



## Samling Global Announces 2008/09 Interim Results

**Hong Kong, 5 March 2009** – Samling Global Limited (“Samling Global” or “the Group”, SEHK: 3938), an integrated forest resource and wood products company with strategically located operations in Malaysia, China, New Zealand, Australia and Guyana, today announces its results for the six months ended 31 December 2008.

### **Financial Highlights of Half-Yearly Results for FY2009** *(in US\$ 'million)*

- Turnover: US\$275.6, *up 7.7%*
- Gross Profit: US\$23.7, *down 35.7%*
- Loss before taxation US\$24.0, *down 166.4%*
- Loss attributable to shareholders: US\$22.2, *down 184.6%*
- EBITDA: US\$29.0, *down 61.9%*

### **Revenues up on business contribution from newly acquired subsidiaries**

The Group achieved a turnover of US\$275.6 million representing a 7.7% increase from the corresponding preceding financial period. This increase is underpinned by the acquisition of Brewster Pty. Ltd. in December 2007 and the acquisition of the business of Elegant Living companies in August 2008. Should the turnover from these newly acquired companies be excluded, the Group's turnover would decrease by approximately 6.7% compared to the corresponding preceding financial period caused by the global credit crisis and economic downturn. The downturn spread swiftly, ultimately affecting demand for plywood and veneer in major markets.

In August 2008, the Group completed the acquisition of a 100% stake in Anhui Tonglin Anlin Wood Plantation Co., Ltd. (“Anlin”), a company involved in tree plantations in the PRC. This acquisition will increase the landbank for the Group's forest plantations as Anlin has a total land area of 3,079 hectares, of which 1,037 hectares have been planted.

### **Challenging market conditions continue driven by global economic slowdown**

The Group posted a gross profit of US\$23.7 million for the half-yearly results of financial year 2009. This figure was 35.7% lower than that of the corresponding preceding financial period. The decline is mainly due to lower demand from the Group's major markets, notably Japan, as a result of the economic downturn around the world and higher operating costs incurred by the Group.



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The Group reported a loss before taxation of US\$24.0 million compared to a profit of USD36.1 million for the corresponding preceding financial period. The loss was recorded after the recognition of an unrealised foreign exchange loss amounting to US\$11.8 million arising from the translation of a US Dollar loan by a foreign subsidiary in New Zealand. In addition, the Group reported a loss of US\$8.6 million from its associated companies mainly arising from mark-to-market accounting requirements to record the changes of a lower fair value of oil palm plantation assets due to lower crude palm oil prices as at 31 December 2008.

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, representing a 61.9% decline from the corresponding preceding financial period.

### **Strong liquidity position**

For the financial period ended 31 December 2008, the Group generated positive cashflow from operations amounting to US\$24.8 million. The Group maintained high levels of liquidity with US\$226.0 million of cash and bank balances as at 31 December 2008.

### **Interim dividend**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended December 31, 2008.

### **Outlook**

The outlook for the timber market remains uncertain. Housing starts in our key markets, the US and Japan, has been curtailed by the financial meltdown, primarily due to the sub-prime crisis. The Group is also seeing lower demand because of the slowdown in housing starts and declining consumer spending. Concerted efforts by developed countries such as Japan and the U.S to implement various stimulus packages may bring about some improvement in the economy later this year, but their impact on the demand for timber and wood products remains to be seen.

Chan Hua Eng, Chairman of Samling Global, said:

"Samling Global will continue to remain resilient in spite of the exceptionally challenging market conditions. We are adapting to market challenges, and are well-placed to grow and go through the flow of the current global economic cycle."



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Yaw Chee Ming, Chief Executive Officer of Samling Global, said:

“Despite the current outlook, we are encouraged by the Group’s strong cashflow and robust balance sheet. With the cash contribution from our operations, we will embark on various plans to preserve our resources and maintain our workforce to ensure that we will be ready to capitalise on growth opportunities when the market recovers. Our objective remains focused on cost containment. We will continue to look for opportunities to grow our key resources and broaden our product base. We aim to increase our presence in China through our newly acquired Elegant Living, and tap into their sizeable outlet base and distribution channels for the market of wood flooring products.”

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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 as well as tree plantations in New Zealand, Malaysia and China. The downstream operations comprise manufacturing, marketing and distribution of wood products including plywood, veneer, sawn timber, flooring and other value-added products.

*\*for identification purposes only*

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