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

Maximising Resources Through Integration

有效整合 善用資源



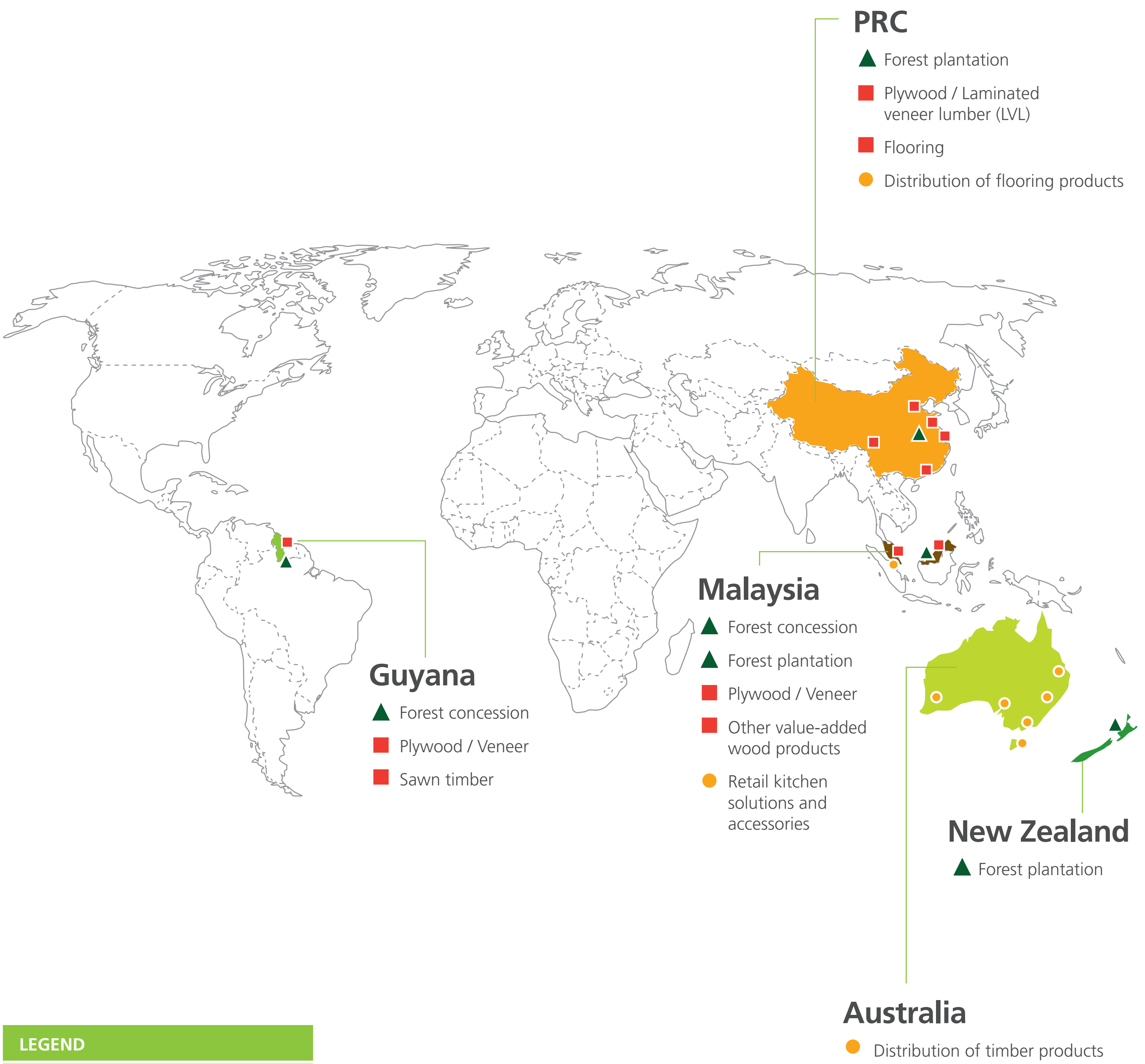

2011/12

INTERIM REPORT | 中期報告

* for identification purposes only 僅供識別

WE ARE A GLOBAL INTEGRATED FOREST RESOURCES & WOOD PRODUCTS COMPANY

Large and strategically located resource base and operations



LEGEND

- ▲ Forest Resource Base
- ■ Downstream Manufacturing
- ● End User Products & Distribution

2011/12

INTERIM REPORT

Contents

Corporate **Information**

BOARD OF DIRECTORS

Chan Hua Eng
Chairman

Fung Ka Pun
Deputy Chairman

Yaw Chee Ming
Chief Executive Officer

David William Oskin
Director

Tan Li Pin, Richard
Director

Amirsham A Aziz
Director

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

Wisma Samling
Lot 296
Jalan Temenggong Datuk Oyong Lawai Jau
98000 Miri
Sarawak
Malaysia

PLACE OF BUSINESS IN HONG KONG

Room 2205, 22nd Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong
Tel: +852 2500 3099

CORPORATE COMMUNICATIONS AND INVESTOR RELATIONS

Samling Global Limited
enquiry@samling.com
Tel: +852 2500 3099 (Hong Kong)
+603 2382 3999 (Malaysia)

STOCK CODE

Hong Kong Stock Exchange 3938

WEBSITE

www.samling.com

COMPANY SECRETARY

Tan Choo Lye
(LL.B. (Hons.) London, Barrister-at-law
(Lincoln's Inn))

AUDITORS

KPMG

LEGAL ADVISERS

Allen and Overy (Hong Kong)
Conyers Dill & Pearman (Bermuda)
Kadir, Andri & Partners (Malaysia)
Kirkpatrick & Lockhart Preston Gates Ellis
(Hong Kong)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
65 Front Street
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: +852 2862 8555

PRINCIPAL BANKERS

AmBank Berhad
ANZ Investment Bank
CIMB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
The Bank of Nova Scotia Berhad
The Bank of Tokyo – Mitsubishi UFJ, Ltd.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Samling Global Limited (the "Company" or the "Group"), I am pleased to present the interim financial report for the six months ended 31 December 2011.

BUSINESS REVIEW

For the financial period under review, the Group operated under an environment of uncertainty with concerns over the spreading European sovereign debt issues to the wider world economy that could cause another economic slowdown and impacting upon timber demand. Plywood demand from Japan remained generally subdued and if not for the sustained demand of logs from India and the People's Republic of China ("PRC"), the Group's results for the financial period under review would not have maintained at about the same level as the second half of the preceding financial year.

The Group achieved a revenue and gross profit of US$405.5 million and US$51.8 million respectively, representing an increase of 7.2% and 17.1% over the second half of the preceding financial year. Gross profit margin at 12.8% was generally at about the same level compared to that of the corresponding preceding financial period. Operationally, the Group achieved a profit of US$18.1 million (before changes in fair value of plantation assets less estimated point-of-sale costs). The Group recorded a profit before taxation of US$9.8 million after accounting for a loss arising from changes in fair value less estimated point-of-sale costs of the Group's New Zealand tree plantation assets of US$4.3 million, share of profits less losses of associates and jointly controlled entities of US$2.5 million (which included a loss of US$2.2 million from changes in fair value of oil palm plantation assets less estimated point-of-sale costs as crude palm oil prices decreased during the financial period under review) and foreign exchange losses of US$1.6 million. Profit attributable to shareholders of the Company was US$0.07 million.

The logs segment achieved an operating profit of US$14.8 million and remained as the largest contributor to the Group's operating profits. Average export prices for hardwood logs and softwood logs were about 19.1% and 4.3% higher respectively compared to the corresponding preceding financial period. Although demand for both hardwood and softwood logs from the PRC remained generally robust, there were signs of a gradual slowdown towards the later part of the financial period under review as demand softened with increased concerns over the overheating housing sector in the PRC. As such, selling prices to the PRC, which on average over the financial period under review were still higher than the corresponding preceding financial period, fell progressively over the months. Reflecting global economic woes, India's economy turned slightly bearish and this impacted upon and slowed down construction activities, thus affecting log demand. The weaker Rupee against the US Dollar further aggravated the situation as buyers, faced with lower purchasing power, also slowed down on their purchases. Similar to the PRC, selling prices to India, although on average were still higher than the corresponding preceding financial period, started to dip towards the later part of the financial period.

While Japan's housing starts for 2011 were higher than that of 2010, it recorded four straight months of falls since September 2011 as construction activities waned after the Japanese government in July 2011 ended its subsidies for building energy-saving homes. The lacklustre housing starts coupled with the slow commencement of reconstruction activities in areas affected by the March 2011 Japanese earthquake and tsunami resulted in selling prices, which peaked in the few months following the Japanese earthquake in March 2011, tapering off over the financial period under review. With the lower sales to Japan, the Group's total export hardwood logs volumes for the financial period under review was 12.3% below that of the corresponding preceding financial period. Demand for veneer, which is principally used to produce plywood increased marginally, was still at low levels. With the sluggish demand for plywood and veneer, this segment recorded a marginal operating profit of US$0.9 million in the financial period under review. The housing market in Japan and the United States ("US") has to further strengthen before the Group's plywood division can improve on its profitability. In view of this, the Group continues to operate its plywood and veneer mills below capacity, focussing on cash cost containment and the production of higher margin specialty products.

The Group's PRC-based Elegant Living companies, whose principal activities are the manufacture and sale of premium flooring products, although facing a gradual slowdown in housing activities, recorded an operating profit of US$6.0 million for the financial period under review by capturing more market share through the increase in the number of distributors in higher growth areas. Plans to further diversify into more value added products together with more distributors in targeted areas in the PRC are progressing as planned.

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 have allowed them access to the nearest towns, which would otherwise take 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.

OUTLOOK

According to IMF's January 2012 World Economic Outlook Update report, global recovery is threatened by intensifying strains in the Eurozone and economic fragility in various parts of the world. Financial conditions have deteriorated, growth prospects have dimmed, and downside risks have escalated. This is largely because the Eurozone's economy is now expected to go into a mild recession in 2012 as a result of the rise in sovereign yields, the effects of bank deleveraging on the real economy, and the impact of additional fiscal consolidation. Growth in emerging and developing economies is also expected to slow down because of the worsening external environment and a weakening of internal demand.

The performance of the Group in the second half of the financial year is expected to be under much pressure unless demand of logs from the PRC and India improves and post-earthquake reconstruction activities in Japan accelerate.

The timing of Japan's major reconstruction activities in areas affected by the earthquake and tsunami will be a key impetus for an increase in plywood demand and hopefully selling prices. The PRC's large population with its rapid urbanisation and rising level of affluence is expected to provide the foundation for the PRC economy to remain relatively robust. In spite of a slowdown in economic activities, the PRC will remain a large importer of wood products globally. However, there will likely be more competition amongst producer countries to supply to this important market. India, even with its economy possibly growing at a slower pace, will continue to be a key market for the harder log species, the natural specifications of which meet Indian consumers' requirements.

Operating under a challenging environment with uncertain outlook and likely greater competition, as various producers strive to increase or at least maintain market share in a likely lower demand base, the Group recognises the continuing need to be lean and efficient.

CORPORATE DEVELOPMENT

On 30 January 2012, the Board announced that it has received a letter (the "Letter") from Samling Strategic Corporation Sdn. Bhd. ("SSC"), in which SSC informed the Board that it is interested in pursuing a proposal for the privatisation of the Company by SSC and the privatisation of both Lingui Developments Berhad ("Lingui") (a subsidiary of the Company listed on Bursa Malaysia Securities Berhad ("Bursa Malaysia")) and Glenealy Plantations (Malaya) Berhad ("Glenealy") (an associated company (as defined in the Takeovers Code) also listed on Bursa Malaysia)) by the Company (together such transactions, the "Proposal"). The Letter makes clear that the making of a formal offer by SSC in respect of the Proposal is subject to a number of matters being satisfied and that there is no guarantee that the Letter will lead to a formal offer being made by SSC for the Company. The Company will make a further announcement to inform the market in compliance with the Takeovers Code and the Listing Rules as and when appropriate or required.

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

19 February 2012

Management Discussion and Analysis

KEY FINANCIAL HIGHLIGHTS

	Logs* US$'000	Plywood and veneer US$'000	Flooring products US$'000	Other operations US$'000	Eliminations US$'000	Total US$'000
Segment Revenue						
For the six months ended 31 December 2011						
External customers	197,859	97,139	61,294	49,184	—	405,476
Inter-segment revenue	45,779	14,571	—	5,425	(65,775)	—
Total revenue	243,638	111,710	61,294	54,609	(65,775)	405,476
For the six months ended 31 December 2010						
External customers	159,937	87,875	44,421	58,680	—	350,913
Inter-segment revenue	53,627	13,184	4,964	3,457	(75,232)	—
Total revenue	213,564	101,059	49,385	62,137	(75,232)	350,913
Segment Gross Profit						
For the six months ended 31 December 2011						
Gross profit	24,585	5,631	13,974	7,562	—	51,752
Gross profit margin (%)	10.1	5.0	22.8	13.8	—	12.8
Percentage of segment contribution (%)	47.5	10.9	27.0	14.6	—	100.0
For the six months ended 31 December 2010						
Gross profit/(loss)	22,056	(2,533)	8,652	10,837	—	39,012
Gross profit/(loss) margin (%)	10.3	(2.5)	17.5	17.4	—	11.1
Percentage of segment contribution (%)	56.5	(6.5)	22.2	27.8	—	100.0

* Logs comprise hardwood and softwood logs

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

	Six months ended 31 December	
	2011 US$'000	**2010** US$'000
Gross profit	51,752	39,012
Other expenses net of other income before gain/loss from changes in fair value of plantation assets less estimated point-of-sale costs	(33,618)	(28,359)
(Loss)/gain from changes in fair value of plantation assets less estimated point-of-sale costs	(4,258)	12,377
Profit from operations	13,876	23,030
Net financing (costs)/income	(6,518)	6,928
Share of profits less losses of associates and jointly controlled entities	2,464	12,270
Profit before taxation	9,822	42,228
Income tax	(5,452)	(6,783)
Profit for the period	4,370	35,445
Non-controlling interests	(4,303)	(12,233)
Profit attributable to equity shareholders of the Company	67	23,212

REVIEW OF THE GROUP'S RESULTS

While the global economic environment has improved considerably in the aftermath of one of the most severe financial crisis in modern history, recovery has been uneven. For advanced economies, recovery and pace of growth remained subdued, dampened by the sovereign debt crisis in Europe. On the back of this fragility of recovery in the global economy, the Group's operating results for the financial period under review stood at about the same level as that of the second half of the preceding financial year, although when compared to the corresponding preceding financial period, it was better. Demand from the Group's key markets of the People's Republic of China ("PRC"), India and Japan did not increase over the second half of the preceding financial year and remained generally stagnant. However, demand from these markets was higher compared to the corresponding preceding financial period. The Group's logs segment was the main contributor to the Group's results.

Revenue achieved of US$405.5 million was 15.5% higher than that of the corresponding preceding financial period. After recognising a loss of US$4.3 million from changes in fair value of plantation assets less estimated point-of-sale costs (compared to a gain of US$12.4 million in the corresponding preceding financial period), the Group recorded a profit from operations of US$13.9 million. Contribution from the Group's share of profits less losses of an associate in the oil palm plantation business at US$2.2 million was lower compared to US$11.7 million in the corresponding preceding financial period as crude palm oil prices took a dip.

While the Group achieved a profit before taxation of US$9.8 million, the loss recognised from changes in fair value of plantation assets less estimated point-of-sale costs and lower contribution from its oil palm plantation associate resulted in a US$32.4 million decrease in profit before taxation compared to the corresponding preceding financial period. After accounting for non-controlling interests of US$4.3 million, profit attributable to equity shareholders of the Company was US$0.07 million compared to US$23.2 million in the corresponding preceding financial period. In terms of operating cash flow before changes in working capital, the Group achieved US$64.8 million which was 14.1% higher than that of the corresponding preceding financial period.

REVIEW OF BUSINESS SEGMENT RESULTS

Logs

Starting from the year ended 30 June 2011, the financial results of hardwood logs and upstream support which were reported as two separate operating segments in previous years' financial statements have been consolidated and reported to the Group's senior executive management as one single operating segment for the purpose of resources allocation and performance assessment.

Logs segment accounted for approximately 48.8% and 45.6% of the Group's total revenue for the financial period under review and the corresponding preceding financial period respectively. For the financial period under review, the logs segment's contribution to the Group's revenue and gross profit was about US$197.9 million and US$24.6 million respectively. The total volume of hardwood logs sold to external customers was 1.1 million cubic meters ("m^3"), of which 0.4 million m^3 was exported, was 24.9% higher than that of the corresponding preceding financial period. Average export prices achieved was US$223.4 per m^3 which was US$35.9 per m^3 higher than the corresponding preceding financial period. Similarly, softwood logs sales volume and average prices improved to 0.3 million m^3 and US$100.3 per m^3 respectively, which was 15.5% and 2.9% higher than the corresponding preceding financial period.

Although total log volumes sold to India and the PRC by the Group have remained relatively stable, demand from these two key markets have shown signs of slowing down over the financial period under review. The PRC government's effort in cooling down the overheated housing sector through various measures has had its effects to the prices and demand. India buyer's purchasing power has also eroded during the latter part of financial period under review as the Rupee depreciated against the US Dollar, impacting timber demand. The slowdown in the PRC and India was further aggravated by the general negative outlook for the world economy as uncertainty looms over the contagion effects of the European sovereign debt crisis. For the financial period under review, sales to India and the PRC accounted for about 29.9% and 32.1% respectively of the Group's total log export revenue. The Group also sold 42.7% of its hardwood log production, mainly of those with smaller diameter to the domestic market. Both hardwood and softwood log export prices achieved were higher than the corresponding preceding financial period as the effects of the price increase during the fourth quarter of the previous financial year after the Japanese earthquake in March 2011 spilled over to the financial period under review although it gradually tapered off. The increase in softwood log production and sales was also in line with the maturity profile of the Group's New Zealand forest plantation.

The Group continues to keep a close watch over log extraction cost, especially fuel and spare parts, to ensure that its log extraction unit cost is well contained. Recognising that machinery operational efficiency is a key factor to maintain cost competitiveness, the Group maintained a proactive approach by paying close attention on equipment management to ensure that all machines and equipment are optimally utilised and breakdowns are minimised.

In New Zealand, of which the Group has 25,246 hectares of planted *radiata pine* forest, road upgrading and other infrastructure work is on-going as part of the preparatory work in anticipation of higher harvest volumes of softwood as the plantation matures. Going forward, this softwood plantation resource will provide a sustainable woodflow to complement the woodflow from the Group's natural forest concessions.

Plywood and Veneer

Plywood and veneer contributed 24.0% to the Group's total revenue for the financial period under review. Total external plywood volumes sold for the financial period under review was 133,294 m^3 which was 10.2% lower than the corresponding preceding financial period. However, average prices achieved was 23.1% higher compared to the corresponding preceding financial period.

Plywood sales to Japan, although higher than the pre-earthquake corresponding preceding financial period, remained generally lacklustre due to the lack of concrete leads from this market. After the incentives for building energy-saving homes expired in July 2011, housing starts recorded four consecutive monthly drops from September 2011. Buyers were also unwilling to commit to more volumes due to the uncertainty of demand. The rate of reconstruction activities in areas affected by the earthquake did not commence as fast as expected and the boost to wood demand that was initially forecasted after the earthquake also did not materialise. As a result, plywood prices gradually eased off over the months from the highs in March and April 2011 right after the earthquake. However, compared to the corresponding preceding financial period pre-earthquake average prices of about US$463.0 per m^3, prices achieved for the financial period under review was still a 23.1% higher at about US$570.1 per m^3. The Group's total export volumes to Japan which accounted for 57.4% of the Group's total export plywood sales was 19.3% lower than that of the corresponding preceding financial period. To mitigate the depressed demand from Japan, the Group shifted focus to other markets, including Australia, which fetched higher prices.

REVIEW OF BUSINESS SEGMENT RESULTS (cont'd)

Plywood and Veneer (cont'd)

In the financial period under review, the volume of veneer sold by the Group to external customers was 5.1% lower than the corresponding preceding financial period. The Group utilised 26.0% of its veneer production in its plywood mills for further processing while the remaining of 74.0% were either exported or sold locally. Average veneer prices improved to US$329.7 per m^3 from US$283.0 per m^3 fetched in the corresponding preceding financial period. The improvement in prices was a result of the increased focus on the production of higher valued face and back veneer and the co-related effects on veneer prices brought about by the spike in plywood prices after the Japanese earthquake. The effects of the spike in prices was still felt in the financial period under review, although there were signs of prices gradually easing off.

The plywood and veneer segment reported gross profit margin of 5.0%, which improved over the negative margin of 2.5% in the corresponding preceding financial period. As margins remained slim, the Group continued to place emphasis on the cash cost of production to ensure that at all times on cash cost basis, gross profit is positive.

Flooring Products

In the financial period under review, the Group continued to increase its flooring products sales through its PRC based Elegant Living group of companies. Revenue from external flooring sales improved to US$61.3 million, an increase of 38.0% compared to the corresponding preceding financial period. In terms of sales mix, 65.3% of the sales were from laminated flooring and the remaining was from engineered flooring and solid flooring. The flooring products market in the PRC has shown signs of slowing down as the rapid growth of the housing sector declined with various measures introduced by the PRC government to prevent further overheating to the housing sector. The generally negative outlook for the world economy also affected the confidence of property developers to aggressively launch new housing projects. To remain competitive and to capture a bigger market share in the PRC's highly competitive flooring market, Elegant Living has opened more distribution outlets, principally in the Western region of the PRC. In terms of gross profit and gross profit margins, the flooring products segment achieved US$14.0 million and 22.8% which was 61.5% and 30.3% respectively higher than that of the corresponding preceding financial period.

Other Operations

Other operations mainly comprise the production and sale of housing products, kitchen cabinets and wood chip which is the Group's long term strategy to move further downstream into producing more value added products, using either the Group's primary product of plywood or wood waste from its plywood operations as production input. This segment also includes quarry operations, rubber retread compound and property investment operations. With higher sales by the housing products division offset by lower sales recorded by the Group's distribution business in Australia, revenue from other operations of US$49.2 million was 16.2% lower than the corresponding preceding financial period. In term of gross profit, other operations achieved US$7.6 million which was 30.2% lower than the corresponding preceding financial period.

Net Financing (Costs)/Income

The Group recorded a net financing costs of US$6.5 million compared to a net financing income of US$6.9 million in the corresponding preceding financial period. This was mainly due to recognition of unrealised foreign exchange loss on the translation of US Dollar loan by a New Zealand subsidiary and unrealised loss arising from foreign currency deposits of US$1.6 million compared to an unrealised foreign exchange gain of US$13.1 million recognised in the corresponding preceding financial period.

Share of Profits less Losses of Associates

The Group recognised a profit of US$1.5 million as share of profits less losses of associates compared to US$12.1 million in the corresponding preceding financial period. The lower profit was principally attributable to a loss of US$2.2 million from changes in fair value of oil palm plantation assets less estimated point-of-sale costs recognised by an associate due to lower crude palm oil price which offset a higher operating profit from the associates.

REVIEW OF BUSINESS SEGMENT RESULTS (cont'd)

Share of Profits less Losses of Jointly Controlled Entities

The Group recorded a profit of US$1.0 million as net share of profits less losses of jointly controlled entities which was US$0.9 million above that of the corresponding preceding financial period. This increase was primarily attributable to various measures taken to contain cost and the sale of higher value doorskins.

Income Tax

An income tax expense of US$5.5 million was recognised during the financial period under review as compared to US$6.8 million in the corresponding preceding financial period. The effective tax rate for the financial period under review was higher than the statutory tax rate because certain subsidiaries incurred losses during the financial period where no deferred tax assets have been recognised for such tax losses at 31 December 2011.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, the Group's cash and bank balances amounted to US$116.0 million compared to US$126.0 million as at 30 June 2011.

The gearing ratio was 23.8% and 23.7% as at 31 December 2011 and 30 June 2011, 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 2011.

Available facilities that were not drawn down as at 31 December 2011 amounted to US$55.5 million compared to US$50.3 million as at 30 June 2011. As at 31 December 2011, the Group has outstanding indebtedness of US$320.1 million compared to US$328.9 million as at 30 June 2011. Of the US$320.1 million of indebtedness, US$131.1 million is repayable within one year with the balance of US$189.0 million having a maturity of more than one year as presented below:

	US$ million
Within one year	131.1
After one year but within two years	54.6
After two years but within five years	130.4
After five years	4.0
Total	320.1

	US$ million
Secured	174.1
Unsecured	146.0
Total	320.1

The indebtedness carry interest rates ranging from 2.0% to 8.5% per annum.

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 forest subsidiary, Hikurangi Forest Farms Limited ("HFF") with outstanding principal amount as of 31 December 2011 of US$45.9 million. As HFF's functional currency is the New Zealand Dollar, 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 and contracted for and authorised but not contracted for total commitments as at 31 December 2011 amounted to US$6.0 million and US$58.0 million respectively.

CHARGE ON ASSETS

As at 31 December 2011, the Group pledged assets with aggregate carrying value of US$316.5 million (30 June 2011: US$343.4 million) to secure bank loans facilities of the Group.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group had no material contingent liabilities except as disclosed in note 17 to the interim report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group had no material acquisition or disposal of subsidiaries and associated companies during the financial period ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Company repurchased a total of 7,256,000 ordinary shares of US$0.10 each from the open market for a total consideration of US$386,000 during the period ended 31 December 2011.

Other than the above-mentioned, 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 2011.

PRE-EMPTIVE RIGHTS

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

EMPLOYEES

As at 31 December 2011, the Group employed a total of 13,560 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 2011, 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 2011. 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 2011, 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 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	6,000,000 ordinary shares[(3)]	Interest in a controlled corporation	Long	0.14%
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	2,340,930,260 ordinary shares[(4), (7)]	Interest in a controlled corporation	Long	54.51%
	Lingui	443,473,768 ordinary shares[(8)]	Interest in a controlled corporation	Long	67.23%
	Glenealy	61,248,522 ordinary shares[(8)]	Interest in a controlled corporation	Long	53.68%
	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 25.00% of the issued share capital of Tysim Holdings Sdn. Bhd., which in turn holds 336,290 ordinary shares of Lingui.

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

(2) Chan Hua Eng is deemed interested in 32,000 ordinary shares of Glenealy since he and his spouse are each interested in 25.00% 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 6,000,000 ordinary shares of the Company since he is interested in 25.00% of the issued share capital of Tysim Holdings Limited, which in turn holds 6,000,000 ordinary shares of the Company.

(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"). 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. ("Samling Mewah"). 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.

(7) Yaw Chee Ming is deemed interested in 20,640,000 ordinary shares of the Company since he is interested in 100% of the issued share capital of Growtrade Investments Limited, which in turn holds 20,640,000 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 38.328% 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; and

(ii) Samling Strategic holds 15.356% of Glenealy. By virtue of note (4) above, Yaw Chee Ming is deemed interested in the 17,520,000 ordinary shares of Glenealy held by Samling Strategic. By virtue of note (8)(i) above, Yaw Chee Ming is also deemed interested in 43,728,522 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 50.00% of Loyal Avenue (M) Sdn. Bhd. ("Loyal Avenue"), 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.

(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 2011, none of the Directors or chief executive have any interests or short positions in the shares, underlying shares or debentures of the Company or its 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 2011, 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	2,340,930,260	54.51%
Tan Sri Yaw Teck Seng(2)	Beneficial owner/Interest of a controlled corporation	2,592,291,280	60.36%
Yaw Holding(3)	Interest of a controlled corporation	2,320,290,260	54.03%
Samling Strategic	Beneficial owner	2,320,290,260	54.03%

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	5.25%
Tapah Plantation Sdn. Bhd. ("Tapah")	Beneficial owner	225,592,070	5.25%

Notes:

(1) Yaw Chee Ming is interested in approximately 39.60% 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 20,640,000 ordinary shares of the Company since he is interested in 100% of the issued share capital of Growtrade Investments Limited, which in turn holds 20,640,000 ordinary shares of the Company.

(2) Tan Sri Yaw Teck Seng is interested in approximately 39.60% 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 number 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 2011, 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.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining its high standards of corporate governance based on its established corporate governance practices in accordance with the code provisions of corporate governance contained in the Code on Corporate Governance Practices ("the CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). The Board is accountable to the Company's shareholders on 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 2011 except for Code Provision A.4.1 in respect of the specific term of non-executive directors. The Code Provision A.4.1 has been met by the bye-laws requiring that in each annual general meeting of the Company, one-third of the directors retire from office by rotation so that every director shall be subject to retirement of at least once in every three years. The detailed biography of such Directors eligible for re-election will be stated in the notice of the annual 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 or 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 19 February 2012, the Audit Committee reviewed the Group's unaudited interim financial statements for the six months period ended 31 December 2011 and resolved to submit the interim financial report to the Board for approval. The interim results for the six months period ended 31 December 2011 have not been audited but have been independently reviewed by Messrs. KPMG, the Company's external auditor.

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 2011.

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 13 February 2012 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.

Financial **Section**

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 19 to 40 which comprises the consolidated balance sheet of Samling Global Limited as of 31 December 2011 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 2011 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

19 February 2012

Consolidated **Income Statement**

For the six months ended 31 December 2011 — unaudited

(Expressed in United States dollars)

	Notes	Six months ended 31 December 2011 $'000	2010 $'000
Revenue	4	405,476	350,913
Cost of sales		(353,724)	(311,901)
Gross profit		51,752	39,012
Other operating income		5,115	5,318
Distribution costs		(13,432)	(12,181)
Administrative expenses		(22,935)	(21,450)
Other operating expenses		(2,366)	(46)
(Loss)/gain from changes in fair value of plantation assets less estimated point-of-sale costs		(4,258)	12,377
Profit from operations		13,876	23,030
Financial income		4,560	14,674
Financial expenses		(11,078)	(7,746)
Net financing (costs)/income	5	(6,518)	6,928
Share of profits less losses of associates		1,479	12,141
Share of profits less losses of jointly controlled entities		985	129
Profit before taxation	6	9,822	42,228
Income tax	7	(5,452)	(6,783)
Profit for the period		4,370	35,445
Attributable to:			
Equity shareholders of the Company		67	23,212
Non-controlling interests		4,303	12,233
Profit for the period		4,370	35,445
Earnings per share (US cent)	9		
Basic and diluted		0.002	0.540

The notes on pages 25 to 40 form part of this interim financial statements.

Consolidated **Statement of Comprehensive Income**

For the six months ended 31 December 2011 — unaudited

(Expressed in United States dollars)

	Six months ended 31 December	
	2011 $'000	**2010** $'000
Profit for the period	4,370	35,445
Other comprehensive income for the period (Note)		
Exchange difference on re-translation of financial statements of subsidiaries	(24,332)	40,478
Total comprehensive income for the period	(19,962)	75,923
Attributable to:		
Equity shareholders of the Company	(16,405)	53,067
Non-controlling interests	(3,557)	22,856
Total comprehensive income for the period	(19,962)	75,923

Note: The component of other comprehensive income does not have any significant tax effect for the six months ended 31 December 2011 and 2010.

The notes on pages 25 to 40 form part of this interim financial statements.

Consolidated **Balance Sheet**

At 31 December 2011 — unaudited

(Expressed in United States dollars)

	Notes	At 31 December 2011 $'000	At 30 June 2011 $'000
Non-current assets			
Fixed assets	10		
— Investment properties		22,490	23,020
— Other property, plant and equipment		365,935	381,556
Construction in progress		743	2,614
Interests in leasehold land held under operating leases		42,100	42,396
Intangible assets		34,663	39,116
Plantation assets	11	267,149	285,321
Interests in associates		137,540	142,079
Interests in jointly controlled entities		12,468	12,266
Available-for-sale financial assets		331	325
Deferred tax assets		5,634	7,416
Total non-current assets		889,053	936,109
Current assets			
Inventories	12	176,863	161,802
Trade and other receivables	13	151,739	144,271
Current tax recoverable		6,335	16,594
Pledged bank deposits		2,757	3,873
Cash and cash equivalents	14	115,956	125,980
Total current assets		453,650	452,520
Total assets		1,342,703	1,388,629

Consolidated **Balance Sheet**

At 31 December 2011 — unaudited

(Expressed in United States dollars)

	Notes	At 31 December 2011 $'000	At 30 June 2011 $'000
Current liabilities			
Bank loans and overdrafts	15	116,455	132,926
Obligations under finance leases		14,648	15,529
Trade and other payables	16	155,555	162,214
Current tax payable		8,607	5,779
Total current liabilities		295,265	316,448
Net current assets		158,385	136,072
Total assets less current liabilities		1,047,438	1,072,181
Non-current liabilities			
Bank loans	15	160,349	161,782
Obligations under finance leases		28,600	18,623
Deferred tax liabilities		52,592	57,033
Total non-current liabilities		241,541	237,438
Total liabilities		536,806	553,886
Capital and reserves			
Share capital		429,448	430,174
Reserves		173,776	195,357
Total equity attributable to equity shareholders of the Company		603,224	625,531
Non-controlling interests		202,673	209,212
Total equity		805,897	834,743
Total liabilities and equity		1,342,703	1,388,629

The notes on pages 25 to 40 form part of this interim financial statements.

Consolidated **Statement of Changes in Equity**

For the six months ended 31 December 2011 — unaudited

(Expressed in United States dollars)

	Attributable to equity shareholders of the Company									
	Share capital $'000	Share premium $'000	Capital redemption reserve $'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 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:										
Profit for the period	—	—	—	—	—	—	23,212	23,212	12,233	35,445
Total other comprehensive income for the period	—	—	—	29,855	—	—	—	29,855	10,623	40,478
Total comprehensive income for the period	—	—	—	29,855	—	—	23,212	53,067	22,856	75,923
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(2,766)	(2,766)
Dividends in respect of previous financial year, approved and paid during the period	—	—	—	—	—	—	(3,441)	(3,441)	—	(3,441)
At 31 December 2010	430,174	261,920	—	68,248	6,673	(290,137)	136,673	613,551	191,286	804,837
At 1 July 2011	430,174	261,920	—	82,694	6,673	(290,137)	134,207	625,531	209,212	834,743
Changes in equity for the six months ended 31 December 2011:										
Profit for the period	—	—	—	—	—	—	67	67	4,303	4,370
Total other comprehensive income for the period	—	—	—	(16,472)	—	—	—	(16,472)	(7,860)	(24,332)
Total comprehensive income for the period	—	—	—	(16,472)	—	—	67	(16,405)	(3,557)	(19,962)
Purchase of own shares	(726)	—	340	—	—	—	—	(386)	—	(386)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(2,982)	(2,982)
Dividends in respect of previous financial year, approved and paid during the period	—	—	—	—	—	—	(5,516)	(5,516)	—	(5,516)
At 31 December 2011	429,448	261,920	340	66,222	6,673	(290,137)	128,758	603,224	202,673	805,897

The notes on pages 25 to 40 form part of this interim financial statements.

Condensed **Consolidated Cash Flow Statement**

For the six months ended 31 December 2011 — unaudited

(Expressed in United States dollars)

	Note	Six months ended 31 December 2011 $'000	2010 $'000
Operating profit before changes in working capital		64,826	56,817
Changes in working capital		(32,720)	(29,754)
Net cash generated from operations		32,106	27,063
Net income tax refunded/(paid)		6,540	(1,648)
Net cash generated from operating activities		38,646	25,415
Net cash used in investing activities		(16,398)	(37,321)
Net cash used in financing activities		(28,138)	(33,192)
Net decrease in cash and cash equivalents		(5,890)	(45,098)
Cash and cash equivalents at the beginning of the period		114,925	139,998
Effect of foreign exchange rate changes		(2,443)	4,788
Cash and cash equivalents at the end of the period	14	106,592	99,688

The notes on pages 25 to 40 form part of this interim financial statements.

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 19 February 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 30 June 2011 ("2011 Annual Financial Statements"), except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 30 June 2012. 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.

The 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 2011 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") issued 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 18.

The financial information relating to the financial year ended 30 June 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 June 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 September 2011.

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:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)

IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. IAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, *Financial instruments: Disclosures*. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

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

3. SEGMENT REPORTING

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

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

Starting from the year ended 30 June 2011, the financial results of hardwood logs and upstream support which were reported as two separate operating segments in previous years' financial statements are grouped and reported to the Group's most senior executive management as one single operating segment for the purposes of resources allocation and performance assessment. Following a change in the composition of the Group's operating segments that in turn results in a change in the reportable segments, the segment information for the six months ended 31 December 2010 has been restated.

(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.

3. SEGMENT REPORTING (cont'd)

(a) Segment results, assets and liabilities (cont'd)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 31 December 2011 and 2010 is set out below:

	Six months ended 31 December 2011						
	Logs						
	Hardwood logs $'000	Softwood logs $'000	Sub-total $'000	Plywood and veneer $'000	Flooring products $'000	Other operations $'000	Total $'000
Revenue from external customers	167,787	30,072	197,859	97,139	61,294	49,184	405,476
Inter-segment revenue	45,779	—	45,779	14,571	—	5,425	65,775
Reportable segment revenue	213,566	30,072	243,638	111,710	61,294	54,609	471,251
Reportable segment profit/(loss)	20,616	(5,790)	14,826*	949	6,838	(6,937)	15,676
Additions to non–current segment assets during the period	17,026	7,496	24,522	2,503	2,862	6,109	35,996

* Included in reportable segment profit of logs segment is a loss from changes in fair value of plantation assets less estimated point-of-sale costs of $4,258,000.

	Six months ended 31 December 2010 (restated)						
	Logs						
	Hardwood logs $'000	Softwood logs $'000	Sub-total $'000	Plywood and veneer $'000	Flooring products $'000	Other operations $'000	Total $'000
Revenue from external customers	134,615	25,322	159,937	87,875	44,421	58,680	350,913
Inter-segment revenue	53,627	—	53,627	13,184	4,964	3,457	75,232
Reportable segment revenue	188,242	25,322	213,564	101,059	49,385	62,137	426,145
Reportable segment profit/(loss)	13,011	13,742	26,753^	(7,717)	4,743	(749)	23,030
Additions to non-current segment assets during the period	11,698	6,762	18,460	1,155	1,217	9,203	30,035

^ Included in reportable segment profit of logs segment is a gain from changes in fair value of plantation assets less estimated point-of-sale costs of $12,377,000.

3. SEGMENT REPORTING (cont'd)

(a) Segment results, assets and liabilities (cont'd)

	At 31 December 2011						
	Logs						
	Hardwood logs $'000	Softwood logs $'000	Sub-total $'000	Plywood and veneer $'000	Flooring products $'000	Other operations $'000	Total $'000
Reportable segment assets	229,009	288,122	517,131	270,479	151,138	141,537	1,080,285
Interests in associates	—	—	—	—	—	137,540	137,540
Interests in jointly controlled entities	—	—	—	—	—	12,468	12,468
Reportable segment liabilities	66,290	1,480	67,770	29,369	28,533	29,883	155,555

	At 30 June 2011						
	Logs						
	Hardwood logs $'000	Softwood logs $'000	Sub-total $'000	Plywood and veneer $'000	Flooring products $'000	Other operations $'000	Total $'000
Reportable segment assets	234,200	316,909	551,109	278,963	133,081	140,913	1,104,066
Interests in associates	—	—	—	—	—	142,079	142,079
Interests in jointly controlled entities	—	—	—	—	—	12,266	12,266
Reportable segment liabilities	67,995	2,664	70,659	32,475	19,378	39,702	162,214

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

	Six months ended 31 December	
	2011 $'000	2010 $'000
Revenue		
Reportable segment revenue	471,251	426,145
Elimination of inter-segment revenue	(65,775)	(75,232)
Consolidated revenue	405,476	350,913
Profit		
Reportable segment profit	15,676	23,030
Share of profits less losses of associates	1,479	12,141
Share of profits less losses of jointly controlled entities	985	129
Net financing (costs)/income and other unallocated head office and corporate expenses	(8,318)	6,928
Consolidated profit before taxation	9,822	42,228

3. SEGMENT REPORTING (cont'd)

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

	At 31 December 2011 $'000	At 30 June 2011 $'000
Assets		
Reportable segment assets	1,080,285	1,104,066
Interests in associates	137,540	142,079
Interests in jointly controlled entities	12,468	12,266
Deferred tax assets	5,634	7,416
Current tax recoverable	6,335	16,594
Unallocated head office and corporate assets	100,441	106,208
Consolidated total assets	1,342,703	1,388,629
Liabilities		
Reportable segment liabilities	155,555	162,214
Current tax payable	8,607	5,779
Deferred tax liabilities	52,592	57,033
Bank loans and overdrafts	276,804	294,708
Obligations under finance leases	43,248	34,152
Consolidated total liabilities	536,806	553,886

4. REVENUE

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

	Six months ended 31 December	
	2011 $'000	2010 $'000
Sales of goods	394,819	337,391
Revenue from provision of services	10,657	13,522
	405,476	350,913

5. NET FINANCING (COSTS)/INCOME

	Six months ended 31 December	
	2011	**2010**
	$'000	$'000
Interest on loans and overdrafts from banks and finance charges on obligations under finance leases wholly repayable within five years	(10,150)	(10,096)
Less: Borrowing costs capitalised into plantation assets (note 11)	3,147	3,108
Interest expense	(7,003)	(6,988)
Net loss on changes in fair value of financial instruments	—	(714)
Foreign exchange losses	(4,075)	(44)
Financial expenses	(11,078)	(7,746)
Interest income	1,215	1,516
Net gain on changes in fair value of financial instruments	870	—
Foreign exchange gains	2,475	13,158
Financial income	4,560	14,674
	(6,518)	6,928

The borrowing costs have been capitalised at a rate of 4.67% to 7.31% (2010: 3.40% to 7.31%) per annum.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 31 December	
	2011	**2010**
	$'000	$'000
Depreciation	29,325	31,270
Less: Depreciation capitalised into plantation assets (note 11)	(301)	(442)
	29,024	30,828
Amortisation of interests in leasehold land held under operating leases	599	634
Amortisation of intangible assets	4,155	4,075

7. INCOME TAX

	Six months ended 31 December	
	2011	**2010**
	$'000	$'000
Current tax		
Provision for the period	6,092	5,824
(Over)/under-provision in respect of prior years	(436)	190
	5,656	6,014
Deferred tax		
Origination and reversal of temporary differences	(204)	769
	5,452	6,783

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 2011 and 2010.

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

(d) The subsidiaries in Guyana are liable to Guyana income tax at a rate of 30% (2010: 35%). No provision for Guyana income tax has been made as the subsidiaries in Guyana sustained losses for taxation purposes for the six months ended 31 December 2011 and 2010.

(e) The subsidiaries in New Zealand are liable to New Zealand income tax at a rate of 28% (2010: 30%).

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

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

(h) No provision for Indonesian income tax has been made as the subsidiaries in Indonesia did not earn any income subject to Indonesian income tax during the six months ended 31 December 2011 (2010: N/A).

8. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2011 (six months ended 31 December 2010: $Nil).

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

	Six months ended 31 December	
	2011	**2010**
	$'000	$'000
Final dividend in respect of the previous financial year of 0.128 US cents (six months ended 31 December 2010: 0.080 US cents) per share, approved and paid during the following interim period	5,516	3,441

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 31 December 2011 is based on the profit attributable to equity shareholders of the Company for the six months ended 31 December 2011 of $67,000 (six months ended 31 December 2010: $23,212,000) and weighted average of 4,299,974,000 (2010: 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 2011 and 2010. The diluted earnings per share is the same as the basic earnings per share.

10. FIXED ASSETS

(a) Acquisitions and disposals

During the six months ended 31 December 2011, the Group acquired fixed assets with an aggregate cost of $25,221,000 (six months ended 31 December 2010: $15,073,000). Items of fixed assets with an aggregate net book value of $854,000 were disposed of during the six months ended 31 December 2011 (six months ended 31 December 2010: $764,000), resulting in a gain on disposal of $62,000 (six months ended 31 December 2010: $296,000).

(b) Certain fixed assets and interests in leasehold land held under operating leases are pledged to banks for certain banking facilities granted to the Group as disclosed in note 15.

11. PLANTATION ASSETS

Included in additions to the Group's plantation assets for the six months ended 31 December 2011 are interest capitalised of $3,147,000 (six months ended 31 December 2010: $3,108,000) and depreciation capitalised of $301,000 (six months ended 31 December 2010: $442,000).

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

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

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

11. PLANTATION ASSETS (cont'd)

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

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

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

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

12. INVENTORIES

During the six months ended 31 December 2011, $4,741,000 (six months ended 31 December 2010: $273,000) has been recognised as an expense in the consolidated income statements, to write-down the inventories to their estimated net realisable value.

13. TRADE AND OTHER RECEIVABLES

	At 31 December 2011 $'000	At 30 June 2011 $'000
Trade receivables	71,576	64,543
Prepayments, deposits and other receivables	64,984	63,249
Loans to third parties	15,179	16,479
	151,739	144,271

Included in the Group's trade receivables are amounts due from associates, jointly controlled entities and related parties of $3,172,000 (30 June 2011: $4,386,000), $79,000 (30 June 2011: $77,000) and $537,000 (30 June 2011: $553,000) respectively, as at 31 December 2011.

13. TRADE AND OTHER RECEIVABLES (cont'd)

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

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

The borrower made a total repayment of $1,800,000 to the Group up to 30 June 2011, but no repayment had been made by the borrower during the six months ended 31 December 2011. As at 31 December 2011, the outstanding loan amounted to $7,200,000 (30 June 2011: $7,200,000). Since there was no repayment during the six months ended 31 December 2011, the Directors assessed that a portion of the loan may not be recoverable. Consequently, an impairment loss of $1,800,000 was recognised in respect of the outstanding loan balance as at 31 December 2011; and

(ii) Two loans totalling $9,779,000 have been disbursed to two third parties (the "Borrowers") in connection with certain proposed business acquisitions. As at 31 December 2011, the loans are secured and interest free. These loans are convertible into shares of certain designated companies which are set out in the loan agreements. These loans are repayable by the Borrowers at the request of the Group, which will be at the time that the Group decides not to proceed with the proposed acquisitions in accordance with the terms and conditions of the loan agreements. The loans shall carry interest at 6% per annum since then. Subject to the fulfilment of certain terms and conditions as set out in the loan agreements, a loan of $3,823,000 will be further disbursed to the above mentioned third parties.

(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 from the date of billing is as follows:

	At 31 December 2011 $'000	At 30 June 2011 $'000
Within 30 days	40,992	39,957
31–60 days	7,689	8,497
61–90 days	4,166	3,243
91–180 days	8,466	8,118
181–365 days	6,267	1,273
1–2 years	3,230	2,493
Over 2 years	766	962
	71,576	64,543

13. TRADE AND OTHER RECEIVABLES (cont'd)

(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 2011, the Group's trade receivables of $4,515,000 (30 June 2011: $4,200,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none of these receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of $4,515,000 (30 June 2011: $4,200,000) were recognised.

(c) Trade Receivables that are not impaired

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

	At 31 December 2011 $'000	At 30 June 2011 $'000
Within 30 days	40,992	39,957
31–60 days	7,689	8,497
61–90 days	4,166	3,243
91–180 days	8,466	8,118
181–365 days	6,267	1,273
1–2 years	3,230	2,493
Over 2 years	766	962
	71,576	64,543

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.

14. CASH AND CASH EQUIVALENTS

	At 31 December 2011 $'000	At 30 June 2011 $'000
Deposits with banks and other financial institutions	85,582	101,543
Cash at bank and in hand	30,374	24,437
Cash and cash equivalents in the consolidated balance sheet	115,956	125,980
Bank overdrafts (note 15)	(9,364)	(11,055)
Cash and cash equivalents in the condensed consolidated cash flow statement	106,592	114,925

15. BANK LOANS AND OVERDRAFTS

The bank loans and overdrafts were repayable as follows:

	At 31 December 2011 $'000	At 30 June 2011 $'000
Within one year or on demand	116,455	132,926
After one year but within two years	36,139	34,043
After two years but within five years	120,245	123,601
After five years	3,965	4,138
	160,349	161,782
	276,804	294,708

15. BANK LOANS AND OVERDRAFTS (cont'd)

The bank loans and overdrafts were secured as follows:

	At 31 December 2011 $'000	At 30 June 2011 $'000
Overdrafts (note 14)		
— unsecured	7,635	10,136
— secured	1,729	919
	9,364	11,055
Bank loans		
— unsecured	138,351	147,153
— secured	129,089	136,500
	267,440	283,653
	276,804	294,708

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

	At 31 December 2011 $'000	At 30 June 2011 $'000
Fixed assets	64,839	68,018
Interests in leasehold land held under operating leases	12,323	12,458
Plantation assets	236,533	259,080
Pledged bank deposits	2,757	3,873
	316,452	343,429

At 31 December 2011, a bank loan of the Group amounting to $30,000,000 (30 June 2011: $35,000,000) was secured by the Group's shares in Lingui Developments Berhad.

The banking facilities of the Group amounting to $332,285,000 (30 June 2011: $345,049,000) were utilised to the extent of $276,804,000 (30 June 2011: $294,708,000) as at 31 December 2011.

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.

16. TRADE AND OTHER PAYABLES

	At 31 December 2011 $'000	At 30 June 2011 $'000
Trade payables	60,595	71,357
Other payables	37,516	35,393
Accrued expenses	41,779	39,913
Amount due to an associate	4,723	3,468
Derivative financial instruments	10,942	12,083
	155,555	162,214

Included in the Group's trade payables are amounts due to associates and related parties of $766,000 (30 June 2011: $625,000) and $6,800,000 (30 June 2011: $2,564,000) respectively, as at 31 December 2011.

The amount due to an associate is secured, interest-bearing at a rate of 9% per annum and repayable on 28 March 2012.

An ageing analysis of trade payables from the date of billing is as follows:

	At 31 December 2011 $'000	At 30 June 2011 $'000
Within 30 days	23,038	33,523
31–60 days	6,241	12,996
61–90 days	6,985	4,606
91–180 days	10,858	7,134
181–365 days	7,704	8,924
1–2 years	5,715	3,673
Over 2 years	54	501
	60,595	71,357

17. CONTINGENT LIABILITIES

The status of the legal claims stated in the 2011 Annual Financial Statements remains unchanged as at 31 December 2011.

18. 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).

19. CAPITAL COMMITMENTS

	At 31 December 2011 $'000	At 30 June 2011 $'000
Authorised and contracted for	5,972	10,485
Authorised but not contracted for	57,979	89,672
	63,951	100,157

20. RELATED PARTY TRANSACTIONS

During the six months ended 31 December 2011 and 2010, 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
Stone Tan China Holding Corporation ("Stone Tan") and its subsidiaries ("Stone Tan Group")	Stone Tan is an associate of the Group
Magna-Foremost Sdn. Bhd. ("Magna-Foremost")	Magna-Foremost is a jointly controlled entity of the Group
Arif Hemat Sdn. Bhd. ("Arif Hemat")	Arif Hemat is controlled by a director of certain subsidiaries of the Group
3D Networks Sdn. Bhd. ("3D Networks")	3D Networks is controlled by Mr. Yaw Chee Ming
Hap Seng Auto Sdn. Bhd. ("HSA") and its subsidiaries ("HSA Group")	HSA is controlled by the father-in-law of Mr. Yaw Chee Ming
Sojitz Building Materials Corporation ("Sojitz Building")	Sojitz Building 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
Meridian Magic Sdn. Bhd. ("Meridian Magic")	Meridian Magic is controlled by the brother of Mr. Yaw Chee Ming

20. RELATED PARTY TRANSACTIONS (cont'd)

Particulars of significant transactions between the Group and the above related parties during the six months ended 31 December 2011 and 2010 are as follows:

	Six months ended 31 December	
	2011 $'000	2010 $'000
Sale of goods to:		
Rimalco	3,824	2,772
Daiken	—	289
Magna-Foremost	1,731	1,202
Sojitz Building	11,538	12,238
	17,093	16,501
Provision of services to:		
Yaw Holding Group	74	65
Daiken	41	55
Magna-Foremost	196	204
Glenealy Group	99	67
	410	391
Rental of properties and equipment to:		
Yaw Holding Group	179	—
Rimalco	58	57
Daiken	25	30
Magna-Foremost	5	5
3D Networks	27	26
Arif Hemat	9	9
Meridian Magic	198	—
	501	127
Interest income from:		
Magna-Foremost	—	3
Interest expense to:		
Stone Tan Group	231	—
Rental of properties and equipment from:		
Yaw Holding Group	466	450
Purchase of goods from:		
Sepangar	4,243	3,480
Daiken	1,942	1,018
HSA Group	9,784	2,521
Pacific Plywood	10	—
	15,979	7,019
Purchase of services from:		
Yaw Holding Group	394	396
Purchase of fixed assets from:		
Yaw Holding Group	71	46

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