SAMLING GLOBAL LIMITED
三林環球有限公司 *

(a company incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)
Stock Code: 3938

INTERIM REPORT 2010/11
中期報告

* for identification purposes only
僅供識別

LARGE AND STRATEGICALLY LOCATED
RESOURCE BASE AND OPERATIONS

GUYANA
- Forest concession
- Plywood / Veneer
- Sawn timber

PEOPLE'S REPUBLIC OF CHINA (PRC)
- Forest plantation
- Plywood / Laminated veneer lumber (LVL)
- Flooring
- Distribution of flooring products

MALAYSIA
- Forest concessions
- Forest plantation
- Plywood / Veneer
- Other value-added wood products
- Distribution of kitchen systems

AUSTRALIA
- Distribution of timber products

NEW ZEALAND
- Forest plantation

- Forest Resource Base
- Downstream Manufacturing
- End User Products & Distribution

• Samling Global Limited is an integrated forest resource and wood products company • Strategically located locations in Malaysia, Guyana, the PRC, New Zealand and Australia • Extensive forestry and management expertise with more than 40 years of track record • More than 11,000 employees across its operations •

SAMLING GLOBAL LIMITED

INTERIM REPORT 2010/11

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Chan Hua Eng *(Chairman)*
Fung Ka Pun *(Deputy Chairman)*
Yaw Chee Ming *(Chief Executive Officer)*
David William Oskin
Tan Li Pin, Richard

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COMPANY SECRETARY
Navin Kumar Aggarwal
(LL.B. (Hons.) London, P.C.LL (Hong Kong))

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KPMG

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Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
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The Bank of Tokyo – Mitsubishi UFJ, Ltd.

STOCK CODE
Hong Kong Stock Exchange 3938

WEBSITE
www.samling.com

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS ("THE BOARD") OF SAMLING GLOBAL LIMITED ("THE GROUP"), I AM PLEASED TO PRESENT THE INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2010.

BUSINESS REVIEW

The Group began the 2011 financial year on a cautious note as the global economy remained fragile. Whilst there were signs that the financial crisis has abated, due in part to stimulus packages implemented by governments worldwide, uncertainty remains with the developed economies of the US and Europe still facing considerable adjustments with recovery proceeding at a sluggish pace and high unemployment rate posing major social challenges.

In the midst of this, the Group was fortunate to have its key export markets of the People's Republic of China ("PRC") and India simultaneously recording exceptional economic growth, surpassing expectations. As a result, log sales to these two markets were the key contributors to profits for the financial period under review. The economy of Japan, the Group's key market for plywood, remains lacklustre although increased buying activities were experienced in recent months, as buyers stayed cautious about the future.

For the financial period under review, the Group achieved a revenue and gross profit of US$350.9 million and US$39.0 million respectively, representing an increase of 30.5% and 20.1% over the corresponding preceding financial period. The improvement in gross profits was mainly due to the higher profits from the log trading division (both hardwood and softwood) which benefited from higher selling prices. After accounting for changes in fair value of plantation assets less estimated point-of-sale costs of US$12.4 million, share of profits less losses of associates of US$12.1 million and unrealised foreign exchange gains of US$13.2 million, the Group recorded a profit before taxation of US$42.2 million. This was an improvement of 37.9% over the profit before taxation of US$30.6 million achieved in the corresponding preceding financial period. Profit attributable to equity shareholders of the Company was US$23.2 million.

The log trading segment, boosted by strong selling prices, achieved an operating profit of US$33.8 million to remain as the largest contributor to Group's operating profits. Average export prices for hardwood logs and softwood logs improved by about 25.7% and 38.5% respectively compared to the corresponding preceding financial period. The Group, in order to capitalise on the higher prices, increased its log production volumes and sold 1,105,903 cubic metre ("m^3") of logs which was 43.9% higher than that of the corresponding preceding financial period. Demand for both hardwood and softwood logs from the PRC, remains robust as its economy surged ahead with strong growth notwithstanding its Central government's implementation of various measures to contain inflationary pressures. India's demand for the harder wood species remains strong, driven by rapid urbanisation and improvement in its population's standard of living. However, adverse weather conditions in Malaysia, particularly towards the later part of the financial period under review has hampered log production. This also contributed to higher hardwood prices due to the gap in supply and demand.

Although housing starts in Japan have shown signs of improvement by exceeding 800,000 units for year 2010 after falling to record lows in year 2009, the plywood market remained generally soft in the financial period under review. Prices only started to pick up in the later part of the financial period as restocking activities by buyers intensified. With tepid sales to Japan, the Group's total export volumes of plywood for the financial period under review was 14.2% below that of the corresponding preceding financial period. Demand for veneer, although increased marginally, is still at low levels. Plywood producers faced a general log shortage and shifted to purchasing veneer for their plywood production. With the sluggish demand for plywood and veneer, this segment recorded an operating loss of US$7.7 million in the financial period under review. The housing market in Japan and the US has to further strengthen before the Group's plywood division can return to profitability. To cope with a soft plywood market, the Group continues to operate its plywood and veneer mills below capacity, focusing on cash cost containment and the production of higher margin speciality products.

The weakening of the US Dollar against the strong performance of the Malaysian Ringgit and rising fuel costs during the financial period under review resulted in increased costs, putting additional pressure on margins as most of our operations are denominated in Malaysian Ringgit. To protect margins, the Group continues to keep a tight control over the cash cost base of operations whilst making progress with its productivity and efficiency initiatives.

The Group's PRC-based Elegant Living group, whose principal activities are the manufacture and sale of premium flooring products, recorded an operating profit of US$6.9 million for the financial period under review as the domestic market in the PRC remained dynamic. Plans to increase the distribution network in the PRC are on course with more distribution centres being set up in targeted regions

CORPORATE SOCIAL RESPONSIBILITY

The emphasis of the Group's corporate social responsibility is on achieving commercial success in a balanced, responsible manner, taking into account the interests of all its stakeholders. In Sarawak, Malaysia for example, community assistance and community development programmes are ongoing efforts. The pursuit of education among the younger generation is promoted through scholarships and bursary programmes funded by the Group. We have brought healthcare services to forest communities through our medical outreach programme and provided basic living amenities. We have also built and maintained roads at the communities' request that allow access to the nearest towns, which otherwise would take community members days and even weeks to reach. The Group also responds to emergencies in disaster-struck areas by providing food and building materials to affected communities.

CORPORATE GOVERNANCE

The Board is committed to achieving and maintaining high standards of corporate governance in managing the business and affairs of the Group, guided by the principles and best practices of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These practices are instilled throughout the Group's operations.

PROSPECTS AND FUTURE PLANS

The Group experienced strong demands for logs from the PRC and India in the first half of the financial year and this is expected to continue in the second half. The PRC's economic growth, supported by rising levels of affluence of its large population, is expected to remain robust even with the tightening of lending policies to the housing sector. The PRC's reported fourth quarter expansion of 9.8% in gross domestic product from a year earlier, after a 9.6% increase in the third quarter, defied Beijing's repeated attempts to put the brakes on and rein in inflation. With strong growth projections, the PRC will continue to be a key market for the Group's logs. On a similar note, India's 2010/2011 economic gross domestic product growth is also expected to surpass that of the previous year and this augurs well for log exports to India. The increase in number of vessels calling at Indian ports will also help contribute to higher export log volumes.

For the plywood sector, in spite of a generally subdued Japan market, the gradual improvement in housing starts with buyers coming back into the market to replenish depleting stocks will optimistically see plywood demand and prices improving in coming months.

As the Malaysian Ringgit has continued to strengthen against the US Dollar, any further appreciation of the Malaysian Ringgit against the US Dollar will have a negative impact on the Group's margins as cost will increase unless the US Dollar selling prices of the Group's products increase in tandem. Hedging measures have been taken to partly manage this foreign exchange risk.

Faced with the intensively competitive and volatile environment and constant pressure on its margins, the Group strives to work on improving operational efficiency by enhancing the productivity of its workforce and its equipment fleet whilst keeping a tight rein over cost. The performance of the Group in the current financial year will depend much on recovery in Japan as well as the US and the continued strong demand of logs from the PRC and India.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to the Directors, the Management and all employees for their strong commitment, dedication and contribution towards the execution of the Group's strategies and operations. We also wish to thank all customers, business partners, bankers, the authorities and shareholders for their invaluable support.

Chan Hua Eng
Chairman

28 February 2011

MANAGEMENT DISCUSSION AND ANALYSIS

KEY FINANCIAL HIGHLIGHTS

	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
Segment Revenue							
For the six months ended 31 December 2010							
External customers	146,415	87,875	13,522	44,421	58,680	—	350,913
Inter-segment revenue	34,425	13,184	109,737	4,964	3,457	(165,767)	—
Total revenue	180,840	101,059	123,259	49,385	62,137	(165,767)	350,913
For the six months ended 31 December 2009							
External customers	85,951	84,373	20,661	24,894	53,107	—	268,986
Inter-segment revenue	33,059	11,633	82,350	1,278	3,197	(131,517)	—
Total revenue	119,010	96,006	103,011	26,172	56,304	(131,517)	268,986
Segment Gross Profit							
For the six months ended 31 December 2010							
Gross profit/(loss)	23,958	(2,533)	(1,902)	8,652	10,837	—	39,012
Gross profit/(loss) margin (%)	13.2	(2.5)	(1.5)	17.5	17.4	—	11.1
Percentage of segment contribution (%)	61.4	(6.5)	(4.9)	22.2	27.8	—	100.0
For the six months ended 31 December 2009							
Gross profit	8,505	332	7,774	6,621	9,251	—	32,483
Gross profit margin (%)	7.1	0.3	7.5	25.3	16.4	—	12.1
Percentage of segment contribution (%)	26.2	1.0	23.9	20.4	28.5	—	100.0

* Logs comprise hardwood and softwood log

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

	Six months ended 31 December	
	2010 US$'000	2009 US$'000
Gross profit	39,012	32,483
Other expenses net of other income before gain from changes in fair value of plantation assets less estimated point-of-sale costs	(28,359)	(22,445)
Gain from changes in fair value of plantation assets less estimated point-of-sale costs	12,377	5,184
Profit from operations	23,030	15,222
Net financing income	6,928	7,176
Share of profits less losses of associates and jointly controlled entities	12,270	8,181
Profit before taxation	42,228	30,579
Income tax	(6,783)	(4,110)
Profit for the period	35,445	26,469
Non-controlling interests	(12,233)	(10,584)
Profit attributable to equity shareholders of the Company	23,212	15,885

REVIEW OF GROUP RESULTS

The financial period under review was generally one of renewed optimism as the world's major economies, spurred by various stimulus packages, were on a recovery path, albeit a slow and arduous one. The growing economies of the People's Republic of China ("PRC") and India were the key markets for the Group in the financial period under review, especially for logs which recorded increased sales volume and selling prices. As a result, revenue achieved of US$350.9 million was 30.5% higher than that of the corresponding preceding financial period and correspondingly, gross profit also improved by 20.1% compared to the corresponding preceding financial period.

After recognising a gain of US$12.4 million from changes in fair value of plantation assets less estimated point-of-sale costs, profit from operations was US$23.0 million, an increase of US$7.8 million from the US$15.2 million recorded in the corresponding preceding financial period. The increase was due to higher *radiata pine* prices at the end of the financial period compared to previous financial year end. With higher crude palm oil prices, contribution from the Group's share of profits less losses of associates in the oil palm plantation business was higher at US$11.7 million compared to US$6.5 million in the corresponding preceding financial period. These positive factors enabled the Group to achieve a profit before taxation of US$42.2 million, an improvement of US$11.6 million compared to the corresponding preceding financial period. After accounting for non-controlling interests of US$12.2 million, profit attributable to equity shareholders of the Company was US$23.2 million, compared to US$15.9 million in the corresponding preceding financial period. In terms of operating profit before changes in working capital, the Group achieved US$56.8 million which was 4.7% higher than that of the corresponding preceding financial period.

REVIEW OF BUSINESS SEGMENT RESULTS

Log Trading

Log trading, a major business segment, accounted for approximately 41.7% and 32.0% of total revenue for the financial period under review and the corresponding preceding financial period respectively. The following table shows selected operating and financial data with respect to sales volume, weighted average prices and revenue of logs sold, including inter-segment sales.

	Six months ended 31 December 2010			Six months ended 31 December 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	443,048	187.53	83,085	392,027	149.13	58,464
Hardwood logs — local sales	403,240	94.26	38,008	166,036	73.94	12,276
Softwood logs — export sales	224,268	95.35	21,383	183,312	68.84	12,620
Softwood logs — local sales	35,347	111.44	3,939	27,037	95.83	2,591
Total external log sales	1,105,903	132.39	146,415	768,412	111.86	85,951
Internal log sales(i)	337,273	102.07	34,425	357,704	92.42	33,059
Total log sales	1,443,176	125.31	180,840	1,126,116	105.68	119,010

(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.

India remains a key log export market for the Group. With an increasingly affluent population and rapid urbanisation, India is boosting its demand for harder log species. As these harder species are generally higher priced, the Group placed special attention to ensure that this premium market's demand is met. For the financial period under review, sales to India accounted for 39.0% of the Group's total hardwood log export sales.

During the financial period under review, the PRC's demand for logs remained strong, supported by surging demand in its domestic housing market. The Group sold 20.1% of its hardwood log exports to the PRC. Meanwhile, in Japan, with new housing starts picking up, demand for logs has increased marginally. The Group sold 11.7% of its hardwood log exports to Japan, generally at premium prices as the Japanese market typically sources for the best quality logs for its domestic consumption.

In line with the maturity profile of our New Zealand tree plantation, the Group ramped up its softwood log production to 260,000 cubic metre ("m^3") in the financial period under review, 44,000 m^3 above that of the corresponding preceding financial period. 64.1% of its export sales volume was to the PRC, which due to its strong demand also caused prices to move up.

Due to inclement weather conditions in the last three months of the financial period under review, the volume of hardwood logs available for sale from Sarawak, Malaysia during this period was affected, as log extraction operations were hampered by the wet conditions in the operating areas. This supply shortage has also caused hardwood log prices to increase.

REVIEW OF BUSINESS SEGMENT RESULTS (continued)

Plywood and Veneer

Plywood and veneer contributed 25.0% to the Group's total revenue for the financial period under review. The following table shows selected operating and financial data with respect to sales volumes, weighted average prices and revenue of plywood and veneer sold, including inter-segment sales.

Plywood

	Six months ended 31 December 2010			Six months ended 31 December 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	129,340	471.82	61,025	150,709	412.86	62,222
Plywood — local sales	19,128	403.60	7,720	18,189	375.45	6,829
Total external plywood sales	148,468	463.03	68,745	168,898	408.83	69,051
Internal plywood sales	10,599	709.88	7,524	9,984	646.13	6,451
Total plywood sales	159,067	479.48	76,269	178,882	422.08	75,502

Veneer

	Six months ended 31 December 2010			Six months ended 31 December 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	29,842	304.70	9,093	21,092	313.67	6,616
Veneer — local sales	37,749	265.89	10,037	34,878	249.61	8,706
Total external veneer sales	67,591	283.03	19,130	55,970	273.75	15,322
Internal veneer sales	16,031	353.07	5,660	16,253	318.83	5,182
Total veneer sales	83,622	296.45	24,790	72,223	283.90	20,504

The Group's plywood segment had to operate under challenging trading conditions due to the lack of fresh leads from Japan, the key market for the Group's plywood exports. Although housing starts improved in year 2010 from the record lows in year 2009, the impact was not fully felt as buyers only returned to the markets towards the end of the financial period under review after the drawdown of existing stocks to meet increased housing starts requirements. Although Japan's demand was relatively low, the Group managed to sell 80,800 m^3 of plywood to Japan. To mitigate the depressed demand from Japan, the Group shifted focus to other markets, including Australia which fetches higher prices. Although the volume sold was lower, the Group managed to achieve higher export plywood prices of US$471.8 per m^3 that was 14.3% higher compared to the corresponding preceding financial period, principally due to higher sales of niche plywood products and a recovery in prices in the later part of the financial period.

REVIEW OF BUSINESS SEGMENT RESULTS (continued)

Plywood and Veneer (continued)

Although demand for veneer usually correlate with plywood's, increased veneer sales were recorded during the financial period under review compared to the corresponding preceding financial period. This was mainly due to better margins for veneer, with plywood producers increasing their veneer purchases towards the later part of the financial period when log supplies were in shortage due to adverse weather conditions in Sarawak, Malaysia. The Group strived to maximise returns by focusing on producing more face and back veneer which give better margins.

The negative gross profit margin of 2.5% recorded during the financial period under review was primarily due to higher production cost per m^3 as fixed and semi-fixed costs were allocated over lower production volumes. Due to the negative gross profit margin, emphasis was placed on the cash cost of production to ensure that on cash cost basis, gross profit for this segment remain positive.

Upstream Support

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

As the upstream support services involve a large fleet of machineries and vehicles operating at the forest resource areas, controlling operating costs and increasing productivity are of paramount importance. For the financial period under review, the Group took the opportunity to undertake major repairs and maintenance of more logging equipment when the equipment was not operating due to inclement weather conditions. The impact of higher repair and maintenance costs coupled with higher diesel prices has caused production cost per m^3 to increase. As a consequence, upstream support services recorded a gross loss of US$1.9 million compared to a gross profit of US$7.8 million achieved in the corresponding preceding financial period.

Flooring Products

Although the export of flooring products to the US has slowed down, the PRC domestic market remains strong, riding on the still buoyant housing sector. For the financial period under review, the Group achieved revenue of US$44.4 million, an improvement of 78.4% over that of the corresponding preceding financial period. The new Chengdu laminated flooring plant operated by the Elegant Living group was a key contributor to this increase in revenue. In terms of gross profit, the Elegant Living group achieved US$9.2 million which were partially offset by gross loss incurred by a new flooring factory operated by another subsidiary in the PRC as it strives to adjust its production to meet the required standard.

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 selling more value added products, using either the Group's primary product of plywood or wood waste from the plywood operations as production input. This segment also includes quarry operations, rubber retread compound and property investment operations.

Revenue from other operations increased by US$5.6 million, or approximately 10.5%, to US$58.7 million in the financial period under review from US$53.1 million in the corresponding preceding financial period. This increase was primarily due to the higher sales by the distribution company in Australia and the housing products division. In term of gross profit, other operations achieved US$10.8 million which was 17.1% higher than the corresponding preceding financial period.

Net Financing Income

The Group recorded a net financing income of US$6.9 million compared to US$7.2 million in the corresponding preceding financial period. The net financing income was principally due to the recognition of unrealised foreign exchange gain of US$13.2 million on the translation of US Dollar loan by a New Zealand subsidiary and the translation of foreign currency deposits.

REVIEW OF BUSINESS SEGMENT RESULTS (continued)

Share of Profits less Losses of Associates

The Group recognised a profit of US$12.1 million as share of profits less losses of associates compared to a profit of US$7.2 million in the corresponding preceding financial period. The higher profit was primarily attributable to the effects of gain from the changes in fair value of oil palm plantation assets less estimated point-of-sale costs recognised by the associate involved in oil palm plantations due to higher crude palm oil prices.

Share of Profits less Losses of Jointly Controlled Entities

The Group recognised a profit of US$0.1 million as share of profits less losses of jointly controlled entities compared to a profit of US$1.0 million in the corresponding preceding financial period. This decrease was primarily attributable to a decrease in the net profit of the door facing manufacturing joint venture, Magna-Foremost Sdn. Bhd. due to slowdown in demand which affected sales.

Income Tax

With the higher profit achieved during the financial period under review, the taxation charge of US$6.8 million was higher as compared to US$4.1 million in the corresponding preceding financial period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group's cash and bank balances amounted to US$122.3 million compared to US$163.9 million as at 30 June 2010.

The gearing ratio was 24.4% and 26.1% as at 31 December 2010 and 30 June 2010, respectively. The gearing ratio is derived by dividing the total of bank overdrafts, loans and obligations under finance leases by total assets. The gearing ratio remained relatively stable in the financial period under review compared to 30 June 2010.

Available facilities that were not drawn down as at 31 December 2010 amounted to US$43.3 million compared to US$42.5 million as at 30 June 2010. As at 31 December 2010, the Group has outstanding indebtedness of US$329.4 million compared to US$334.2 million as at 30 June 2010. Of the US$329.4 million of indebtedness, US$143.4 million is repayable within one year with the balance of US$186.0 million having a maturity of more than one year as presented below:

	US$ million
Within one year	143.4
After one year but within two years	42.4
After two years but within five years	143.6
Total	329.4

	US$ million
Secured	169.3
Unsecured	160.1
Total	329.4

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

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group has adopted certain policies on financial risk management with the objective of:

- Ensuring that appropriate funding strategies are adopted to meet the Group's short term and long term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections of each project and that of the Group;

- Ensuring that appropriate strategies are also adopted to manage related interest and currency risk funding; and

- Ensuring that credit risks on sales to customers on deferred terms are properly managed.

INTEREST RATE RISK

The Group borrows both fixed and floating interest rate loans. Exposure to floating interest rates presents us with risk when there are unexpected adverse interest rate movements. The Group's policy is to manage such interest rate risk, working with an established framework, pursuant to which we selectively enter into swap or interest rate hedging transactions to ensure that we are not unduly exposed to significant interest rate movements and rates are appropriately fixed as necessary. As part of our interest rate hedging framework, we monitor and control our interest rate exposure by regularly monitoring relevant interest rates and their outlook. When the Group borrows floating rate loans, it will continue to monitor the relevant interest rates and their outlook, and then switch to fixed interest rates by means of swap or interest rate hedging transactions if the monitoring of relevant interest rates and their outlook indicates that, considering their tenure, such a change would be prudent. Several of the secured and unsecured debt facilities carry interest at floating rates, and the Group currently enter into swap or interest rate hedging transactions in connection with some, but not all, of these debt facilities, considering their tenure.

FOREIGN EXCHANGE RISK

At present, most of the Group's sales are denominated in US Dollars and some in Japanese Yen, while we incur a significant portion of the costs in Malaysian Ringgit at the Malaysia operations, US Dollars and Guyanese Dollars at the Guyanese operations, New Zealand Dollars at the New Zealand operations, Renminbi in the PRC operations and Australian Dollars in Australia operations. The sales and operations in Malaysia, Guyana, New Zealand, the PRC and Australia expose the Group to fluctuations in exchange rates among such currencies. The exchange rate between any of the currencies mentioned above may become volatile or may change significantly in the future.

Certain of the foreign exchange gains and losses are attributable to foreign exchange transactions on the US Dollars loan above booked on the accounts of the New Zealand plantation subsidiary, Hikurangi Forest Farms Limited ("HFF") with outstanding principal amount, including capitalised interest, as of 31 December 2010 of US$46.4 million. As HFF's functional currency is the New Zealand Dollars, exchange differences on the value of the HFF's US Dollars loans are recognised as part of the financial income and expense.

The Group does enter into foreign currency swap agreements to hedge against the foreign currency risk. The Group manages the foreign currency risk by entering into borrowings in amounts consistent with the expected stream of revenues denominated in the relevant currency of such borrowing, which policy acts in effect as a natural hedge.

CAPITAL COMMITMENTS

The Group's authorised but not contracted for total commitments as at 31 December 2010 amounted to US$42.7 million.

CHARGE ON ASSETS

As at 31 December 2010, the Group pledged assets with aggregate carrying value of US$327.7 million (30 June 2010: US$296.9 million) to secure bank loans facilities of the Group.

CONTINGENT LIABILITIES

As at 31 December 2010, the Group had no material contingent liabilities except as disclosed in note 18 of this interim report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 25 August 2010, the Company completed the subscription of series A preferred shares in Stone Tan China Holding Corporation ("Stone Tan") for a cash consideration of US$20.0 million which represent approximately 36.8% of voting rights in Stone Tan.

Other than the above, the Group had no material acquisition or disposal of subsidiaries and associated companies during the financial period ended 31 December 2010.

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 period ended 31 December 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-rata basis to existing shareholders.

EMPLOYEES

As at 31 December 2010, the Group employed a total of 11,281 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 31 December 2010, there were no options granted to any employees.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2010. Accordingly, no closure of the Register of Members of the Company is proposed.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, SUBSIDIARIES AND THE ASSOCIATED CORPORATIONS

As at 31 December 2010, the interests and share positions of Directors and chief executive in the shares, underlying shares or debentures of the Company, subsidiaries or other associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required to be notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Name of Director	Interests in Company, Subsidiary or Associated Corporation	Number and Class of Shares/Equity Interest Held	Capacity/Nature of the Interest	Long/Short Position	Approximate Percentage of Shareholding in Such Class of Shares
Chan Hua Eng	Lingui Developments Berhad ("Lingui")	394,623 ordinary shares(1)	Beneficial owner/ Interest in a controlled corporation	Long	0.06%
	Glenealy Plantations (Malaya) Berhad ("Glenealy")	32,000 ordinary shares(2)	Interest in a controlled corporation	Long	0.03%
	the Company	4,000,000 ordinary shares(3)	Interest in a controlled corporation	Long	0.09%
Yaw Chee Ming	Yaw Holding Sdn. Bhd. ("Yaw Holding")	30,937 ordinary shares	Beneficial owner	Long	39.60%
		2,500 preference shares	Beneficial owner	Long	50%
	Samling Strategic Corporation Sdn. Bhd. ("Samling Strategic")	75,000,000 ordinary shares(4)	Interest in a controlled corporation	Long	100%
		1,497,021 redeemable preference shares(4)	Interest in a controlled corporation	Long	100%
		3,122,467 Class A redeemable preference shares(5)	Interest in a controlled corporation	Long	100%
		4,102,879 Class B redeemable preference shares(5)	Interest in a controlled corporation	Long	100%
		100,000 Class C redeemable preference shares(6)	Interest in a controlled corporation	Long	100%
		950,000 Class D redeemable preference shares(5)	Interest in a controlled corporation	Long	100%
	the Company	2,340,420,260 ordinary shares(4), (7)	Interest in a controlled corporation	Long	54.41%
	Lingui	449,307,101 ordinary shares(8)	Interest in a controlled corporation	Long	68.11%
	Glenealy	59,068,522 ordinary shares(8)	Interest in a controlled corporation	Long	51.77%
	Strategic Corporation Sdn. Bhd. ("Strategic Corporation")	17,040,000 ordinary shares(9)	Beneficial owner/ Interest in a controlled corporation	Long	71%
	TSTC Sdn. Bhd. ("TSTC")	6,125,000 ordinary shares(10)	Interest in a controlled corporation	Long	100%
Tan Li Pin, Richard	the Company	1,800,000 ordinary shares(11)	Interest in a controlled corporation	Long	0.04%

Notes:

(1) (i) Chan Hua Eng is directly interested in 58,333 ordinary shares in Lingui.

(ii) Chan Hua Eng is deemed interested in 336,290 ordinary shares of Lingui since he and his spouse are each interested in 25% of the issued share capital of Tysim Holdings Sdn. Bhd., which in turn holds 336,290 ordinary shares of Lingui.

(2) Chan Hua Eng is deemed interested in 32,000 ordinary shares of Glenealy since he and his spouse are each interested in 25% of the issued share capital of Tysim Holdings Sdn. Bhd., which in turn holds 32,000 ordinary shares of Glenealy.

(3) Chan Hua Eng is deemed interested in 4,000,000 ordinary shares of the Company since he is interested in 25% of the issued share capital of Tysim Holdings Limited, which in turn holds 4,000,000 ordinary shares of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY, SUBSIDIARIES AND THE ASSOCIATED CORPORATIONS

(continued)

(4) Yaw Chee Ming is interested in approximately 39.60% of the issued share capital of Yaw Holding, which in turn is interested in all the ordinary shares and redeemable preference shares of Samling Strategic. Yaw Chee Ming is therefore deemed interested in all the shares held by Samling Strategic. Samling Strategic in turn holds 2,320,290,260 ordinary shares of the Company.

(5) Samling Strategic and Yaw Holding hold approximately 45.00% and 25.00% of Perdana Parkcity Sdn. Bhd. ("Perdana Parkcity"), respectively. Yaw Holding holds 100% of Truman Holdings Sdn. Bhd. ("Truman Holdings") and 100% of Eternal Grand Sdn. Bhd. ("Eternal Grand") respectively. Accordingly, by virtue of note (4) above, Yaw Chee Ming is deemed interested in the 3,122,467 Class A redeemable preference shares of Samling Strategic held by Yaw Holding Nominee Sdn. Bhd. ("Yaw Holding Nominee") in favour of Truman Holdings and 4,102,879 Class B redeemable preference shares of Samling Strategic held by Yaw Holding Nominee in favour of Eternal Grand, and the 950,000 Class D redeemable preference shares of Samling Strategic held by Perdana Parkcity.

(6) Yaw Holding holds 100% of Samling Mewah Sdn. Bhd.. Accordingly, by virtue of note (4) above, Yaw Chee Ming is deemed interested in the 100,000 Class C redeemable preference shares of Samling Strategic held by Samling Mewah Sdn. Bhd..

(7) Yaw Chee Ming is deemed interested in 20,130,000 ordinary shares of the Company since he is interested in 100% of the issued share capital of Growtrade Investments Limited, which in turn holds 20,130,000 ordinary shares of the Company.

(8) (i) The Company holds 100% of Samling Malaysia Inc., which in turn holds 67.23% of Lingui, which, in turn, holds 36.42% of Glenealy. Yaw Chee Ming is therefore deemed interested in all the ordinary shares of Lingui held by Samling Malaysia Inc. and in all the ordinary shares of Glenealy held by Lingui. Yaw Chee Ming is also deemed interested in 0.88% of Lingui by virtue of Tan Sri Yaw Teck Seng's substantial interest in Plieran Sdn. Bhd.; and

(ii) Samling Strategic holds 15.35% of Glenealy. By virtue of note (4) above, Yaw Chee Ming is deemed interested in the 7,520,000 ordinary shares of Glenealy held by Samling Strategic, and the 10,000,000 ordinary shares of Glenealy held by RHB Capital Nominees (Tempatan) Sdn. Bhd., in favour of Samling Strategic which has been pledged as security for bank borrowings by Eternal Grand. By virtue of note (8)(i) above, Yaw Chee Ming is also deemed interested in 41,548,522 ordinary shares of Glenealy held by Lingui.

(9) Samling Strategic holds 71.00% of Strategic Corporation. By virtue of note (4) above, Yaw Chee Ming is deemed interested in the 17,039,998 ordinary shares of Strategic Corporation held by Samling Strategic. Additionally, Yaw Chee Ming is directly interested in 2 ordinary shares of Strategic Corporation.

(10) (i) Strategic Corporation holds 50.61% of TSTC. By virtue of notes (4) and (9) above, Yaw Chee Ming is deemed interested in the 3,100,000 ordinary shares of TSTC held by Strategic Corporation; and

(ii) Yaw Chee Ming and his spouse are each interested in 50% of Loyal Avenue (M) Sdn. Bhd., which in turn holds 49.39% of TSTC. Yaw Chee Ming is therefore, deemed interested in the 3,025,000 ordinary shares of TSTC held by Loyal Avenue (M) Sdn. Bhd..

(11) Tan Li Pin, Richard is a director of Pacific Millennium Investment Corporation, which in turn is interested in 1,800,000 ordinary shares of the Company. Tan Li Pin, Richard is therefore deemed interested in all the ordinary shares in the Company held by Pacific Millennium Investment Corporation.

Save as disclosed above, as at 31 December 2010, none of the Directors or chief executive have any interests or short positions in the shares, underlying shares or debentures of the Company, subsidiaries or associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded pursuant to section 352 of the SFO, or as otherwise required to be notified to the Company and SEHK pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS WITH NOTIFIABLE INTERESTS

As at 31 December 2010, the interests and short positions of substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register of interests required to be kept under section 336 of the SFO were as follows:

Long positions of substantial shareholders who were entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the Company

Name	Capacity/Nature of Interest	Number of Ordinary Shares of US$0.10 each	Approximate Percentage of Shareholdings
Yaw Chee Ming(1)	Interest of a controlled corporation	2,340,420,260	54.41%
Tan Sri Yaw Teck Seng(2)	Beneficial owner/Interest of a controlled corporation	2,592,291,280	60.26%
Yaw Holding(3)	Interest of a controlled corporation	2,320,290,260	53.94%
Samling Strategic	Beneficial owner	2,320,290,260	53.94%

Long positions of other substantial shareholders with notifiable interests

Name	Capacity/Nature of Interest	Number of Ordinary Shares of US$0.10 each	Approximate Percentage of Shareholdings
Ahmad Bin Su'ut(4)	Interest of a controlled corporation	225,592,070	5.24%
Tapah Plantation Sdn. Bhd. ("Tapah")	Beneficial owner	225,592,070	5.24%

Notes:

(1) Yaw Chee Ming is interested in approximately 39.6% of the issued share capital of Yaw Holding, which owns the entire issued ordinary share capital of Samling Strategic and is deemed interested in all the shares owned by Samling Strategic. Additionally, he is also interested in 20,130,000 ordinary shares of the Company since he is interested in 100% of the issued share capital of Growtrade Investments Limited, which in turn holds 20,130,000 ordinary shares of the Company.

(2) Tan Sri Yaw Teck Seng is interested in approximately 39.6% of the issued share capital of Yaw Holding, which owns the entire issued ordinary share capital of Samling Strategic and is deemed interested in all the shares owned by Samling Strategic. Tan Sri Yaw Teck Seng also owns 99.9% of the issued share capital of Samling International Limited ("SIL") and is deemed interested in 203,764,310 ordinary shares in the Company, representing approximately 4.74% of the Company's issued share capital, owned by SIL. The 203,764,310 ordinary shares in the Company owned by SIL have been pledged as security for a term loan facility of US$11,240,000 granted by Maybank International (L) Ltd to Yaw Chee Ming. Tan Sri Yaw Teck Seng is also directly beneficially interested in 68,236,710 shares in the Company, representing approximately 1.59% of the Company's issued share capital and such numbers of shares have been pledged as security for a term loan facility of US$11,240,000 granted by Maybank International (L) Ltd to Yaw Chee Ming.

(3) Yaw Holding is interested in the entire issued ordinary share capital of Samling Strategic and is deemed interested in all the shares owned by Samling Strategic.

(4) Ahmad Bin Su'ut is interested in 99.998% of the issued share capital of Tapah and is deemed interested in all the shares owned by Tapah.

Save as disclosed above, as at 31 December 2010, no other person has any interests or short positions in the shares and underlying shares of the Company which are required to be recorded pursuant to section 336 of the SFO.

OTHER INFORMATION

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 the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). The Board is accountable to the Company's shareholders good governance in directing and controlling the businesses of the Group.

The Board is pleased to report that the Company has been in full compliance with the code provisions and most of the recommended best practices in the CG Code throughout the six months period ended 31 December 2010 except for Code Provision A.4.1 in respect of the specific term of non-executive directors. The Code Provision A.4.1 has been met by the bye-laws requiring that in each annual general meeting of the Company, one-third of the directors retire from office by rotation so that every director shall be subject to retirement of at least once in every three years. The detailed biography of such Directors eligible for re-election will be stated in the notice of the general meeting.

The Board recognises the importance of a sound system of internal control and risk management practices, and acknowledges its overall responsibility for maintaining and reviewing the adequacy and effectiveness of the Group's system of internal control. Procedures have been designed for safeguarding shareholders' investment and assets against unauthorised use of disposition. The Board noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss. 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 period. On 28 February 2011, the Audit Committee reviewed the Group's unaudited interim financial statements for the six months period ended 31 December 2010 and resolved to submit the interim financial report to the Board for approval.

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.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a Code of Conduct regarding securities transactions by Directors on terms no less exacting than the required standards set out in the Model Code (Appendix 10 to the Listing Rules). The Board confirms that, having made specific enquiry, the Directors have complied with the required standards set out in the Model Code throughout the six months period ended 31 December 2010.

CALL OPTION AGREEMENT

The INED Committee reviews on a quarterly basis whether or not to exercise any of the remaining call options granted to the Company in respect of certain businesses, namely the timber and timber product-related businesses excluded from the Group and carried on by Grand Perfect Sdn. Bhd., Hormat Saga Sdn. Bhd., Adat Mayang Sdn. Bhd., Anhui Hualin Woodbased Panel Co., Ltd., Qianshan Hualin Woodworking Corporation, Premier Woodworking (Anqing) Corporation and Interwil Holdings (Proprietary) Limited in which the Controlling Shareholders are interested.

The INED Committee has reviewed the relevant information up to or as at 21 February 2011 and has decided not to exercise any of the remaining call options granted to the Company under the call option agreements.

NON-COMPETITION AGREEMENT

The INED Committee reviews on a quarterly basis whether or not to pursue or decline any investment or other commercial opportunity relating to certain defined businesses namely, timber and timber product-related businesses or acquisitions and holdings or dealing in shares of, or interests in, any company, investment, trust, joint venture or other entity which engages in timber and timber product-related businesses, referred to the Company by the Controlling Shareholders under the non-competition agreement.

Having made specific enquiries to all Controlling Shareholders, the INED Committee confirmed their compliance with the non-competition agreement.

Connected Transactions

Connected transactions entered into by the Group are based on normal commercial terms, in the ordinary and usual course of business of the Group and are conducted on a fair and reasonable basis.

The Company's external auditors, Messrs. KPMG, reviews the Continuing Connected Transactions on a quarterly basis and provided confirmation to the INED Committee that the amounts for the relevant transactions have not exceeded the approved annual caps and other matters as set out under Rule 14A.38 of the Listing Rules.

FINANCIAL SECTION

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF SAMLING GLOBAL LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 20 to 44 which comprises the consolidated balance sheet of Samling Global Limited as of 31 December 2010 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 31 December 2010 is not prepared, in all material respects, in accordance with IAS 34.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

28 February 2011

CONSOLIDATED
INCOME STATEMENT

For the six months ended 31 December 2010 — unaudited

(Expressed in United States dollars)

		Six months ended 31 December	
	Note	2010 $'000	2009 $'000
Revenue	5	350,913	268,986
Cost of sales		(311,901)	(236,503)
Gross profit		39,012	32,483
Other operating income		5,318	6,031
Distribution costs		(12,181)	(10,484)
Administrative expenses		(21,450)	(17,963)
Other operating expenses		(46)	(29)
Gain from changes in fair value of plantation assets less estimated point-of-sale costs		12,377	5,184
Profit from operations		23,030	15,222
Financial income		14,674	14,939
Financial expenses		(7,746)	(7,763)
Net financing income	6	6,928	7,176
Share of profits less losses of associates		12,141	7,154
Share of profits less losses of jointly controlled entities		129	1,027
Profit before taxation	7	42,228	30,579
Income tax	8	(6,783)	(4,110)
Profit for the period		35,445	26,469
Attributable to:			
Equity shareholders of the Company		23,212	15,885
Non-controlling interests		12,233	10,584
Profit for the period		35,445	26,469
Earnings per share (US cent)	10		
Basic and diluted		0.54	0.37

The notes on pages 26 to 44 form part of this interim financial report.

CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010 — unaudited

(Expressed in United States dollars)

	Six months ended 31 December	
	2010 $'000	2009 $'000
Profit for the period	35,445	26,469
Other comprehensive income for the period (Note)		
Exchange difference on re-translation of financial statements of subsidiaries	40,478	22,914
Total comprehensive income for the period	75,923	49,383
Attributable to:		
Equity shareholders of the Company	53,067	30,289
Non-controlling interests	22,856	19,094
Total comprehensive income for the period	75,923	49,383

Note: The component of other comprehensive income does not have any significant tax effect for the six months ended 31 December 2010 and 2009.

The notes on pages 26 to 44 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 31 December 2010 — unaudited

(Expressed in United States dollars)

	Note	At 31 December 2010 $'000	At 30 June 2010 $'000
Non-current assets			
Fixed assets	11		
— Investment properties		22,824	15,925
— Other property, plant and equipment		387,113	379,804
Construction in progress		3,025	13,696
Interests in leasehold land held under operating leases		41,525	35,035
Intangible assets		41,693	44,560
Plantation assets	12	277,985	239,263
Interests in associates		118,058	82,360
Interests in jointly controlled entities		12,246	13,494
Other investment		—	34
Deferred tax assets		6,136	6,103
Total non-current assets		910,605	830,274
Current assets			
Inventories	13	155,905	144,655
Trade and other receivables	14	141,753	122,235
Current tax recoverable		17,052	18,121
Cash and cash equivalents	15	122,348	163,854
Total current assets		437,058	448,865
Total assets		1,347,663	1,279,139

The notes on pages 26 to 44 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET

At 31 December 2010 — unaudited

(Expressed in United States dollars)

	Note	At 31 December 2010 $'000	At 30 June 2010 $'000
Current liabilities			
Bank loans and overdrafts	16	124,338	112,008
Obligations under finance leases		19,062	21,979
Trade and other payables	17	150,469	152,969
Current tax payable		4,012	2,461
Total current liabilities		297,881	289,417
Net current assets		139,177	159,448
Total assets less current liabilities		1,049,782	989,722
Non-current liabilities			
Bank loans	16	167,823	176,493
Obligations under finance leases		18,158	23,685
Deferred tax liabilities		58,964	54,423
Total non-current liabilities		244,945	254,601
Total liabilities		542,826	544,018
Capital and reserves			
Share capital		430,174	430,174
Reserves		183,377	133,751
Total equity attributable to equity shareholders of the Company		613,551	563,925
Non-controlling interests		191,286	171,196
Total equity		804,837	735,121
Total liabilities and equity		1,347,663	1,279,139

The notes on pages 26 to 44 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2010

(Expressed in United States dollars)

	Note	Attributable to equity shareholders 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	Non-controlling interests $'000	Total equity $'000
At 1 July 2009		430,174	261,920	21,740	6,673	(309,679)	107,698	518,526	176,718	695,244
Changes in equity for the six months ended 31 December 2009										
Additional investment in a subsidiary		—	—	—	—	19,542	—	19,542	(31,727)	(12,185)
Total comprehensive income for the period		—	—	14,404	—	—	15,885	30,289	19,094	49,383
Dividends in respect of previous financial year, approved and paid during the period	9	—	—	—	—	—	(3,441)	(3,441)	(2,075)	(5,516)
At 31 December 2009		430,174	261,920	36,144	6,673	(290,137)	120,142	564,916	162,010	726,926
At 1 July 2010		430,174	261,920	38,393	6,673	(290,137)	116,902	563,925	171,196	735,121
Changes in equity for the six months ended 31 December 2010										
Total comprehensive income for the period		—	—	29,855	—	—	23,212	53,067	22,856	75,923
Dividends in respect of previous financial year, approved and paid during the period	9	—	—	—	—	—	(3,441)	(3,441)	(2,766)	(6,207)
At 31 December 2010		430,174	261,920	68,248	6,673	(290,137)	136,673	613,551	191,286	804,837

The notes on pages 26 to 44 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 2010

(Expressed in United States dollars)

		Six months ended 31 December	
	Note	2010 $'000	2009 $'000
Operating profit before changes in working capital		56,817	54,270
Changes in working capital		(29,754)	(41,182)
Net cash generated from operations		27,063	13,088
Net income tax paid		(1,648)	(2,929)
Net cash generated from operating activities		25,415	10,159
Net cash used in investing activities		(37,321)	(33,992)
Net cash used in financing activities		(33,192)	(44,100)
Net decrease in cash and cash equivalents		(45,098)	(67,933)
Cash and cash equivalents at the beginning of the period		139,998	191,250
Effect of foreign exchange rate changes		4,788	4,817
Cash and cash equivalents at the end of the period	15	99,688	128,134

The notes on pages 26 to 44 form part of this interim financial report.

NOTES TO THE
UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in United States dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 28 February 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2011 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the IASB. IFRSs include all applicable IFRS, IAS and related interpretations.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410*, Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 19.

2. CHANGES IN ACCOUNTING POLICIES

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

- Improvements to IFRSs (2009)
- Improvements to IFRSs (2010)

The improvements to IFRSs (2009) and (2010) have no material impact on the Group's financial statements.

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

3. INTERESTS IN ASSOCIATES

On 19 August 2010, the Group together with other companies, established Stone Tan China Holding Corporation ("Stone Tan"), to engage in the business of financial services. The Group's contribution to set up the investment was $20,000,000, representing potential voting rights of 36.8% in Stone Tan. The investment was made via the subscription of 20,000,000 series A preferred shares of $0.00001 each. The Group can convert these preferred shares into ordinary shares of Stone Tan at its discretion. In addition, the Group has the option to redeem these preferred shares should Stone Tan fails to comply with certain terms and conditions as set out in the shareholders' agreement. The subscription of the preferred shares was completed on 25 August 2010. This $20,000,000 was recognised as a loan receivable from associate as at 31 December 2010.

4. SEGMENT REPORTING

The Group manages its business by divisions, which are organised by business line. The Group has identified the following 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 People's Republic of China ("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 six months ended 31 December 2010 and 2009 is set out below.

	Six months ended 31 December 2010							
	Logs			Plywood	Upstream	Flooring	Other	
	Hardwood $'000	Softwood $'000	Sub-total $'000	and veneer $'000	support $'000	products $'000	operations $'000	Total $'000
Revenue from external customers	121,093	25,322	146,415	87,875	13,522	44,421	58,680	350,913
Inter-segment revenue	34,425	—	34,425	13,184	109,737	4,964	3,457	165,767
Reportable segment revenue	155,518	25,322	180,840	101,059	123,259	49,385	62,137	516,680
Reportable segment profit/(loss)	20,052	13,742	33,794	(7,717)	(7,041)	4,743	(749)	23,030
Additions to non-current segment assets during the period	5,140	6,762	11,902	1,155	6,558	1,217	9,203	30,035

	Six months ended 31 December 2009							
	Logs			Plywood	Upstream	Flooring	Other	
	Hardwood $'000	Softwood $'000	Sub-total $'000	and veneer $'000	support $'000	products $'000	operations $'000	Total $'000
Revenue from external customers	70,740	15,211	85,951	84,373	20,661	24,894	53,107	268,986
Inter-segment revenue	32,991	68	33,059	11,633	82,350	1,278	3,197	131,517
Reportable segment revenue	103,731	15,279	119,010	96,006	103,011	26,172	56,304	400,503
Reportable segment profit/(loss)	8,806	3,058	11,864	(4,483)	5,434	4,889	(2,482)	15,222
Additions to non-current segment assets during the period	4,684	7,085	11,769	5,820	776	1,191	9,295	28,851

4. SEGMENT REPORTING (continued)

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

	At 31 December 2010							
	Logs							
	Hardwood $'000	Softwood $'000	Sub-total $'000	Plywood and veneer $'000	Upstream support $'000	Flooring products $'000	Other operations $'000	Total $'000
Reportable segment assets	113,804	310,297	424,101	266,677	131,085	127,118	143,489	1,092,470
Interests in associates and jointly controlled entities	—	—	—	—	—	—	130,304	130,304
Reportable segment liabilities	3,785	7,858	11,643	39,695	56,012	15,614	27,505	150,469

	At 30 June 2010							
	Logs							
	Hardwood $'000	Softwood $'000	Sub-total $'000	Plywood and veneer $'000	Upstream support $'000	Flooring products $'000	Other operations $'000	Total $'000
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
Reportable segment liabilities	10,610	9,884	20,494	37,175	56,542	10,217	28,541	152,969

4. SEGMENT REPORTING (continued)

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

	Six months ended 31 December 2010 $'000	Six months ended 31 December 2009 $'000
Revenue		
Reportable segment revenue	516,680	400,503
Elimination of inter-segment revenue	(165,767)	(131,517)
Consolidated revenue	350,913	268,986
Profit		
Reportable segment profit	23,030	15,222
Share of profits less losses of associates	12,141	7,154
Share of profits less losses of jointly controlled entities	129	1,027
Net financing income	6,928	7,176
Consolidated profit before taxation	42,228	30,579

	At 31 December 2010 $'000	At 30 June 2010 $'000
Assets		
Reportable segment assets	1,092,470	1,025,210
Interests in associates and jointly controlled entities	130,304	95,854
Deferred tax assets	6,136	6,103
Current tax recoverable	17,052	18,121
Unallocated head office and corporate assets	101,701	133,851
Consolidated total assets	1,347,663	1,279,139
Liabilities		
Reportable segment liabilities	150,469	152,969
Current tax payable	4,012	2,461
Deferred tax liabilities	58,964	54,423
Bank loans, overdrafts and obligations under finance leases	329,381	334,165
Consolidated total liabilities	542,826	544,018

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 the income statement during the period is as follows:

	Six months ended 31 December	
	2010 $'000	2009 $'000
Sales of goods	337,391	248,325
Revenue from provision of services	13,522	20,661
	350,913	268,986

6. NET FINANCING INCOME

	Six months ended 31 December	
	2010 $'000	2009 $'000
Interest on loans and overdrafts from banks and finance charges on obligations under finance leases wholly repayable within five years	(10,096)	(10,528)
Less: Borrowing costs capitalised into plantation assets	3,108	3,490
Interest expense	(6,988)	(7,038)
Net loss on changes in fair value of financial instruments	(714)	(671)
Foreign exchange losses	(44)	(54)
Financial expenses	(7,746)	(7,763)
Interest income	1,516	1,168
Foreign exchange gains	13,158	13,771
Financial income	14,674	14,939
	6,928	7,176

The borrowing costs have been capitalised at a rate of 3.40% to 7.31% (2009: 3.67% to 7.31%) per annum.

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 31 December	
	2010 $'000	2009 $'000
Depreciation	31,270	30,951
Less: Depreciation capitalised into plantation assets	(442)	(111)
	30,828	30,840
Amortisation of interests in leasehold land held under operating leases	634	555
Amortisation of intangible assets	4,075	3,789
Write-down of inventories	273	259

8. INCOME TAX

	Six months ended 31 December	
	2010 $'000	2009 $'000
Current tax		
Provision for the period	5,824	3,233
Under-provision in respect of prior years	190	534
	6,014	3,767
Deferred tax		
Origination and reversal of temporary differences	769	343
	6,783	4,110

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 six months ended 31 December 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 six months ended 31 December 2010 and 2009.

8. INCOME TAX (continued)

Notes: (continued)

(e) The subsidiaries in New Zealand are liable to New Zealand income tax at a rate of 30% (2009: 30%). 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

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2010 (six months ended 31 December 2009 : $Nil).

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 31 December	
	2010 $'000	2009 $'000
Final dividend in respect of the previous financial year of 0.080 US cents (six months ended 31 December 2009 : 0.080 US cents) per share, approved and paid during the following interim period	3,441	3,441

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 31 December 2010 is based on the profit attributable to equity shareholders of the Company for the six months ended 31 December 2010 of $23,212,000 (six months ended 31 December 2009: $15,885,000) and 4,301,737,000 (2009: 4,301,737,000) ordinary shares in issue during the period.

There were no dilutive potential ordinary shares during the six months ended 31 December 2010 and 2009. The diluted earnings per share is the same as the basic earnings per share.

11. FIXED ASSETS

During the six months ended 31 December 2010, the Group acquired fixed assets with an aggregate cost of $15,073,000 (six months ended 31 December 2009: $18,012,000). Items of fixed assets with an aggregate net book value of $764,000 were disposed of during the six months ended 31 December 2010 (six months ended 31 December 2009: $2,104,000), resulting in a gain on disposal of $296,000 (six months ended 31 December 2009: $907,000).

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 six months ended 31 December 2010 are interest capitalised of $3,108,000 (six months ended 31 December 2009: $3,490,000) and depreciation of fixed assets of $442,000 (six months ended 31 December 2009: $111,000).

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

During the six months ended 31 December 2010, $273,000 (six months ended 31 December 2009: $259,000) has been recognised as an expense in the income statement, to write-down the inventories to net realisable value.

14. TRADE AND OTHER RECEIVABLES

	At 31 December 2010 $'000	At 30 June 2010 $'000
Trade receivables	71,997	66,385
Prepayments, deposits and other receivables	53,642	44,150
Loans to third parties	16,114	11,700
	141,753	122,235

Included in the Group's trade receivables are amounts due from associates, jointly controlled entities and related parties of $4,440,000 (30 June 2010: $4,658,000), $593,000 (30 June 2010: $756,000) and $878,000 (30 June 2010: $915,000) respectively, as at 31 December 2010.

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

(i) A loan of $9,000,000 (30 June 2010: $9,000,000) 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 sale 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. On 17 December 2010, the Group had entered into an agreement to revise the repayment term of the above loan where the loan shall be fully repaid within a period of 24 months from the date of agreement. During the repayment period, the borrower shall pay to the Group every month at a minimum of $300,000. The loan is unsecured and bears interest at 6% per annum;

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

(iii) Two loans totalling $7,114,000 were disbursed to two third parties during the six months ended 31 December 2010 in connection with certain proposed business acquisitions. As at 31 December 2010, the loans are unsecured and interest free. These loans are convertible into shares of certain designated companies as set out in the loan agreements. These loans are repayable by the borrowers at the request of the Group, which will be at the time that the Group decides not to proceed with the proposed business acquisitions. The loans shall carry interest at 6% per annum since then. Subject to the fulfilment of certain terms and conditions as set out in the loan agreements, loans of $6,173,000 will be further disbursed to the above mentioned third parties.

14. TRADE AND OTHER RECEIVABLES (continued)

(a) Ageing analysis

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

An ageing analysis of trade receivables is as follows:

	At 31 December 2010 $'000	At 30 June 2010 $'000
Within 30 days	48,062	36,226
31–60 days	8,366	9,604
61–90 days	3,404	4,634
91–180 days	4,908	9,161
181–365 days	3,943	4,360
1–2 years	1,647	1,278
Over 2 years	1,667	1,122
	71,997	66,385

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

At 31 December 2010, the Group's trade receivables of $2,225,000 (30 June 2010: $1,536,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $2,046,000 (30 June 2010: $1,536,000) were recognised. The Group does not hold any collateral over these balances.

14. TRADE AND OTHER RECEIVABLES (continued)

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follow:

	At 31 December 2010 $'000	At 30 June 2010 $'000
Within 30 days	48,062	36,226
31–60 days	8,366	9,604
61–90 days	3,404	4,634
91–180 days	4,908	9,161
181–365 days	3,764	4,360
1–2 years	1,647	1,278
Over 2 years	1,667	1,122
	71,818	66,385

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

15. CASH AND CASH EQUIVALENTS

	At 31 December 2010 $'000	At 30 June 2010 $'000
Deposits with banks and other financial institutions	81,218	121,647
Cash at bank and in hand	41,130	42,207
Cash and cash equivalents in the balance sheet	122,348	163,854
Bank overdrafts (note 16)	(14,510)	(16,500)
Secured deposits with banks and other financial institutions	(8,150)	(7,356)
Cash and cash equivalents in the consolidated cash flow statement	99,688	139,998

16. BANK LOANS AND OVERDRAFTS

The bank loans and overdrafts were repayable as follows:

	At 31 December 2010 $'000	At 30 June 2010 $'000
Within one year or on demand	124,338	112,008
After one year but within two years	32,416	29,626
After two years but within five years	135,407	146,867
	167,823	176,493
	292,161	288,501

The bank loans and overdrafts were secured as follows:

	At 31 December 2010 $'000	At 30 June 2010 $'000
Overdrafts (note 15)		
— unsecured	13,291	11,410
— secured	1,219	5,090
	14,510	16,500
Bank loans		
— unsecured	146,831	152,231
— secured	130,820	119,770
	277,651	272,001
	292,161	288,501

16. BANK LOANS AND OVERDRAFTS (continued)

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

	At 31 December 2010 $'000	At 30 June 2010 $'000
Fixed assets	54,301	56,992
Interests in leasehold land held under operating leases	12,492	12,101
Plantation assets	252,785	220,495
Cash and cash equivalents	8,150	7,356
	327,728	296,944

At 31 December 2010, a bank loan of the Group amounting to $40,000,000 (30 June 2010: $45,000,000) was secured by the Group's shares in Lingui Developments Berhad.

The banking facilities of the Group amounting to $335,434,000 (30 June 2010 : $331,001,000) were utilised to the extent of $292,161,000 (30 June 2010: $288,501,000) as at 31 December 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

	At 31 December 2010 $'000	At 30 June 2010 $'000
Trade payables	70,316	69,529
Other payables	28,883	33,110
Accrued expenses	37,346	37,332
Derivative financial instruments	13,924	12,998
	150,469	152,969

Included in the Group's trade payables are amounts due to associates, jointly controlled entities and related parties of $344,000 (30 June 2010: $1,435,000), $25,000 (30 June 2010: $30,000) and $2,786,000 (30 June 2010: $4,299,000) respectively, as at 31 December 2010.

17. TRADE AND OTHER PAYABLES (continued)

An ageing analysis of trade payables is as follows:

	At 31 December 2010 $'000	At 30 June 2010 $'000
Within 30 days	26,638	29,469
31–60 days	12,073	10,757
61–90 days	6,326	7,046
91–180 days	9,419	9,179
181–365 days	12,129	10,333
1–2 years	3,308	2,670
Over 2 years	423	75
	70,316	69,529

18. CONTINGENT LIABILITIES

Further to the disclosures made in the 2010 Annual 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 31 December 2010, the above proceeding remained pending before the Malaysian courts.

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

- Samling Plywood Lawas 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 Lawas and Samling Reforestation respectively which overlap Plaintiff A's claimed areas are unlawful, unconstitutional, null and void.

- Samling Plywood Lawas 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 Lawas which overlap Plaintiff B's claimed areas are unlawful, unconstitutional, null and void.

As at 31 December 2010, the Company has made applications to strike out the two writs of summons and awaiting hearing and decision from the court.

18. CONTINGENT LIABILITIES (continued)

i. Legal claims from inhabitants of longhouses (continued)

(c) On 21 December 2010, Samling Plywood (Miri) Sdn. Bhd. ("Samling Plywood Miri"), another subsidiary of the Group, together with the Director of Forests, Sarawak and State of Government of Sarawak are being jointly sued by certain families of the village communities of Ba Jawi and all residents proprietors, occupiers, holders and claimants of native customary rights land at and around Ba Jawi, Upper Baram, Sarawak. The plaintiffs 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 Miri which overlap the plaintiffs' claimed areas are unlawful, improper, unconstitutional, null and void. As at 31 December 2010, the proceeding remained pending before the Malaysian courts.

The timber licence and the licence for planted forest held by Merawa, Samling Plywood Lawas, Samling Plywood Miri and Samling Reforestation respectively have been issued by governmental authorities in Sarawak.

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 $8,300,000 previously recognised as payables was paid during the year ended 30 June 2010. The Group may be required to pay additional contingent consideration of up to $17,400,000 if certain terms and conditions as set out in the sale and purchase agreement are met. On 28 January 2011, the Company had entered into a supplemental agreement with the vendors to amend the basis of calculation for the deferred consideration. Based on information available as at 28 January 2011, the management has estimated that contingent consideration of $6,200,000 may be required. The contingent consideration will be re-estimated as at 30 June 2011 and the amount will be recognised in the financial statements for the year ending 30 June 2011.

19. SEASONALITY OF OPERATIONS

In general, the Group's revenue during each financial year historically has been the weakest during the second and third quarters of its financial year as a result of holiday periods celebrated during such quarters by customers in various countries (such as Christmas and Chinese New Year holiday). In addition, the Group's revenue is also affected by seasonal rainfall (including annual monsoons in Malaysia) and the seasonal timing of commencement of new construction activity in various countries (including Japan).

20. CAPITAL COMMITMENTS

	At 31 December 2010 $'000	At 30 June 2010 $'000
Authorised and contracted for	1,909	—
Authorised but not contracted for	42,685	59,933

21. RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2010 and 2009, transactions with the following parties are considered as related party transactions.

Name of party	Relationship
Yaw Holding Sdn. Bhd. ("Yaw Holding"), its subsidiaries and associates ("Yaw Holding Group")	Yaw Holding is the ultimate controlling party of the Company
Glenealy Plantations (Malaya) Berhad ("Glenealy") and its subsidiaries ("Glenealy Group")	Glenealy is an associate of the Group
Sepangar Chemical Industry Sdn. Bhd. ("Sepangar")	Sepangar is an associate of the Group
Daiken Miri Sdn. Bhd. ("Daiken")	Daiken is an associate of the Group
Rimalco Sdn. Bhd. ("Rimalco")	Rimalco is an associate of the Group
Magna-Foremost Sdn. Bhd. ("Magna-Foremost")	Magna-Foremost is a jointly controlled entity of the Group
Foremost Crest Sdn. Bhd. ("Foremost Crest")	Foremost Crest is a jointly controlled entity of the Group
Samling International Limited ("SIL") and its subsidiaries ("SIL Group")	SIL is controlled by the father of Mr. Yaw Chee Ming, a beneficial shareholder and director of the Company
Perkapalan Damai Timur Sdn. Bhd. ("PDT")	PDT is a major shareholder of the Company and is controlled by Mr. Wan Morshidi bin Tuanku Abdul Rahman, a director of various subsidiaries of the Group
Arif Hemat Sdn. Bhd. ("Arif Hemat")	Arif Hemat is controlled by Mr. Wan Morshidi bin Tuanku Abdul Rahman
3D Networks Sdn. Bhd. ("3D Networks")	3D Networks is controlled by Mr. Yaw Chee Ming
Hap Seng Auto Sdn. Bhd. ("Hap Seng Auto")	Hap Seng Auto is controlled by the father-in-law of Mr. Yaw Chee Ming
Sojitz Building Materials Corporation ("Sojitz Building Materials")	Sojitz Building Materials is a subsidiary of Sojitz Corporation, a major shareholder of Samling Housing Products Sdn. Bhd., a subsidiary of the Group
Pacific Plywood Co., Ltd. ("Pacific Plywood")	Pacific Plywood is controlled by Mr. Chia Ti Lin, Colin, a senior management of the Group

21. RELATED PARTY TRANSACTIONS (continued)

Particulars of significant transactions between the Group and the above related parties during the six months ended 31 December 2010 and 2009 are as follows:

	Six months ended 31 December	
	2010 $'000	2009 $'000
Sale of goods to:		
Rimalco	2,772	1,482
Daiken	289	19
Magna-Foremost	1,202	1,276
Sojitz Building Materials	12,238	11,713
Arif Hemat	—	1
Pacific Plywood	—	53
	16,501	14,544
Provision of services to:		
Yaw Holding Group	65	38
Daiken	55	56
Magna-Foremost	204	205
Glenealy Group	67	—
Foremost Crest	—	17
	391	316
Rental of properties and equipment to:		
Yaw Holding Group	—	9
Rimalco	57	60
Daiken	30	30
Magna-Foremost	5	4
3D Networks	26	24
Arif Hemat	9	8
	127	135

21. RELATED PARTY TRANSACTIONS (continued)

	Six months ended 31 December	
	2010 $'000	2009 $'000
Interest income from:		
Magna-Foremost	3	6
Purchase of goods from:		
Sepangar	3,480	4,117
Daiken	1,018	2,035
Hap Seng Auto	2,521	2,155
Pacific Plywood	—	331
	7,019	8,638
Purchase of services from:		
Yaw Holding Group	396	327
Purchase of fixed assets from:		
Yaw Holding Group	46	146
Rental of properties and equipment from:		
Yaw Holding Group	450	409