



SAMLING GLOBAL LIMITED
三林環球有限公司

Media Release
For Immediate Release

SAMLING GLOBAL ANNOUNCES FY2011/12 INTERIM RESULTS

(HONG KONG, 19 February 2012) — Integrated forest resource and wood products company **Samling Global Limited** (“Samling” / the “Group”) (Stock code: 3938) today announced its unaudited interim results for the six months ended 31 December 2011.

Financial Highlights

| | 1H FY11/12 (US\$'000) | 1H FY10/11 (US\$'000) | Change |
|-----------------------------|---|----------------------------------|---------------|
| Revenue | 405,476 (HK\$3,162,713,000) | 350,913 (HK\$2,737,121,000) | +15.5% |
| Gross profit | 51,752 (HK\$403,666,000) | 39,012 (HK\$304,294,000) | +32.7% |
| Gross profit margin | 12.8% | 11.1% | |
| Profit for the period | 4,370 (HK\$34,086,000) | 35,445 (HK\$276,471,000) | -87.7% |
| EBITDA | 56,558 (HK\$441,152,000) | 50,249 (HK\$391,942,000) | +12.6% |
| Core profit before taxation | 16,991 (HK\$132.5) | 9,240 (HK\$72.1) | +83.9% |
| Basic earnings per share | 0.002 US cents (HK0.02cents) | 0.54 US cents (HK4.21 cents) | -99.6% |

*US\$1 = HK\$7.8

Key Highlights

- Revenue increased by 15.5% to US\$405.5 million (HK\$3,162.7 million) for the first half of FY2011/12 compared with the corresponding preceding financial period.
- In spite of a decline in profits which includes changes in the fair value of plantation assets less estimated point-of-sale costs of US\$4.3 million (-HK\$33.2 million), the Group reported higher gross profit and gross profit margin of US\$51.8 million (HK\$403.7 million) and 12.8% respectively. The increase was attributable to stable revenue from the logs segment while the plywood and veneer segment has returned to profitability beginning of the fourth quarter in the preceding financial year.
- The flooring products segment recorded satisfactory growth with an increase in gross profit and gross profit margin to US\$14.0 million (HK\$109.2 million) and 22.8% respectively.
- Excluding the changes in the fair value of plantation assets less estimated point-of-sale costs, core profit before taxation was up by 83.9% to US\$17.0 million (HK\$132.5 million).

Business Review

During the period under review, Samling recorded a 15.5% increase in revenue to US\$405.5 million (HK\$3,162.7 million) and registered a gross profit of US\$51.8 million (HK\$403.7 million) and gross profit margin of 12.8%. Profit attributable to equity shareholders of the Company was US\$0.07 million (HK\$0.5 million), compared to US\$23.2 million (HK\$181.1 million) for the same period last year mainly caused by changes in fair value adjustments of the Group's plantation assets. Operating cash flow before changes in working capital of US\$64.8 million (HK\$505.6million) was 14.1% higher than the same period last year.

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Mr Yaw Chee Ming, CEO of Samling said, "Dampened by the sovereign debt crisis in Europe, global economic recovery and pace of growth remained austere. Against the backdrop of this fragile 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, we generated better results. All of our businesses faced challenging markets as demand from the Group's key markets in PRC, India and Japan did not increase over the second half of the preceding financial year.

"Plywood demand from Japan remained subdued and it was the sustained demand of logs from India and the PRC that bolstered the Group's results to maintain at about the same level as the second half of the previous financial year. However, we remain focused on improving performance with today's level of demand, and we are prepared to ramp up production as markets improve."

Business Segment Results

Logs

The logs segment was the main contributor to the Group's results, accounting for 48.8% of the Group's revenue.

The total volume of external hardwood logs sold was 1.1 million m³, 24.9% higher than that of the corresponding preceding financial period. Average export prices achieved was US\$223.4 per m³, which was higher than the corresponding preceding financial period. Similarly, softwood logs sales volume and average prices improved to 0.3 million m³ and US\$100.3 per m³ respectively. The increase in softwood log production and sales was in line with the maturity profile of the Group's New Zealand forest plantation.

PRC and India market remains the key market for sales, respectively accounting for about 32.1% and 29.9% of the Group's total log export revenue. While demand from these two key markets has been consistently stable, it has shown signs of slowing down. The PRC is affected by its government's restrictions on the residential property sector, while the purchasing power of the buyers in India has eroded as the Rupee has depreciated against the US dollar, affecting timber demand.

Plywood and Veneer

Plywood and veneer contributed 24.0% of the Group's total revenue for the financial period under review. Total external plywood sales were 10.2% lower than the corresponding preceding financial period. However, the average selling prices achieved were 23.1% higher compared to the corresponding preceding financial period.

Plywood sales to Japan accounted for 57.4% of the Group's total export plywood sales, 19.3% lower than that of the corresponding preceding financial period.

Although plywood sales to Japan were higher than the pre-earthquake corresponding preceding financial period, overall global market remained weak due to the lack of concrete leads. Japan housing starts recorded four consecutive monthly drops from September 2011 and reconstruction in areas affected by the earthquake did not commence as fast as expected.

The volume of external veneer sold by the Group 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 74.0% were either exported or sold locally. Average veneer prices improved as a result of the increased focus on the production of higher value face and back veneer and the effects on veneer prices brought about by the spike in plywood prices after the Japanese earthquake.

Flooring Products

Revenue from external flooring sales increased by 38.0% compared to the corresponding preceding period, representing 15% of the Group's revenue.

To remain competitive and to capture a bigger market share in PRC's highly aggressive flooring market, the Group's flooring business, Elegant Living has opened more distribution outlets focusing in Western region. The number of distribution outlets has increased to 1,285 outlets from 1,023 outlets in the same period last year.

Outlook

Commenting on the outlook, **Mr Yaw** said, "The global recovery is threatened by intensifying strains in the Eurozone and economic volatility in various parts of the world. Against this economic outlook, the performance of the Group in the second half of the financial year will depend on recovery in Japan and its post-earthquake reconstruction activities as well as sustained demand of logs from PRC and India."

"The timing of Japan's major reconstruction activities in areas affected by the earthquake and tsunami will be a key impetus to drive plywood demand and hopefully, increase selling prices. The PRC's large population experiencing rapid urbanisation and a rising level of affluence is expected to provide the foundation for the Chinese economy to remain relatively robust and continue as a large importer of wood products globally. India, even with its economy likely growing at a slower pace, will continue to be a key market for the harder log species."

Mr Yaw concluded, "We recognise the need to be lean and efficient under such adverse market conditions. We will continue to improve efficiency and the productivity of our workforce and of our equipment, while maintaining tight control over the cost of production to enhance the relative competitiveness of our business."

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, PRC, 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 2.94million ha) as well as tree plantations in New Zealand, Malaysia and PRC (total of 496,000 ha). 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 key international markets including Japan, PRC, Europe and North America.

As a company in the natural resources sector, Samling Global Limited is committed to implementing sustainable practices to ensure the future supply of its forest resources.

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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