceding financial year as operating cost per m^3 were lower with fixed and semi-fixed cost allocated over a higher volume extracted coupled with lower fuel cost. In terms of gross profit margin, it has improved to 3.8% compared to 0.1% in the preceding financial year.

The strict control over operating costs is of paramount importance for upstream support services as the operations involves a large fleet of machineries, vehicles and vessels operating at the forest resource. Regular monitoring against benchmarks set ensured that operators are aware of and accountable for its each machine. The improvement of workers' productivity through a performance based reward system where workers are aware of their performance measurement indicators was continued to be emphasised. In efforts to reduce costs, the Group's central purchasing company continues to source for alternative spare parts supply sources while at the same time ensuring that the quality of the spare parts are maintained, if not improved.

Flooring Products

In the financial year under review, the Group consolidated the full financial year results of the Elegant Living group based in the PRC, which principal activities are the manufacture and sale of solid, engineered and laminated flooring. In the preceding financial year, 10 months results were consolidated into the Group's results as the acquisition was completed on 1 September 2008. 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 the PRC for hand sculptured engineered flooring, the Elegant Living group has 825 distribution outlets throughout the PRC.

For the financial year under review, engineered flooring sales totalled 1,819,652 m^2 at an average selling price of US$19.5 per m^2. The domestic market remained robust, partially boosted by the impact of the stimulus packages and increased use of wooden flooring both for new houses and renovations as the population becomes more affluent. 968,450 m^2 or 53.2% of the total engineered flooring sales was for the domestic market.

The sale of laminated flooring was principally for the domestic PRC market. For the financial year under review, laminated flooring sales totalled 2,173,378 m^2 at an average selling price of US$8.1 per m^2. Demand for laminated flooring was strong as many Chinese household started to use laminated flooring, which was priced at about 58.5% 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.

As part of the plan to capture more market share in the growing flooring business in the PRC, especially in the Western region, the Group had during the financial year under review increased its manufacturing capacities in the PRC. It invested in a new laminated flooring plant in Chengdu, expanded on its flooring plant capacity in Nantong and acquired a new subsidiary, Times Flooring which business is in flooring.

For the financial year under review, the flooring segment contributed US$11.6 million in gross profit compared to US$8.9 million for the 10 months ended 30 June 2009. Royalty income from the licensing of the Elegant Living name further contributed US$5.3 million which was recognised as other income in the consolidated income statement of the Group.

Other Operations

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

Revenue from other operations increased by US$20.6 million or approximately 25.0%, to US$103.0 million in the financial year under review from US$82.4 million in the preceding financial year. This increase was primarily due to higher sales by the Australian subsidiary, Brewster and a better performance by the housing products division.

In terms of gross profit, other operations achieved US$18.1 million which was 57.4% higher than the preceding financial year.

Net Financing Income /(Costs)

The Group recognised a net financing income of US$0.1 million compared to net financing costs of US$19.3 million recorded for the preceding financial year. This was mainly due to recognition of unrealised foreign exchange gains on the translation of US Dollar loan in a New Zealand subsidiary company as the US Dollar weakened against the NZ Dollars and unrealised gain arising from foreign currency deposits.

Share of Profits less Losses of Associates

The Group recognised a profit of US$9.2 million as share of profits less losses of associates, an increase of US$9.1 million from the profit of US$0.1 million recognised as share of profits less losses of associates for the preceding financial year. This increase was primarily attributable to an increase in profits from associated company, Glenealy Plantations (Malaya) Berhad ("Glenealy") which operationally benefited from higher CPO sales volumes and selling prices. As CPO selling prices was higher, the Group's share of Glenealy's gain from changes in fair value of plantation assets less estimated point-of-sale costs also increased in the financial year under review.

Share of Profits less Losses of Jointly Controlled Entities

The Group recognised US$1.6 million as share of profits less losses of jointly controlled entities, an increase of approximately 100.0%, from the US$0.8 million recognised in the preceding financial year. This increase was primarily attributable to a better performance by the door manufacturing joint venture, Foremost Crest Sdn. Bhd.

Income Tax

The taxation charge for the financial year under review was US$0.6 million against a profit before taxation of US$29.1 million. This was lower than the US$4.6 million taxation charge for the preceding financial year when the Group incurred a loss before taxation of US$38.4 million. The main reason for this lower taxation charge for the financial year under review even with better results was due to the inclusion of a tax credit in respect of the reversal of deferred taxation arising from a change in tax rate in New Zealand. In the preceding financial year, the higher taxation charge included the reversal of deferred tax assets for certain loss making subsidiaries.

Liquidity and Financial Resources

As at 30 June 2010, the Group's cash and bank balances amounted to US$163.9 million compared to US$240.9 million as at 30 June 2009.

The gearing ratio was 26.1% and 29.7% as at 30 June 2010 and 30 June 2009, respectively. The gearing ratio is derived by dividing the total of bank overdrafts, loans and obligations under finance leases by total assets. The gearing ratio remained relatively stable in the financial year under review compared to 30 June 2009.

Available facilities that were not drawndown as at 30 June 2010 amounted to US$42.5 million compared to US$59.9 million as at 30 June 2009. At 30 June 2010, the Group has outstanding indebtedness of US$334.2 million compared to US$369.8 million as at 30 June 2009. Of the US$334.2 million of indebtedness, US$134.0 million is repayable within one year with the balance of US$200.2 million having a maturity of more than one year as presented below:

	US$ million
Within one year	134.0
After one year but within two years	44.3
After two years but within five years	155.9
Total	334.2

	US$ million
Secured	170.5
Unsecured	163.7
Total	334.2

The indebtedness carry interest rates ranging from 2.2% to 11.5%.

Employees

As at 30 June 2010, the Group employed a total of 13,034 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 2010, there were no options granted to any employees.

Prospects and Future Plans

Whilst there may be indications that the worst financial crisis in decades may have abated and major global economies are en route to recovery, elements of uncertainty over its sustainability remains as developed countries continues to face setbacks such as high unemployment and national budget deficits. It has yet to be fully seen if the key economies of the world can maintain its growth momentum once the stimulus measures are gradually withdrawn. The recent sovereign debt crisis in Greece which spread to other European countries has renewed worries of the looming threat of a double-dip in the world's largest economies.

As a result, consumer demand remains narrow and the shadow of global economic uncertainty is holding back capital spending and could disrupt industrial production and credit growth.

Demand drivers, emerging markets

The PRC, which has overtaken Japan as the world's second biggest economy, is still facing a property boom although there are signs of softening due to the central government actions in curtailing speculation on fears of formation of a property bubble. Any slowdown in housing development activities resulting from this governmental action will have an adverse impact on timber demand from the PRC. However, the rising affluence of its population with higher purchasing power may still provide a relatively stable base for sustained timber demand for the housing sector, albeit at a lower level.

In Japan, it is hoped that government efforts to give the long depressed housing industry a boost after recording record low housing starts in 2009 will provide the impetus for sustained recovery. However, current economic stagnation and anxiety over the future will be important considerations to homebuyers who might delay purchases until the outlook is clearer.

India will continue to be a key buyer for the harder log species to meet the increasing demand for better housing as the population's standard of living improves.

In the US, it is hoped the momentum of the government stimulus efforts to turn around its relatively fragile economy can achieve the desired results.

Supply drivers

In terms of logs supply, it has generally stabilised at lower than the pre-crisis levels but the supply dynamics has gradually shifted to countries like New Zealand and Papua New Guinea, as Russian raw log exports has been on the decreasing trend. The Group plans to capitalise on this shift in supply source by ramping up production volume of its softwood logs in New Zealand. For plywood, although Indonesia is currently not much of a threat, the PRC's plywood exports will continue to compete for market share.

Business strategies

For its future growth, the Group will continue to strengthen its core timber business, build on its timber resources and enhance its distribution network.

For its core timber business, the Group, besides continuing to improve equipment and labour efficiencies, has taken steps to enhance its manufacturing capabilities through the acquisitions of new equipment. These new equipment will enable new product offerings besides improving wood recovery rates. Logging equipment are kept in a well maintained state, ready for deployment when a full economic recovery takes place. Close rapport is maintained with customers and suppliers across the Group's business to ensure that our supply chain remains intact for mutual benefit.

The Group will continue to build on and enlarge its distribution presence in Australia through Brewster (which has presence in the major cities of Australia), and in the PRC through the Elegant Living group of companies (which currently has 825 distribution outlets in the PRC with plans to set up more). Through these two companies, the Group is able to reach further down the supply chain closer to end users to better understand and respond quickly to changing consumer needs and market trends. The Group has also established offices in India and Japan to increase market access and to service its customers better in these two countries.

Continue building resources

Increasing the Group's sustainable woodflow to meet the requirements of downstream processing in the future is an important area of focus for the Group. The strategy for growth will be through organic growth as well as new acquisitions.

Recognising that the cost of extracting woodflow from the concession areas, which currently is stable at about 1.9 million m^3 per annum, may become more expensive in the future, with extraction taking place in deeper areas of the forest, the Group has placed increasing emphasis on increasing its tree plantation hectarage to provide the Group with a sustainable source of wood. To date, the Group has planted 25,478 hectares in New Zealand, 16,928 hectares in Malaysia and 764 hectares in the PRC. In line with the planned ramp up of the New Zealand plantation production to a sustainable level of about 800,000 m^3 per annum, road construction and infrastructural development will be accelerated.

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

Final Dividend

The Directors recommend the payment of a final dividend of 0.622 HK cents (equivalent to approximately 0.080 US cents) per share amounting to HK$26.8 million in respect of the financial year ended 30 June 2010 to shareholders whose names appear on the Register of Members of the Company on 15 November 2010. The proposed final dividend will be paid on 17 December 2010 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 9 November 2010 to 15 November 2010, 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 15 November 2010.

Book closure date (both days inclusive)	:	9 November 2010 to 15 November 2010
Latest time to lodge transfer with Registrar	:	at 4:30 p.m. on 8 November 2010
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 20 May 2010, the Company completed the acquisition of the entire equity interest of Suzhou Times Flooring Co., Ltd., a Foreign Invested Enterprise established in the PRC for a cash consideration of US$1,142,000.

Other than the above, the Group had no material acquisition or disposal of subsidiaries and associated companies during the year ended 30 June 2010.

On 19 August 2010, the Company announced the subscription of US$20.0 million in Stone Tan China Holding Corporation which represent approximately 36.8% of the issued and paid up capital.

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 2010.

Pre-Emptive Rights

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

Compliance with the Code on Corporate Governance Practices

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

The Company has, throughout the financial year ended 30 June 2010, complied with the code provisions and most of the recommended best practices in the CG Code except for Code Provision A.4.1 in respect of the specific term of non-executive directors. The Code Provision A.4.1 has been met by the bye-laws requiring that in each annual general meeting of the Company, one-third of the directors retire from office by rotation so that every director shall be subject to retirement of at least once in every three years.

The Board had received assurance from the Audit Committee that the system of internal control and internal audit function has been operating effectively during the year. The audit committee has reviewed the Group's preliminary results announcement and the draft financial statements for the year ended 30 June 2010.

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

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

The Independent Non-Executive Directors have reviewed the relevant information up to or as at 9 September 2010, and have decided not to exercise any of the call options granted to the Company under the Call Option agreement.

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

Scope of Work of KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2010 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 2010 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, 17 September 2010

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