



**SAMLING GLOBAL LIMITED**  
三林環球有限公司

**Media Release**  
**For Immediate Release**

**SAMLING GLOBAL ANNOUNCES FULL-YEAR RESULTS  
WITH TURNAROUND PROFIT**

*Recovering Macro Economy Supports Demand*

(HONG KONG, 17 September 2010) — Integrated forest resource and wood products company **Samling Global Limited** (“Samling” / the “Group”) (Stock code: 3938) today announced its full-year results for the 12 months ended 30 June 2010.

**Financial Highlights**

	<b>Financial year ended 30 June 2010 (US\$'000)</b>	<b>Financial year ended 30 June 2009 (US\$'000)</b>	<b>Change (%)</b>
Revenue	<b>598,248</b> (HK\$4,666,334,400)	478,960 (HK\$3,735,888,000)	+24.9
Gross profit	<b>57,351</b> (HK\$447,337,800)	33,182 (HK\$258,819,600)	+72.8
Gross profit margin	<b>9.6%</b>	6.9%	
Gain from changes in fair value of plantation assets less estimated point-of-sale cost	<b>4,232</b> (HK\$33,009,600)	(1,952) (-HK\$15,225,600)	N/A
Unrealised foreign exchange gain / (loss)	<b>11,100</b> (HK\$86,580,000)	(5,498) (-HK\$42,884,400)	N/A
Profit / (loss) for the year	<b>28,468</b> (HK\$222,050,400)	(42,987) (-HK\$335,298,600)	N/A
Net profit margin	<b>4.8%</b>	(9.0)	
Basic earnings / (loss) per share	<b>0.29 US cents</b> (HK\$0.023)	(0.87) US cents (-HK\$0.068)	N/A
Operating profit before changes in working capital	<b>97,765</b> (HK\$762,567,000)	69,371 (HK\$541,093,800)	+40.9

\*US\$1 = HK\$7.8

**Key Highlights**

- Revenue increased by 24.9% to US\$598.2 million (HK\$4,666.3 million) compared to the preceding financial year driven by higher log sales from the Group's China and India key markets.
- The Group returns to profitability with net profit of US\$28.5 million (HK\$222.1 million).
- Strong operating cash flow of US\$97.8 million (HK\$762.6 million) surpassing 2008 and 2009 levels.

- The Board of Directors has recommended the payment of a final dividend of 0.622 HK cents (equivalent to approximately 0.080 US cents) per share for financial year ended 30 June 2010.

## Business Review

During the year under review, Samling's gross profit increased to US\$57.4 million (HK\$447.3 million) and gross profit margin grew to 9.6%. The encouraging performance is mainly attributed to gross profit contribution from Group's log trading and flooring segments which have seen higher sales volumes, strong export sales, increasing demand from key markets and reduction in operating cost base.

Fundamentally, the turnaround was supported by the Group's business strategy in preserving resources, enhancing operational efficiency and tight monitoring of cash cost of production and overall cost control.

**Mr. Chan Hua Eng, Chairman of Samling**, said, "Given the unprecedented circumstances of FY2009 and the challenging business environment in FY2010, I am pleased with the improvement in our overall business performance."

"We returned to profitability and most of our businesses were cash positive from operations. I am encouraged by our ability to profitably manage operations in uncertain economic conditions and with the lack of a sustained housing recovery in our Japan and USA markets."

## Business Segment Results

### Log Trading

Log trading was the largest contributor to the Group's revenue and operating profits, accounting for approximately 36.8% of revenue and US\$27.2 million (HK\$212.2 million) of operating profits generated in the financial year under review.

	<b>FY ended 30 June 2010</b>	<b>FY ended 30 June 2009</b>
<b>Total export hardwood log sales (m<sup>3</sup>)</b>	812,590	532,886
<b>Average hardwood log export price per m<sup>3</sup> (US\$)</b>	157.51	174.26
	(HK\$1,228.58)	(HK\$1,359.23)
<b>Total export softwood log sales (m<sup>3</sup>)</b>	379,765	344,833
<b>Average softwood log export price per m<sup>3</sup> (US\$)</b>	81.81	61.52
	(HK\$638.12)	(HK\$479.86)

The lower average hardwood log export price was mainly due to a different mix of sizes and species of logs exported during the review period. The total volume of logs sold by the Group was higher than that of the preceding financial year spurred by increased demand from China and India. A substantial volume of the Group's log export from Malaysia and Guyana as well as the increased softwood production from New Zealand are exported to the vibrant domestic economies of these two countries. As a result of the gradual increase in demand, hardwood log export prices have rebounded to approximately US\$170 (HK\$1,326.0) in the fourth quarter of financial year 2010.

China remained the key importer of hardwood and softwood logs, bringing in 33.6% of the Group's total log exports. The augmented demand is attributed to the central government's massive stimulus package and aggressive infrastructure development which stabilised log prices as well as offset lower demand for log requirements from the USA and Japan markets. Sales to India remained stable, accounting for 33.1% of total log exports.

The Group's New Zealand subsidiary recorded a 11.5% increase of softwood log sales of 445,602m<sup>3</sup> with improved average softwood price of US\$84.4 (HK\$658.3) per m<sup>3</sup> compared to the preceding financial year, in line with the production ramp-up that parallels with the maturity profile of radiata pine trees.

The Group also gained from changes in fair value of all its plantation assets less estimated point-of-sale costs of US\$4.2 million (HK\$32.8 million). With higher selling prices and higher growth value of planted trees, the plantation assets is no longer depreciable.

"In terms of log supply dynamics, Russian raw log exports have been on a declining trend. The Group plans to capitalise on this shift in supply source by ramping up production volume of softwood logs in New Zealand," said Mr. Chan.

### ***Plywood and Veneer***

The plywood and veneer segment (contributing to 30.3% to the Group's total revenue) was affected by the slowdown in demand from its key markets, notably Japan. However, plywood prices continue to improve, averaging at US\$418.6 (HK\$3,265.1) per m<sup>3</sup> as a result of plywood mills curtailing production and narrowing supply to the market.

	<b>FY ended 30 June 2010</b>	<b>FY ended 30 June 2009</b>
<b>Total external plywood sales volume (m<sup>3</sup>)</b>	306,631	331,268
<b>Average export price for plywood per m<sup>3</sup> (US\$)</b>	425.15	417.68
	(HK\$3,316.17)	(HK\$3,257.90)
<b>Total veneer export sales volume (m<sup>3</sup>)</b>	60,442	62,368
<b>Average export price for veneer per m<sup>3</sup> (US\$)</b>	296.83	307.61
	(HK\$2,315.27)	(HK\$2,399.36)

With the improvement of housing starts in the U.S in the second half of the financial year, the Group recorded 14.3% of its total export sales to the U.S, higher than the 4.0% achieved in the previous year.

Mr. Chan said, "We will continue to operate our plywood and veneer mills efficiently with a focus on cash cost containment. In the face of competition from commodity-type plywood from China, we will focus on the production of niche, high quality plywood which will generate better margin. "

### **Flooring Products**

Elegant Living, a subsidiary of the Group specialising in engineered flooring products, has advanced its stronghold by expanding further into the Western province and tier two and tier three cities in China with approximately 825 outlets, up from 550 outlets in the preceding financial year. Elegant Living is a market leader in hand sculpted engineered flooring and one of the largest manufacturers and distributors of flooring products in China. During the financial year under review, the Group consolidated the full financial year results of Elegant Living which recorded over 50% increase in sales.

### **Final Dividend**

The Board of Directors has recommended the payment of a final dividend of 0.622 HK cents (equivalent to approximately 0.080 US cents) per share for financial year ended 30 June 2010.

### **Outlook - Improved Market Conditions Over Medium-Long Term**

Turning to the outlook, **Mr. Yaw Chee Ming, Chief Executive Officer of the Group** said, "We remain focused in sustaining a turnaround in our profitability in the first half of FY2011. We are planning for improved market conditions over the medium to long term, despite the short term concerns of uncertainty in the sustained recovery of global economic conditions. Over the last couple of years we have strengthened the balance sheet and improved the effectiveness of our operations – particularly the reduced cost base and improved productivity.

"The strategic direction now is to expand our distribution network in Australia and China, capitalise on the aggressive growth markets of India and China, increase market penetration in our global footprint and strengthen our core timber business."

"The additional area where we will broaden our strategic activities is to increase our woodflow for downstream processing through acquisitions or organic growth of forest resources. Our New Zealand radiata pine plantation is a strategic long term asset that will complement the Group's hardwood resource in the future."

"We will, of course, continue to pursue the fundamentals of maximum asset utilisation, structural cost reductions and management of financial targets," said Mr. Yaw.

### **About Samling Global Limited**

Samling Global Limited is a well established, integrated forest resource and wood products company. Based in Malaysia, the Group has established an international presence with strategically located operations in Malaysia, China, New Zealand, Australia and Guyana.

The Company's business is divided into upstream and downstream timber operations. The upstream operations comprise timber harvesting and management of natural forest concessions in Malaysia and Guyana (total of 2.94mil ha) as well as tree plantations in New Zealand, Malaysia and China (total of 496,000ha). The downstream operations comprise manufacturing, marketing and distribution of wood products including plywood, veneer, sawn timber, flooring and other value-added products. These products are exported to international key markets including Japan, China, Europe and North America.

For more details, please visit [www.samling.com](http://www.samling.com)

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