



SAMLING GLOBAL LIMITED
三林環球有限公司

Media Release
For Immediate Release

SAMLING GLOBAL ANNOUNCES FY2010/11 ANNUAL RESULTS

Profit Attributable to Equity Shareholders Surges 64.1% to US\$20.7 Million
Improved Profit Performance; Strong Growth in the PRC and India

(HONG KONG, 22 September 2011) — Integrated forest resource and wood products company **Samling Global Limited** (“Samling” / the “Group”) (Stock code: 3938) today announced its annual results for the year ended 30 June 2011.

Financial Highlights

	Financial year ended 30 June 2011 (US\$'000)	Financial year ended 30 June 2010 (US\$'000)	Change (%)
Revenue	US\$729,047 (HK\$5,686,566,600)	US\$598,248 (HK\$4,666,334,400)	+21.9
Gross profit	US\$83,210 (HK\$649,038,000)	US\$57,351 (HK\$447,337,800)	+45.1
Gross profit margin	11.4%	9.6%	
Profit from operations	US\$21,729 (HK\$169,486,200)	US\$18,092 (HK\$141,117,600)	+20.1
Profit attributable to equity shareholders	US\$20,746 (HK\$161,818,800)	US\$12,645 (HK\$98,631,000)	+64.1
EBITDA	US\$123,329 (HK\$961,966,200)	US\$94,238 (HK\$735,056,400)	+30.9
Basic earnings per share	0.48 US cent (3.744 HK cents)	0.29 US cent (2.262 HK cents)	+65.5
Proposed final dividend	0.128 US cent (1.0 HK cent)	0.080 US cent (0.624 HK cent)	+60.0

*US\$1 = HK\$7.8

Key Highlights

- Revenue increased by 21.9% to US\$729.0 million (HK\$5,686.6 million) compared to the preceding financial year driven by increased sales volume and selling prices of logs
- Sustained profitability with gross profit and profit attributable to equity shareholders up 45.1% and 64.1% to US\$83.2 million (HK\$649.0 million) and US\$20.7 million (HK\$161.8 million) respectively
- India and the PRC were the Group's strongest export markets and were key contributors to profit from logs and flooring product sales in the financial year under review
- EBITDA of US\$123.3 million (HK\$962.0 million) was 30.9% higher than the previous financial year
- The proposed final dividend of 0.128 US cent (1.0 HK cent) per share is 60.0% higher than the preceding financial year

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Business Review

The Group's results for the financial year under review improved compared to the preceding financial year, benefiting from the exceptional economic growth spurred by rapid urbanisation and surging consumer demand in its key export markets of the PRC and India. Log trading, which recorded increased sales volume and selling prices, was the main contributor to the Group's results. Correspondingly, with higher selling prices, gross profit margin also improved to 11.4% compared to 9.6% in the preceding financial year.

After recognising a gain of US\$1.6 million (HK\$12.4 million) from changes in fair value of plantation assets less estimated point-of-sale costs, profit from operations was US\$21.7 million (HK\$169.5 million), an increase of 20.1% compared to the preceding financial year. Contribution from the Group's share of profits less losses of associates in the oil palm plantation business was higher at US\$26.8 million (HK\$209.0 million) compared to US\$7.8 million (HK\$60.8 million) in the previous year attributed to rising crude palm oil prices. A combination of these positive factors enabled the Group to report a US\$20.7 million (HK\$161.8 million) profit attributable to equity shareholders, an increase of 64.1% compared to the preceding financial year.

Mr Yaw Chee Ming, CEO of Samling, said: "Having weathered challenges brought about by the global financial crisis and uncertain economic conditions, we are pleased to report satisfactory results and growth. We continue to strengthen our core timber business, focusing on the most efficient utilisation of our timber resources and enhancing our distribution network. We are also increasingly distinguished by our geographic diversification which focuses on the world's best performing economies and leveraging our experience and resources to take advantage of growth opportunities.

"Our balance sheet also remains healthy. We have a solid capital position and delivered well-managed margin results within a highly competitive environment."

Business Segment Results

Log Trading and Upstream Support Services Segment

The log trading and upstream support services segment, Samling's major business segment, accounted for approximately 46.1% of the Group's total revenue for the financial year under review.

Demand from India and the PRC remained strong. Sales to India accounted for about 31.9% of the Group's total log export revenue. Being a wood deficit country, India's demand for imported harder wood species remained robust, driven by a construction boom to meet demand for housing in urban areas. The PRC's demand for both hardwood and softwood logs remained steady, fuelled by its buoyant economic growth and continued expansion in the housing and infrastructure sector. The Group exported 32.3% of its total log export sales to the PRC.

Both the hardwood and softwood log export prices achieved were higher than the preceding financial year, with notably sharp price and gross profit margin run-ups during the fourth quarter in response to the Japanese earthquake in March. This increase in log prices helped cushion the impact of rising log extraction costs brought about by climbing fuel prices.

The increase of the Group's softwood log production was in line with the maturity profile of its New Zealand forest. The plantation forest in New Zealand with 25,246 hectares of planted *radiata pine* trees will be able to generate an anticipated harvest volume of about 800,000 m³ annually in two years – this will supplement the wood flow from the Group's natural forest concession.

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Plywood and Veneer

Plywood and veneer contributed 26.1% to the Group's total revenue for the financial period under review.

Demand and prices of plywood increased sharply after the Japanese earthquake in March 2011 but this upward trend eased off towards the end of the financial year under review as the timing of post-earthquake reconstruction activities remains unclear. To mitigate the depressed demand from Japan, the Group shifted its plywood export focus to other markets such as Australia which commands higher prices and we are able to leverage on the Group's wood products distribution business.

The improvement in veneer volumes and prices were brought about by 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.

Flooring Products

In the financial year under review, Samling continued to increase its flooring product sales through the PRC-based Elegant Living group of companies which represented 81.8% of the Group's total flooring sales.

Although the flooring products market in the US remained relatively weak, this gap was largely filled by the strong domestic demand in the PRC. Elegant Living was able to capture a bigger market share through the opening of more distribution outlets principally in the Western region of the PRC, which at the end of the financial year stood at 1,150 outlets compared to 825 outlets in the preceding financial year.

As a result, revenue generated by Elegant Living in 2011 was 49.7% higher as compared to 2010.

Outlook

Commenting on the outlook, **Mr Yaw** said: "Looking forward, the Group's performance will largely depend on the recovery in Japan through post-earthquake reconstruction and the continued strong demand of logs from the PRC and India. Japan's reconstruction activities in areas affected by the earthquake and tsunami will require substantial volume of timber. However, the effect on timber demand and prices will depend on the rate of reconstruction."

The PRC will continue to be a large importer for wood products globally. The Group experienced strong demand for its logs and flooring products from the PRC in the financial year under review and this is expected to continue in the current financial year. India, with its strong GDP growth, will continue to be a key buyer for the harder log species to meet the increasing demand for better housing.

"In the backdrop, however, is continuing uncertainty in the global environment, particularly in the US and European economies which are struggling to address the major structural challenges they are facing. With global economic growth likely to continue to be soft over the medium term, in all, this remains a challenging environment to navigate."

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Mr Yaw concluded, “We will continue adhering to our strategy of preserving resources, enhancing operational efficiency and tight monitoring of cash costs of production and overall cost control. In addition, we will continue to build on and enlarge our distribution presence in Australia through Australian Wood Panels Group Pty. Ltd. and in the PRC through the Elegant Living. Through these two companies, the Group will be able to distribute its wood products to a wider market besides reaching further down the supply chain to be closer to end users. We are optimistic that this will position us well for 2012.”

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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.

Samling Global Limited is a constituent stock of the Hang Seng Foreign Companies Composite Index (“HSFCCI”), the Hang Seng Global Composite Index (“HSGCI”) and the MSCI Hong Kong (Small Cap) Index (“MXHKSC”).

For more details, please visit www.samling.com

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