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SAMLING GLOBAL LIMITED
三林環球有限公司*

(a company incorporated in Bermuda with limited liability)
(Stock Code: 3938)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

The Board of Directors ("the Board") of Samling Global Limited (the "Company") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2008, together with the comparative figures for the corresponding period of 2007.

Consolidated income statement
for the six months ended 31 December 2008 - unaudited
(Expressed in United States dollars)

		Six months ended 31 December	
	Note	2008	2007
		$'000	*$'000*
			(restated)
Turnover	*4*	275,601	255,785
Cost of sales		(251,925)	(218,986)
Gross profit		23,676	36,799
Other operating income		2,445	7,629
Distribution costs		(7,445)	(3,436)
Administrative expenses		(16,646)	(15,412)
Other operating expenses		(2,947)	(111)
Gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs		5,367	(1,813)
Profit from operations		4,450	23,656
Financial income		6,519	6,256
Financial expenses		(26,084)	(9,978)
Net financing costs	*5*	(19,565)	(3,722)

* *for identification purposes only*

Consolidated income statement
for the six months ended 31 December 2008 - unaudited (continued)
(Expressed in United States dollars)

	Note	Six months ended 31 December 2008 $'000	Six months ended 31 December 2007 $'000 (restated)
Share of profits less losses of associates		(8,574)	14,877
Share of profits less losses of jointly controlled entities		(286)	1,320
(Loss)/profit before taxation	*6*	(23,975)	36,131
Income tax	*7*	(6,278)	2,525
(Loss)/profit for the period		(30,253)	38,656
Attributable to:			
Equity holders of the Company		(22,171)	26,199
Minority interests		(8,082)	12,457
(Loss)/profit for the period		(30,253)	38,656
Dividend attributable to the period:			
Interim dividend declared during the period		-	-
Final dividend proposed after the balance sheet date		-	-
(Loss)/earnings per share (US cents)	*9*		
- Basic and diluted		(0.52)	0.61

Consolidated balance sheet
At 31 December 2008 - unaudited
(Expressed in United States dollars)

	Note	At 31 December 2008 *$'000*	At 30 June 2008 *$'000* (restated)
Non-current assets			
Property, plant and equipment, net	*10*		
- Investment properties		9,641	10,322
- Other property, plant and equipment		390,150	428,051
Construction in progress		7,264	9,153
Lease prepayments		35,232	27,939
Intangible assets		66,810	32,725
Plantation assets	*11*	198,636	241,209
Interest in associates		60,876	75,372
Interest in jointly controlled entities		12,658	14,887
Other investment		32	34
Deferred tax assets		3,915	5,853
Total non-current assets		785,214	845,545
Current assets			
Inventories	*12*	132,282	139,049
Trade and other receivables	*13*	79,610	80,039
Current tax recoverable		17,270	19,395
Cash and cash equivalents	*14*	225,977	273,316
Total current assets		455,139	511,799
Total assets		1,240,353	1,357,344

Consolidated balance sheet
At 31 December 2008 – unaudited (continued)
(Expressed in United States dollars)

	Note	At 31 December 2008 *$'000*	At 30 June 2008 *$'000* (restated)
Current liabilities			
Bank overdrafts, loans and borrowings	*15*	114,370	120,829
Finance lease liabilities		29,587	32,510
Trade and other payables	*16*	120,815	132,349
Current tax payable		754	263
Total current liabilities		265,526	285,951
Net current assets		189,613	225,848
Total assets less current liabilities		974,827	1,071,393
Non-current liabilities			
Bank loans and borrowings	*15*	163,928	179,327
Finance lease liabilities		45,425	57,120
Other long term payables	*16*	8,099	-
Deferred tax liabilities		53,108	55,320
Total non-current liabilities		270,560	291,767
Total liabilities		536,086	577,718
Equity			
Share capital		430,174	430,174
Reserves		98,809	167,716
Equity attributable to equity holders of the Company		528,983	597,890
Minority interests		175,284	181,736
Total equity		704,267	779,626
Total liabilities and equity		1,240,353	1,357,344

Condensed consolidated cash flow statement
for the six months ended 31 December 2008 - unaudited
(Expressed in United States dollars)

	Note	Six months ended 31 December 2008 *$'000*	2007 *$'000* (restated)
Operating profit before working capital changes		44,276	53,528
Changes in working capital		(19,508)	(15,539)
Cash generated from operations		24,768	37,989
Net income tax paid		(3,283)	(10,516)
Net cash generated from operating activities		21,485	27,473
Net cash used in investing activities		(30,340)	(21,732)
Net cash used in financing activities		(38,310)	(58,347)
Net decrease in cash and cash equivalents		(47,165)	(52,606)
Cash and cash equivalents at beginning of the period	*14*	241,124	295,517
Effect of foreign exchange rate changes		(469)	429
Cash and cash equivalents at end of the period	*14*	193,490	243,340

Notes
(Expressed in United States dollars unless otherwise indicated)

1. Basis of preparation

The interim financial report has been prepared in accordance with 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* promulgated by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 5 March 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the preparation of the Group's financial information for the year ended 30 June 2008 as included in the 2008 Annual Report of the Company dated 17 September 2008.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 Annual Report. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the IASB. IFRSs include all applicable IFRS, IAS and related interpretations.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standards 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 ("HKICPA"). KPMG's independent review report to the Board of Directors is included in the interim report to be sent to shareholders.

On 15 August 2008, the Group completed the acquisition of the entire equity interest in Anhui Tongling Anlin Wood Plantation Co., Ltd. ("Anhui Tongling"), a Chinese-foreign cooperative joint venture company established in the People's Republic of China ("PRC"), which is engaged in cultivation, development and usage of industrial resources forest land and the development of related forest, from Samling International Limited, a related party of the Group, in which Mr. Yaw Chee Ming, a director and controlling shareholder of the Company and Datuk Yaw Teck Seng, a controlling shareholder of the Company, have direct interest in shares, for a cash consideration of $8.6 million. Since Anhui Tongling is ultimately controlled by Mr. Yaw Chee Ming and Datuk Yaw Teck Seng immediately before and after the acquisition, the consolidated income statement for the six months ended 31 December 2007, the consolidated balance sheet as at 30 June 2008 and the notes thereof have been prepared using the principle of merger accounting as if the Group had always been in existence.

2. Changes in accounting policies

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

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

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

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

3. Acquisitions

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

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

3. Acquisitions (continued)

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

	Pre-acquisition carrying amounts $'000	Fair value adjustments $'000	Recognised value of acquisition $'000
Property, plant and equipment, net	4,947	600	5,547
Lease prepayments	9,650	206	9,856
Intangible assets	-	26,734	26,734
Inventories	11,814	302	12,116
Trade and other receivables	7,347	-	7,347
Tax recoverable	269	-	269
Cash and cash equivalents	25,926	-	25,926
Bank and other borrowings	(4,546)	-	(4,546)
Trade and other payables	(9,687)	-	(9,687)
Current tax payable	(255)	-	(255)
Deferred tax liabilities	-	(6,960)	(6,960)
Minority interests	(23,335)	-	(23,335)
Net identifiable assets and liabilities	22,130	20,882	43,012
Goodwill			11,757
Total purchase consideration			54,769
Less: Contingent consideration			(16,434)
Less: Purchase consideration not yet paid			(2,500)
			35,835
Less: Cash and cash equivalents acquired			(25,926)
Net cash outflow in respect of the acquisition			9,909

The acquisition, which was consolidated since 1 September 2008, contributed turnover amounting to $15.9 million and profit after taxation of $2.9 million for the six months ended 31 December 2008.

The revenue and profit after taxation for the six months ended 31 December 2008 if the acquisition had occurred at the beginning of the period would have been $23.9 million and $3.9 million.

4. Turnover

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

	Six months ended 31 December	
	2008	2007
	$'000	*$'000*
Sales of goods	271,929	248,908
Revenue from provision of services	3,672	6,877
	275,601	255,785

5. Net financing costs

	Six months ended 31 December	
	2008	2007
	$'000	*$'000* (restated)
Interest on loans from banks and other borrowings	(11,601)	(12,825)
Less: Borrowing costs capitalised into plantation assets *(note 11)*	4,135	4,434
Interest expense	(7,466)	(8,391)
Net loss on changes in fair value of financial instruments*	(6,827)	(1,587)
Foreign exchange losses – unrealised	(11,791)	-
Financial expenses	(26,084)	(9,978)
Interest income	2,839	5,446
Foreign exchange gains – realised	3,680	-
- unrealised	-	810
Financial income	6,519	6,256
	(19,565)	(3,722)

* *The financial instruments were entered into with various financial institutions to lock in the interest rate for certain bank loans of the Group.*

6. (Loss)/profit before taxation

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

	Six months ended 31 December	
	2008	2007
	$'000	$'000
Depreciation	31,764	31,832
Less: Depreciation capitalised as plantation assets *(note 11)*	(283)	(154)
	31,481	31,678
Amortisation of lease prepayments	479	354
Amortisation of intangible assets	2,527	2,553
Impairment loss on property, plant and equipment (included in other operating expenses in the Consolidated Income Statement)	2,896	-

7. Income tax

	Six months ended 31 December	
	2008	2007
	$'000	*$'000*
		(restated)
Current tax		
Current year	4,853	5,071
(Over)/under-provision in respect of prior years	(83)	1,720
	4,770	6,791
Deferred tax		
Origination and reversal of temporary differences	1,508	(1,451)
Reduction in tax rate (note (c) and (e))	-	(7,865)
	1,508	(9,316)
	6,278	(2,525)

7. Income tax (continued)

(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 have assessable profits subject to Hong Kong Profits Tax during the six months ended 31 December 2007 and 2008.

(c) Pursuant to the income tax rules and regulations of Malaysia, the subsidiaries of the Group in Malaysia are liable to Malaysian income tax at a rate of 26% during the year ended 30 June 2008. In September 2007, the Malaysian government announced a reduction in the income tax rate from 27% to 26% for the year of assessment 2008 and from 26% to 25% for the year of assessment 2009. Accordingly, the provision for Malaysian income tax for the six months ended 31 December 2008 is calculated at 25% of the estimated assessable profits for the period.

(d) The subsidiaries in Guyana are liable to Guyana income tax at a rate of 45%. One of the subsidiaries of the Group in Guyana was granted a tax holiday period for 5 years by the Ministry of Finance of Guyana from March 2005. No provision for Guyana income tax has been made as the subsidiaries either sustained a loss for tax purposes during the six months ended 31 December 2007 and 2008 or were exempted from income tax.

(e) The subsidiaries in New Zealand are liable to New Zealand income tax at a rate of 30% (2007 : 33%). No provision for New Zealand income tax has been made as the subsidiaries sustained a loss for tax purposes during the six months ended 31 December 2007 and 2008.

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

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

The first profit-making year of Foothill LVL & Plywood (Cangshan) Co., Ltd. ("Foothill") was 2003. Foothill was fully exempted from PRC enterprise income tax from 1 January 2003 to 31 December 2004 and subject to a preferential tax rate of 15% from 1 January 2005 to 31 December 2007. From 1 January 2008 onwards, Foothill is subject to the standard PRC income tax rate of 25%.

Being a production oriented enterprise in the Nantong Economic Development Zone of the PRC, Riverside Plywood Corporation ("Riverside") was entitled to a preferential PRC enterprise income tax rate of 15%. The first profit-making year of Riverside was 2004. Riverside was fully exempted from PRC enterprise income tax from 1 January 2004 to 31 December 2005 and subject to a preferential tax rate of 7.5% from 1 January 2006 to 31 December 2007. Riverside is subject to a preferential tax rate of 9% for the year from 1 January 2008 to 31 December 2008. Thereafter, the standard PRC income tax rate of 25% will apply.

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

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

8. Dividends

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2008 (six months ended 31 December 2007 : $NIL).

Dividend attributable to the previous financial year, approved and paid during the interim period

	Six months ended 31 December	
	2008	2007
	$000	*$000*
Final dividend in respect of the previous financial year ended 30 June 2008, approved and paid during the interim period of 0.080 US cents per share (financial year ended 30 June 2007 : 0.641 US cents)	3,441	27,574
	======	======

The final dividend of 0.080 US cents per share, totalling $3,441,000 was paid on 18 December 2008.

9. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company for the six months ended 31 December 2008 of $22,171,000 (six months ended 31 December 2007: profit of $26,199,000 (restated)) and 4,301,737,000 shares (six months ended 31 December 2007: 4,301,737,000 shares) in issue during the period.

Diluted (loss)/earnings per share for the six months ended 31 December 2008 and 2007 is the same as the basic (loss)/earnings per share as there were no dilutive shares outstanding during the periods presented.

10. Property, plant and equipment, net

a) Acquisition and disposal

During the six months ended 31 December 2008, the Group acquired property, plant and equipment with an aggregate cost of $18,158,000 (six months ended 31 December 2007: $20,301,000). Items of property, plant and equipment with a net book value of $586,000 were disposed of during the six months ended 31 December 2008 (six months ended 31 December 2007: $2,176,000), resulting in a gain on disposal of $175,000 (six months ended 31 December 2007: $101,000).

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

11. Plantation assets

Included in additions to the Group's plantation assets are interest capitalised and depreciation of property, plant and equipment of $4,135,000 (six months ended 31 December 2007: $4,434,000) and $283,000 (six months ended 31 December 2007: $154,000) for the six months ended 31 December 2008.

A significant portion of trees in New Zealand are planted on freehold forest and a small portion on leasehold forest with 79 years term, expiring in 2060. The Group has been granted 7 forest plantation licences for a gross area of approximately 518,000 hectares in Malaysia. The licences are for 60 years, the earliest of which expires in December 2058. The newly acquired subsidiary, Anhui Tongling, was granted the plantation rights to a total land area of 3,079 hectares.

The Group's plantation assets in Malaysia and China 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 identified trees plantations in New Zealand, Malaysia and China, 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% (2007: 10.2%) for plantation assets in Malaysia, 10% (2007: 10%) for plantation assets in China and 7.25% (2007: 8.5%) for plantation assets in New Zealand for the year applied to pre-tax cash flows to provide a current market value of the plantation assets.

The discount rate used in the valuation of the plantation assets in New Zealand as at each balance sheet date was determined by reference to published discount rates, weighted average cost of capital analysis, internal rate of return analysis, surveyed opinion of forest valuers practice and the implied discount rate of forest sales transactions mainly in New Zealand over a period of time, with more weight given to the implied discount rate. In the absence of forest sales transactions in Malaysia, the discount rate used in Malaysia was based on the weighted average cost of capital which recognises the weighted average cost of debt funded capital and equity capital. The discount rate used in the valuation of the plantation assets in China was based on an average discount rate used by plantation assets in Asia-Pacific region.

The principal valuation methodology and assumptions adopted are as follows:

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

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

12. Inventories

(a) Inventories in the balance sheet comprise:

	At 31 December 2008	At 30 June 2008 (restated)
	$'000	*$'000*
Timber logs	23,998	31,614
Raw materials	12,191	9,859
Work-in-progress	13,419	17,870
Manufactured inventories	44,095	40,556
Stores and consumables	38,579	39,150
	132,282	139,049

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

	Six months ended 31 December	
	2008	2007
	$'000	*$'000*
Carrying amount of inventories sold	250,329	218,986
Write-down of inventories	1,596	-
	251,925	218,986

13. Trade and other receivables

	At 31 December 2008	At 30 June 2008 (restated)
	$'000	*$'000*
Trade receivables	48,134	49,493
Prepayments, deposits and other receivables	31,476	30,546
	79,610	80,039

Included in trade receivables are amounts due from related parties of $9,860,000 and $9,758,000 as at 31 December 2008 and 30 June 2008 respectively.

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

13. Trade and other receivables (continued)

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

	At 31 December 2008	At 30 June 2008
	$'000	*$'000*
Within 30 days	26,315	34,124
31 - 60 days	9,306	5,277
61 - 90 days	3,873	2,205
91 - 180 days	5,174	3,484
181 - 365 days	1,959	2,679
1 - 2 years	1,339	993
Over 2 years	168	731
	48,134	49,493

14. Cash and cash equivalents

	At 31 December 2008	At 30 June 2008 (restated)
	$'000	*$'000*
Deposits with banks and other financial institutions	203,560	233,772
Cash at bank and in hand	22,417	39,544
Cash and cash equivalents in the consolidated balance sheet	225,977	273,316
Bank overdrafts *(note 15)*	(21,083)	(24,912)
Fixed deposits and bank balances held as security	(11,404)	(7,280)
	193,490	241,124

15. Bank overdrafts, loans and borrowings

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

	At 31 December 2008	At 30 June 2008 (restated)
	$'000	*$'000*
Within 1 year or on demand	114,370	120,829
After 1 year but within 2 years	14,295	14,917
After 2 years but within 5 years	62,898	64,503
After 5 years	86,735	99,907
	163,928	179,327
	278,298	300,156

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

	At 31 December 2008	At 30 June 2008 (restated)
	$'000	*$'000*
Overdrafts *(note 14)*		
- unsecured	13,801	18,458
- secured	7,282	6,454
	21,083	24,912
Bank loans and borrowings		
- unsecured	169,354	183,867
- secured	87,861	91,377
	257,215	275,244
	278,298	300,156

Brewster Pty. Ltd., a subsidiary of the Group, breached its banking covenants regarding the interest coverage ratio as at 30 June 2008 and reclassified the related long term bank loans of $962,000 as current liabilities accordingly. Pursuant to a waiver granted by the bank in this regard on 18 July 2008, the related bank loans were reclassified as non-current liabilities as at 31 December 2008.

15. Bank overdrafts, loans and borrowings (continued)

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

	At 31 December 2008 *$'000*	At 30 June 2008 *$'000*
Property, plant and equipment	54,458	49,316
Lease prepayments	3,038	3,178
Plantation assets	176,268	220,363
Cash and cash equivalents	11,404	7,280
	245,168	280,137

16. Trade and other payables

	At 31 December 2008 *$'000*	At 30 June 2008 (restated) *$'000*
Current		
Trade payables	47,428	63,689
Other payables	30,366	26,264
Accrued expenses	33,810	39,846
Derivative financial instruments	9,211	2,550
	120,815	132,349
Non-current		
Other long term payables	8,099	-

Included in trade payables are amounts due to related parties of $7,520,000 and $8,454,000 as at 31 December 2008 and 30 June 2008 respectively.

The other long term payables relate to the contingent consideration for the acquisition of the business of Elegant Living companies as discussed in note 3 above.

16. Trade and other payables (continued)

An ageing analysis of trade payables is as follows:

	At 31 December 2008 *$'000*	At 30 June 2008 *$'000*
Within 30 days	9,875	21,939
31 - 60 days	8,012	9,153
61 - 90 days	5,003	5,450
91 - 180 days	9,717	11,833
181 - 365 days	10,133	12,027
1 - 2 years	2,095	449
Over 2 years	2,593	2,838
	47,428	63,689

17. Contingent liabilities

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

(i) Legal claims from the Penans

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

The legal claims against another subsidiary, Merawa Sdn. Bhd. ("Merawa") together with the Director of Forests and the State Government of Sarawak in the Malaysian courts by certain inhabitants of longhouses and settlements situated on timber concession held by Merawa remained pending before the Malaysian courts as at 31 December 2008. The Directors believe that the Group has merit in their defence to the claims and accordingly, no provision for this legal claim was made in the financial statements.

(ii) Contingent consideration in respect of business combination

The Group has recognised contingent consideration of $16.4 million for the acquisition of the business of Elegant Living companies as discussed in note 3 above which represents the Directors estimate of the most likely contingent consideration payable. The Group may be required to pay additional contingent consideration of up to $7.1 million under the terms of the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Financial Highlights

Segment Revenue	*Logs US$'000*	*Plywood and veneer US$'000*	*Upstream support US$'000*	*Flooring products US$'000*	*Other timber operations US$'000*	*Other operations US$'000*	*Eliminations US$'000*	*Consolidated US$'000*
31 December 2008								
External customers	**86,554**	**125,639**	**3,672**	**15,859**	**38,698**	**5,179**	**-**	**275,601**
Inter-segment revenue	**37,525**	**10,469**	**79,819**	**-**	**1,688**	**1,245**	**(130,746)**	**-**
Total revenue	**124,079**	**136,108**	**83,491**	**15,859**	**40,386**	**6,424**	**(130,746)**	**275,601**
31 December 2007								
External customers	81,237	147,067	6,877	-	15,604	5,000	-	255,785
Inter-segment revenue	43,275	11,551	94,167	-	1,809	1,857	(152,659)	-
Total revenue	124,512	158,618	101,044	-	17,413	6,857	(152,659)	255,785

Segment Gross Profit (before inter-segment elimination)

31 December 2008								
Gross profit	**17,507**	**1,743**	**(6,778)**	**4,078**	**5,637**	**1,489**	**-**	**23,676**
Gross profit margin (%)	***14.1***	***1.3***	***(8.1)***	***25.7***	***14.0***	***23.2***	***-***	***8.6***
Percentage of segment contribution (%)	***73.9***	***7.4***	***(28.6)***	***17.2***	***23.8***	***6.3***	***-***	***100.0***
31 December 2007								
Gross profit	16,637	12,160	4,255	-	2,253	1,494	-	36,799
Gross profit margin (%)	*13.4*	*7.7*	*4.2*	-	*12.9*	*21.8*	-	*14.4*
Percentage of segment contribution (%)	*45.2*	*33.0*	*11.6*	-	*6.1*	*4.1*	-	*100.0*

Profit Attributable to Equity Holders of the Company

	Six months ended	
	31 December 2008 US$'000	*31 December 2007 US$'000* (restated)
Gross profit	**23,676**	36,799
Other expenses net of other income before gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs	**(24,593)**	(11,330)
Gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs	**5,367**	(1,813)
Profit from operations	**4,450**	23,656
Net financing costs	**(19,565)**	(3,722)
Share of profits less losses of associates and jointly controlled entities	**(8,860)**	16,197
(Loss)/profit before taxation	**(23,975)**	36,131
Income tax	**(6,278)**	2,525
(Loss)/profit for the period	**(30,253)**	38,656
Minority interests	**8,082**	(12,457)
(Loss)/profit attributable to equity holders of the Company	**(22,171)**	26,199

Review of Group Results

The sub-prime lending issues and the slowdown in housing starts in the United States of America ("USA") has escalated into a world financial crisis which not only impacted the USA but the rest of the world as well. The results of the Group in the financial period under review were affected by lower demand, brought about by the deteriorating economic conditions in its major markets as the effects of the global financial crisis spreads. Despite the adverse factors mentioned above, the Group achieved a turnover of US$275.6 million representing a 7.7% increase from the turnover of US$255.8 million achieved in the corresponding preceding financial period. This increase reflects our acquisition of Brewster Pty. Ltd. ("Brewster") in December 2007 and the acquisition of the business of Elegant Living (Hong Kong) Limited, Elegant Living International Holdings Limited and New Elegant Living Timber Manufacturing (Zhongshan) Co., Ltd. (collectively the "Elegant Living companies") in August 2008. If the turnover from these newly acquired companies were excluded, the Group's turnover decreased by approximately 6.7% compared to the corresponding preceding financial period due to lower volumes of plywood and veneer sold.

With lower gross profit margins achieved by plywood and veneer and a higher operating costs incurred by upstream support operation with the increase in fuel costs, the gross profit has decreased to US$23.7 million from US$36.8 million achieved in the corresponding preceding financial period. Gross profit margin has decreased to 8.6% compared to 14.4% for the corresponding preceding financial period. Other expenses net of other income has increased to US$24.6 million, which was 117.1% higher than the corresponding preceding financial period. This increase was mainly due to the inclusion of the administrative and marketing expenses of Brewster and Elegant Living companies during the financial period under review. This increase in other expenses net of other income was also due to a higher other income in the corresponding financial period arose from the gain on disposal of sub-licence of oil palm compartment by a subsidiary amounting to US$4.6 million. After recognising a gain of US$5.4 million from changes in fair value of plantation assets less estimated point-of-sale costs, profit from operations was US$4.5 million, a decrease of US$19.2 million from the US$23.7 million recorded in the corresponding preceding financial period. Although the Group's borrowings were lower in the financial period under review, a higher financing costs of US$19.6 million was recorded, principally due to recognition of an unrealised foreign exchange loss of US$11.8 million arising from the translation of US Dollar loan by a foreign subsidiary in New Zealand. The Group recognised a loss from the share of profits less losses of associates and jointly controlled entities of US$8.9 million as compared to a profit of US$16.2 million in the corresponding preceding financial period. This was mainly due to a loss from changes in fair value of oil palm plantation assets less estimated point-of-sale costs of US$8.3 million as a result of lower crude palm oil prices as at 31 December 2008 compared to 30 June 2008. Due to the above factors, the Group reported a loss before taxation of US$24.0 million compared to a profit before taxation of US$36.1 million for the corresponding preceding financial period. Income tax expense was US$6.3 million compared to the corresponding preceding financial period's credit of US$2.5 million which was due to the effects of a tax rate change in New Zealand. After accounting for minority interests of US$8.1 million, losses attributable to equity holders of the Company was US$22.2 million, compared to a profit of US$26.2 million achieved in the corresponding preceding financial period. On an earnings before income tax, depreciation and amortisation and gain/(loss) from changes in fair value of plantation assets less estimated point-of-sale costs ("EBITDA") basis, the Group achieved US$29.0 million which was 61.9% lower than that of the corresponding preceding financial period.

Review of Business Segment Results

Log Trading

Log trading, a major business segment, accounted for approximately 31.4% and 31.8% of total turnover for the financial period under review and the corresponding preceding financial period respectively. The following table shows selected operating and financial data with respect to our sales volume, weighted average price and revenue of logs sold, including inter-company log sales.

	Six months ended 31 December 2008			*Six months ended 31 December 2007*		
	Sales Volume m3	Weighted Average US$/m3	Revenue US$'000	Sales volume m3	Weighted Average US$/m3	Revenue US$'000
Hardwood logs - export sales	**304,045**	***180.70***	**54,942**	349,175	*163.13*	56,962
Hardwood logs - local sales	**167,040**	***106.20***	**17,740**	214,139	*88.00*	18,845
Softwood logs - export sales	**174,700**	***67.57***	**11,804**	50,958	*55.79*	2,843
Softwood logs - local sales	**25,714**	***80.42***	**2,068**	32,508	*79.57*	2,587
Total external log sales	**671,499**	***128.90***	**86,554**	646,780	*125.60*	81,237
Internal log sales (i)	**401,556**	***93.45***	**37,525**	477,946	*90.54*	43,275
Total log sales	**1,073,055**	***115.63***	**124,079**	1,124,726	*110.70*	124,512

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

The Group sold 471,085 cubic metres ("m3") of hardwood logs and 200,414 m3 of softwood logs which was 16.4% lower and 140.1% higher respectively than the corresponding preceding financial period.

Hardwood log sales for the financial period under review was affected by lower demand as economic activities in importing countries, affected by the current financial crisis, slowed down. The difficulty of many customers in accessing trade lines facilities with financial institutions further exacerbated the situation. The Group's key market for logs, China, which witnessed strong economic growth over the past few years driven by construction and infrastructure development activities and rising exports, slowed down on its demand for timber as the current financial crisis started to affect its economy. With exports of finished wood products falling, principally due to the recession hit USA market, many factories have either curtailed or closed down their operations completely. The China Government in response to this has announced massive stimulus programmes to address the slowdown, which includes rural infrastructure development, and it is hoped that this will help cushion the contraction in growth. In spite of this, the Group sold 21.8% of its log exports to China in the financial period under review. The Indian economy similarly slowed down and log demand has decreased especially for the harder species which was the preference for flooring, furniture and construction industry. This has affected log sales from the Guyana which is mainly the harder species. For the financial period under review, sales to India accounts for 21.0% of the Group's total log sales. Demand for logs by Japan has decreased as domestic plywood mills lowered their production volumes with the lower housing starts in Japan in the financial period under review. The Group sold 10.7% of its log exports to Japan, generally at premium prices as Japan normally sources the best quality logs for its domestic consumption.

The 200,414 m3 of softwood logs sold were from the Group's maturing radiata pine tree plantations in New Zealand. The increase in volume sold by 140.1% as compared to the corresponding preceding financial period was the result of the gradual ramp up of production.

The average hardwood log export prices achieved for the financial period under review was US$180.7 per m3 compared to US$163.1 per m3 achieved for the corresponding preceding financial period. The average softwood log prices achieved was 6.3% higher at US$69.2 per m3 compared to the corresponding preceding financial period.

With the impact of the lower volume sold of hardwoods being partially offset by the improvement in selling prices for both hardwood logs and softwood logs and the higher volume sold of softwood logs, gross profit from log trading improved marginally from US$16.6 million achieved in the corresponding preceding financial period to US$17.5 million for the financial period under review. Gross profit margin also increased to 14.1% from 13.4% in the corresponding preceding financial period.

Plywood and Veneer

Plywood and veneer remained the largest contributors to turnover for the financial period under review and the corresponding preceding financial period, accounting for 45.6% and 57.5% of total turnover respectively. The following table shows selected operating and financial data with respect to our sales volume, weighted average price and revenue of plywood and veneer sold, including inter-company sales.

Plywood

	Six months ended 31 December 2008			*Six months ended 31 December 2007*		
	Sales volume m3	**Weighted average US$/m3**	**Revenue US$'000**	Sales volume m3	Weighted average US$/m3	Revenue US$'000
Plywood- export sales	**208,934**	***455.08***	**95,082**	261,159	*437.68*	114,304
Plywood- local sales	**24,239**	***402.37***	**9,753**	23,418	*335.09*	7,848
Total external plywood sales	**233,173**	***449.60***	**104,835**	284,577	*429.24*	122,152
Internal plywood sales	**8,486**	***528.40***	**4,484**	9,792	*454.96*	4,455
Total plywood sales	**241,659**	***452.37***	**109,319**	294,369	*430.10*	126,607

Veneer

	Six months ended 31 December 2008			*Six months ended 31 December 2007*		
	Sales volume m3	**Weighted Average US$/m3**	**Revenue US$'000**	Sales volume m3	Weighted average US$/m3	Revenue US$'000
Veneer- export sales	**34,619**	***331.09***	**11,462**	38,381	*315.10*	12,094
Veneer- local sales	**37,369**	***249.99***	**9,342**	47,825	*268.08*	12,821
Total external veneer sales	**71,988**	***288.99***	**20,804**	86,206	*289.02*	24,915
Internal veneer sales	**20,534**	***291.47***	**5,985**	27,090	*261.98*	7,096
Total veneer sales	**92,522**	***289.54***	**26,789**	113,296	*282.55*	32,011

The plywood and veneer segment was similarly affected by the slowdown in demand from its key markets, notably Japan, due to the current financial crisis. The Group sold 233,173 m3 of plywood and 71,988 m3 of veneer to external parties which when compared to 284,577 m3 of plywood and 86,206 m3 of veneer sold in the corresponding preceding financial period was 18.1% and 16.5% lower respectively.

Despite the slowdown in demand, exported plywood prices recorded an increase of 4.0% compared to the corresponding preceding financial period. This increase in plywood prices was principally attributable to the Group's strategy to focus on selling higher value niche plywood which fetched a better premium during the financial period under review. The Group's total sales to Japan, which purchases higher quality plywood at premium prices, accounted for 53.8% of the Group's total exported plywood sales as compared to 38.1% in the corresponding preceding financial period.

A protracted housing downturn, rising foreclosures, credit market woes and a deepening recession in the USA has affected the Group's plywood export to this market. In the financial period under review, sales to the USA was 3.3% of total Group's plywood export sales which fell from 15.9% achieved in the corresponding preceding financial period. Although the Group was able to divert some of its sales from the USA to other markets, which includes South Korea, which accounted for 16.8% of the Group's total exported plywood sales, it was still not able to fully sell all its plywood products if the mill capacities were fully utilised. As a consequence, steps were taken to cut back on production and to produce based on the reduced demand. Although China still import plywood, principally those of the higher grade, it remains a major competitor in the plywood market, being the third largest exporter of plywood after Malaysia and Indonesia.

Average veneer prices remain consistent for both financial periods under review. Veneer export prices, which averaged US$315.1 per m3 for the corresponding preceding financial period, increased to an average of US$331.1 per m3 for the financial period under review.

Production cost per m3 of plywood and veneer has increased in the financial period under review by approximately 12.1% compared to the corresponding preceding financial period. This increase in cost, besides the increase in diesel, glue and lubricant prices, was much impacted by semi-fixed and fixed cost of production being allocated over a lower volume of production as demand reduced in the second quarter of the financial period under review. Consequently, margins were squeezed and as a result, gross profit margin achieved for plywood and veneer operations was 1.3% compared to 7.7% in the corresponding preceding financial period. A gross profit of US$1.7 million was achieved which was 85.7% lower than the corresponding preceding financial period.

The Group continues to work towards maximising its return on its timber resource by comparing the incremental contribution of processing logs into plywood or veneer versus its sale in its raw form. When appropriate, it will take steps to preserve its timber resource and maintain its workforce so that the Group will be ready for a ramp up when recovery takes place. The Group has this flexibility due to its integrated operations supported by an adequate wood resource.

Upstream Support

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

As the demand for logs and plywood in the financial period under review dropped, upstream support activities also slowed down. The Group extracted a lower volume of hardwood logs compared to the corresponding preceding financial period. The adverse weather conditions in the Malaysian forest in the latter part of the second quarter also affected production.

Revenue from upstream support for external sales decreased by US$3.2 million, or approximately 46.6%, to US$3.7 million for the financial period under review from US$6.9 million in the corresponding preceding financial period. Total revenue from billings to internal companies for the financial period amounted to US$79.8 million compared to US$94.2 million in the corresponding preceding financial period. This decrease in billings was principally due to the lower volumes extracted as a result of lower level of activities and adverse weather conditions in the second quarter of the financial period under review.

As the upstream support services involves a large fleet of machineries and vehicles operating at the forest resource, controlling operating costs and increasing productivity is of paramount importance. Diesel price has increased from an average of US$0.64 per litre in the corresponding preceding financial period to an average of US$0.89 per litre for the financial period under review. Due to this factor coupled with semi-fixed and fixed operating costs being allocated over the lower volumes extracted, average operating cost per m3 has increased. The focus of the Group for the financial period under review was on increasing productivity and containing costs. For the financial period under review, upstream support services recorded a gross loss of US$6.8 million as compared to a gross profit of US$4.3 million achieved in the corresponding preceding financial period.

Flooring Products

On 26 August 2008, the Group successfully completed the acquisition of the business of Elegant Living (Hong Kong) Limited, Elegant Living International Holdings Limited and New Elegant Living Timber Manufacturing (Zhongshan) Co., Ltd. The new group in which the assets are injected into, of which the Company owns 70% (collective the "Elegant Living companies"), manufactures and sells flooring products. It is the current market leader in the PRC for hand sculptured engineering flooring. This acquisition forms part of the Group's strategy to reach further down the supply chain and enlarge its distribution presence in PRC.

For the 4 months ended 31 December 2008, the Elegant Living companies sold 558,000 m2 of engineered flooring and 446,000 m2 of laminated flooring at an average selling price of US$21.5 per m2 and US$7.9 per m2 respectively.

Other Timber Operations

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

Revenue from other timber operations increased by US$23.1 million or approximately 148.0%, to US$38.7 million in the financial period under review from US$15.6 million in the corresponding preceding financial period. This increase was primarily due to the inclusion of the revenue of Brewster, the newly acquired distribution subsidiary in Australia. In terms of gross profit, other timber operations achieved US$5.6 million which was 150.2% higher than the corresponding preceding financial period. This was principally due to the inclusion of the gross profit of Brewster.

Other Operations

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

Revenue from other operations increased marginally by US$0.2 million or approximately 3.6%, to US$5.2 million in the financial period under review from US$5.0 million in the corresponding preceding financial period due to higher sales of granite stone aggregates from the quarry operations.

Other operations consistently achieved a gross profit of approximately US$1.5 million for both of the financial periods under review.

Net Financing Costs

The Group recorded a net financing costs of US$19.6 million compared to US$3.7 million for the corresponding preceding financial period although the Group's borrowings were lower in the financial year under review. The higher financing cost is due to the recognition of an unrealised foreign exchange loss of US$11.8 million on US Dollar denominated loans by a foreign subsidiary in New Zealand with the weakening of the New Zealand Dollar against the US Dollar. The Group also recognised an unrealised loss of US$6.8 million on interest rate swap and foreign currency forward transactions as compared to US$1.6 million loss recognised in the corresponding preceding financial period.

Share of Profits less Losses of Associates

The Group recognised a loss of US$8.6 million as share of profits less losses of associates compared to a profit of US$14.9 million recognised as our net share of profits less losses of associates for the corresponding preceding financial period. This loss was primarily attributable to the effects of losses from the changes in fair value of oil palm plantation assets less estimated point-of-sale costs recognised by the associate involved in oil palm plantations due to the lower crude palm oil prices achieved.

Share of Profits less Losses of Jointly Controlled Entities

The Group recognised a loss of US$0.3 million as net share of profits less losses of jointly controlled entities compared to a profit of US$1.3 million recognised in the corresponding preceding financial period. This loss was primarily attributable to the net loss recognised by our door manufacturing joint venture, Foremost Crest Sdn. Bhd. during the financial period under review.

Income Tax

An income tax expense of US$6.3 million was accounted for in the financial period under review as compared to an income tax credit of US$2.5 million for the corresponding preceding financial period. The tax credit arose in the corresponding preceding financial period mainly as a deferred taxation credit adjustment to account for the effect of a change in New Zealand tax rate offset the tax charge for the corresponding preceding financial period.

Liquidity and Financial Resources

As at 31 December 2008, the Group's cash and bank balances amounted to US$226.0 million compared to US$273.3 million as at 30 June 2008.

The gearing ratio was 28.5% and 28.7% as at 31 December 2008 and 30 June 2008, respectively. The gearing ratio is derived by dividing the total of bank overdrafts, loans and borrowings and finance lease liabilities by total assets. The gearing ratio remained relatively stable in the financial period under review compared to 30 June 2008.

Available facilities that were not drawndown as at 31 December 2008 amounted to US$43.3 million compared to US$27.3 million as at 30 June 2008. At 31 December 2008, the Group has outstanding indebtedness of US$353.3 million compared to US$389.8 million as at 30 June 2008. Of the US$353.3 million of indebtedness, US$144.0 million is repayable within one year with the balance of US$209.3 million having a maturity of more than one year as presented below:

	US$ million
Within one year	144.0
After one year but within two years	38.2
After two years but within five years	84.4
After five years	86.7
Total	353.3

	US$ million
Secured	170.2
Unsecured	183.1
Total	353.3

The interest rates of the borrowings and finance lease liabilities ranged from 2.85% to 12.0%.

Employees

As at 31 December 2008, the Group employed a total of 13,037 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 2008, there were no options granted to any employees.

Prospects

The outlook for the timber market remains uncertain as the world grapples with the current global economic crisis. With the concerted efforts of developed countries in implementing various stimulus packages to address this, it is to be hoped that there is a turn away from the current dire situation in the foreseeable future.

On the demand side, with massive stimulus packages by China, Japan and the USA, the Group's key exporting countries on capital spending and income and consumption support measures, we are cautiously optimistic that some recovery in demand may be seen in the later part of the year. Furthermore, the strong Japanese Yen will hopefully provide the impetus for a recovery in imports by Japan for domestic consumption and higher housing starts. The efforts of the newly elected Government of the USA, the world's largest consuming country, in addressing this issue has also provided some hope for a recovery.

In terms of supply, the continuing economic crisis will see many timber mills without strong financial resources to either curtail or shut down their operations completely. As supply shrinks and stock levels being gradually reduced, the current imbalance between supply and demand may correct itself and likely cause timber product prices to rise. However, with the postponement of the 80% export tax on roundwood logs from January 2009 to 2010 by the Russian authorities, the timber market may not experience an immediate prospective surge of log prices and supplies from Russia will likely remain in its current form. In addition, China's plywood exports will pose a threat to other plywood exporting countries as they further increase export rebates from 5% to 9% with effect from 1 December 2008 with the aim of encouraging exports.

The Group, in facing such crisis, will embark on various plans to preserve its resources and maintain its workforce so that it will be ready when recovery takes place. It will also work closely with its customers and suppliers to ensure the supply chain remains intact for mutual benefit.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 31 December 2008. Accordingly, no closure of the Register of Members of the Company is proposed.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

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

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

Other than the above, the Group had no material acquisition or disposal of subsidiaries and associates during the six months ended 31 December 2008.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 December 2008.

Compliance with the Code on Corporate Governance Practices

The Board is committed to the highest standards of corporate governance throughout the Group and is accountable to the Company's shareholders for good governance. The Company has complied with the code provisions 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") throughout the six months period ended 31 December 2008 except for Code Provision A.4.1. The Code Provision A.4.1 in respect of the specific term of non-executive directors has been met by the bye-laws requiring at each annual general meeting of the Company, one-third of the directors for the time-being (or, if their number is not a multiple of three, then the number nearest to but not less than one-third), including the non-executive directors retiring from office by rotation so every director shall be subject to retirement of at least once every three years. A retiring director shall be eligible for re-election. In addition, the Company has also put into place corporate governance practices to meet most of the recommended best practices in the CG Code.

Directors' Securities Transactions

The Board 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). Having made specific enquiries to all Directors, they confirmed their compliance with the standards set out in the Model Code throughout the six months ended 31 December 2008.

Call Option Agreement

The Independent Non-Executive Directors Committee ("the INED Committee") have further reviewed the relevant information up to or as at 13 February 2009 and have decided not to exercise any of the remaining call options granted to the Company under the Call Options agreement.

Non-Competition Agreement

The INED Committee, having made specific enquiries to all Controlling Shareholders of the Company, the Controlling Shareholders confirmed their compliance with the non-competition agreement entered into between the Company and the Controlling Shareholders.

Audit Committee

The Audit Committee comprises four (4) members and is chaired by Mr. Fung Ka Pun, an Independent Non-Executive Director. Other members of the Audit Committee are Mr. David William Oskin and Mr. Tan Li Pin, Richard, who are also the Independent Non-Executive Directors, and Mr. Chan Hua Eng, a Non-Executive Director. The Audit Committee has reviewed the Group's unaudited interim financial statements for the six months period ended 31 December 2008.

Scope of Work of KPMG

The figures in respect of the preliminary announcement of the Group's interim results for six months ended 31 December 2008 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft interim financial statements for the six months ended 31 December 2008 and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

Publication of Interim Results and Interim Report

This results announcement is available for viewing at the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and at the website of the Company at www.samling.com. The interim report will be dispatched to shareholders and published on the above websites as soon as practicable.

By Order of the Board of
Samling Global Limited

Chan Hua Eng
Chairman

Hong Kong, 5 March 2009

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

Executive Directors
Yaw Chee Ming
Cheam Dow Toon

Non-Executive Director
Chan Hua Eng

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