

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2018**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS**

- 1(a) Consolidated statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	2018	2017	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Revenue	4,353,759	3,462,562	26
Cost of sales	(3,580,868)	(2,905,896)	23
Gross profit	772,891	556,666	39
Other items of income			
Interest income	456	463	(2)
Other income	30,434	4,382	595
Other items of expenses			
Selling expenses	(127,703)	(108,544)	18
General and administrative expenses	(400,620)	(351,696)	14
Finance expenses	(92,388)	(86,261)	7
Other expenses	(71,491)	(43,949)	63
Profit (loss) before tax	111,579	(28,939)	n.m
Taxation	(47,495)	56,149	n.m
Net profit for the year	64,084	27,210	136
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net actuarial gain (loss) on post-employment benefits	40,134	(4,195)	n.m
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain (loss)	18,910	(3,674)	n.m
Total comprehensive income for the year	123,128	19,341	537
Net loss attributable to:			
Owners of the Company	65,486	30,092	118
Non-controlling interests	(1,402)	(2,882)	(51)
	64,084	27,210	136
Total comprehensive income attributable to:			
Owners of the Company	124,263	22,317	457
Non-controlling interests	(1,135)	(2,976)	(62)
	123,128	19,341	537

n.m : not meaningful

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The following items have been included in arriving at profit (loss) before tax:

	Group		
	2018	2017	Change
	<i>Rp'million</i>	<i>Rp'million</i>	<i>%</i>
Depreciation of property, plant and equipment	(97,949)	(88,997)	10
Interest expenses	(84,736)	(79,333)	7
Post-employment benefits expense	(50,180)	(44,669)	12
Allowance for doubtful receivables	(22,057)	(4,962)	345
Net foreign exchange loss	(19,284)	(247)	7,707
Workers separation expenses	(7,160)	(4,297)	67
(Loss) gain on change in fair value of biological assets	(5,321)	2,024	n.m
Amortisation of land use rights	(3,498)	(3,495)	0
(Allowance for) recovery of advance to suppliers	(2,709)	2,095	n.m
Issuance of shares under performance share plan	(1,249)	-	n.m
Grant of equity-settled performance share plan	(1,078)	-	n.m
Net gain on disposal of property, plant and equipment	420	263	60
Interest income	456	463	(2)
Gain on disposal of assets held for sale	30,014	-	n.m
Expense for the Group's re-organisation exercise *)	-	(33,684)	(100)

*) Included in "Other expenses"

n.m : not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	2018	2017	2018	2017
	Rp'million	Rp'million	Rp'million	Rp'million
Non-current assets				
Property, plant and equipment	506,869	502,306	-	-
Investment in subsidiary companies ⁽¹⁾	-	-	824,998	437,486
Biological assets	44,294	51,454	-	-
Land use rights	54,379	57,877	-	-
Deferred tax assets	62,025	111,318	-	-
Other non-current assets	45,854	17,194	-	-
	713,421	740,149	824,998	437,486
Current assets				
Inventories	740,995	496,809	-	-
Trade and other receivables	348,603	269,131	21,621	35,624
Prepaid operating expenses	58,856	35,176	397	394
Advances to suppliers	171,395	58,246	-	-
Restricted deposits	16,138	12,987	-	-
Cash and cash equivalents	29,806	33,905	2,097	2,597
	1,365,793	906,254	24,115	38,615
Sub-total	1,365,793	906,254	24,115	38,615
Assets classified as held for sale	-	29,840	-	-
	1,365,793	936,094	24,115	38,615
Current liabilities				
Trade and other payables	363,116	283,433	18,929	20,766
Other liabilities	73,006	124,239	3,640	3,294
Advances from customers	7,736	86,050	-	-
Provision for taxation	14,495	13,442	-	-
Loans and borrowings	1,030,081	647,122	-	-
	1,488,434	1,154,286	22,569	24,060
Net current (liabilities) assets	(122,641)	(218,192)	1,546	14,555
Non-current liabilities				
Loans and borrowings	146,415	181,062	-	-
Post-employment benefits	218,500	254,324	-	-
Deferred tax liabilities	91	-	-	-
Other liabilities	19,674	-	278,492	-
	384,680	435,386	278,492	-
Net assets	206,100	86,571	548,052	452,041
Equity attributable to owners of the Company				
Share capital	2,502,305	2,501,056	2,502,305	2,501,056
Accumulated losses	(2,640,392)	(2,739,797)	(1,964,702)	(2,049,117)
Other reserves	340,505	320,495	10,449	102
	202,418	81,754	548,052	452,041
Non-controlling interests	3,682	4,817	-	-
	206,100	86,571	548,052	452,041

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Notes:

- (1) Included in the Company's balance is a quasi capital loan granted to a subsidiary amounted to Rp387 billion. This loan has been capitalised into the share capital of the subsidiary in 2018.

(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 2018		As at 2017	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
1,003,895	26,186	633,716	13,406

Amount repayable after one year

As at 2018		As at 2017	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
146,415	-	181,062	-

Details of collaterals

As at 31 December 2018, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, account receivables, and bank balances of a subsidiary. All other assets of the subsidiaries are on negative pledge to the financial institution and some restriction on dividend payment is imposed; and
- (2) All assets acquired under finance leases are secured against the assets under lease.

In July 2018, PT SGS has obtained new additional loan facilities from existing lenders to expand its working capital. The facilities increased by a Rp140 billion loan facility granted by PT Bank OCBC NISP Tbk and a US\$25 million loan facility granted by OCBC Ltd Singapore. The loan facilities are secured by existing collaterals as mentioned above.

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1(c) Consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	31 Dec 18	31 Dec 17
	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from operating activities		
Profit (loss) before tax	111,579	(28,939)
Adjustments:		
Depreciation of property, plant and equipment	97,949	88,997
Interest expenses	84,736	79,333
Post-employment benefits expense	50,180	44,669
Allowance for doubtful receivables	22,057	4,962
Net foreign exchange loss	21,838	987
Loss (gain) on change in fair value of biological assets	5,321	(2,024)
Amortisation of land use rights	3,498	3,495
Allowance for (recovery of) advance to suppliers	2,709	(2,095)
Issuance of shares under performance share plan	1,249	-
Grant of equity-settled performance share plan	1,078	-
Inventories written-down	58	104
Gain on sales of land use rights	(135)	-
Net gain on disposal of property, plant and equipment	(420)	(263)
Interest income	(456)	(463)
Gain on disposal of assets held for sale	(30,014)	-
Operating cash flow before changes in working capital	371,227	188,763
Changes in working capital :		
Inventories	(244,244)	13,523
Trade and other receivables	(29,059)	(98,184)
Prepaid operating expenses	(1,753)	11,944
Advances to suppliers	(114,647)	(38,281)
Trade and other payable	79,683	5,710
Other liabilities	(70,223)	(27,754)
Advance from customers	(78,314)	73,611
Other non-current assets	(3,270)	(315)
Cash flow (used in) provided by operations	(90,600)	129,017
Income tax paid	(3,231)	(15,939)
Post-employment benefits paid	(46,767)	(12,935)
Net cash flows (used in) provided by operating activities	(140,598)	100,143
Cash flows from investing activities		
Purchase of property, plant and equipment	(102,582)	(37,306)
Proceeds from disposal of assets held for sale	63,637	-
Proceeds from disposal of property, plant and equipment	570	659
Additions of biological assets	(90)	(172)
Interest received	456	463
Proceeds from disposal of land use rights	135	-
Net cash flows used in investing activities	(37,874)	(36,356)

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	Group	
	31 Dec 18	31 Dec 17
	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from financing activities		
Drawdown of loans and borrowings	2,960,508	2,021,207
Repayment of loans and borrowings	(2,734,946)	(2,050,510)
Interest paid	(75,459)	(70,575)
Acquisition of non-controlling interest without a change in control	-	(2,000)
Placement of restricted deposits	(2,613)	(367)
Net cash flows provided by (used in) financing activities	147,490	(102,245)
Net decrease in cash and cash equivalents	(30,982)	(38,458)
Effect of exchange rate changes on cash and cash equivalents	697	233
Cash and cash equivalents at beginning of year	33,905	58,724
Cash and cash equivalents at end of year	<u>3,620</u>	<u>20,499</u>

For the purpose of presenting the consolidated statement of cash flow, the consolidated cash and cash equivalent comprise the followings:

Cash and cash equivalents	29,806	33,905
Less: Bank overdraft	(26,186)	(13,406)
	<u>3,620</u>	<u>20,499</u>

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Accumulated losses	Restructuring reserves	Premium paid on acquisition of non-controlling interest	Performance share plan reserve	Foreign currency translation reserves	Total		
Rp'million	Rp'million	Rp'million	Rp million	Rp million	Rp million	Rp'million	Rp'million	Rp'million	
Balance at 1 Jan 2018 (FRS Framework)	2,501,056	(2,739,797)	309,050	(3,037)	-	14,482	81,754	4,817	86,571
Effect of the adoption of SFRS(I) 9	-	(5,926)	-	-	-	-	(5,926)	-	(5,926)
Balance at 1 Jan 2018 (SFRS(I) Framework)	2,501,056	(2,745,723)	309,050	(3,037)	-	14,482	75,828	4,817	80,645
Profit (loss) for the year	-	65,486	-	-	-	-	65,486	(1,402)	64,084
Other comprehensive income for the year:									
- Net actuarial gain on post-employment benefits	-	39,845	-	-	-	-	39,845	289	40,134
- Foreign currency translation gain (loss)	-	-	-	-	-	18,932	18,932	(22)	18,910
Other comprehensive income for the year, net of tax	-	39,845	-	-	-	18,932	58,777	267	59,044
Total comprehensive income for the year	-	105,331	-	-	-	18,932	124,263	(1,135)	123,128
Contribution by and distribution to owners:									
- Issuance of shares under performance share plan	1,249	-	-	-	(1,249)	-	-	-	-
- Grant of equity-settled performance share plan	-	-	-	-	2,327	-	2,327	-	2,327
Total contribution by and distribution to owners	1,249	-	-	-	1,078	-	2,327	-	2,327
Balance at 31 Dec 2018	2,502,305	(2,640,392)	309,050	(3,037)	1,078	33,414	202,418	3,682	206,100
Balance at 1 Jan 2017	2,501,056	(2,765,786)	309,050	-	-	18,154	62,474	6,756	69,230
Profit (loss) for the year	-	30,092	-	-	-	-	30,092	(2,882)	27,210
Other comprehensive income for the year:									
- Net actuarial loss on post-employment benefits	-	(4,103)	-	-	-	-	(4,103)	(92)	(4,195)
- Foreign currency translation loss	-	-	-	-	-	(3,672)	(3,672)	(2)	(3,674)
Other comprehensive income for the year, net of tax	-	(4,103)	-	-	-	(3,672)	(7,775)	(94)	(7,869)
Total comprehensive income for the year	-	25,989	-	-	-	(3,672)	22,317	(2,976)	19,341
Changes in ownership interests in subsidiaries:									
- Acquisition of non-controlling interest without a change in control	-	-	-	(3,037)	-	-	(3,037)	1,037	(2,000)
Total changes in ownership interests in subsidiaries:	-	-	-	(3,037)	-	-	(3,037)	1,037	(2,000)
Balance at 31 Dec 2017	2,501,056	(2,739,797)	309,050	(3,037)	-	14,482	81,754	4,817	86,571

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Company	Attributable to owners of the Company				
	Share capital	Accumulated losses	Performance share plan reserve	Foreign currency translation reserves	Total
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Balance at 1 Jan 2018 (FRS Framework)	2,501,056	(2,049,117)	-	102	452,041
Total comprehensive income for the year	-	(5,099)	-	9,269	4,170
Dividend income for the year	-	89,514	-	-	89,514
Issuance of shares under performance share plan	1,249	-	(1,249)	-	-
Grant of equity-settled performance share plan	-	-	2,327	-	2,327
Balance at 31 Dec 2018	2,502,305	(1,964,702)	1,078	9,371	548,052
Balance at 1 Jan 2017	2,501,056	(2,045,086)	-	-	455,970
Total comprehensive income for the year	-	(4,031)	-	102	(3,929)
Balance at 31 Dec 2017	2,501,056	(2,049,117)	-	102	452,041

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- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Please see point 1(d)(iii) below.

Performance share plan

As at 29 August 2018, the Company has granted 21,653,058 ordinary shares to the employee under the scheme of performance share plan, and during the year, the Company has issued 3,100,000 ordinary shares in the share capital of the Company.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Group and Company
	Number of shares
At 31 December 2017	2,374,050,505
Addition: Issuance of shares under performance share plan	<u>3,100,000</u>
At 31 December 2018	<u><u>2,377,150,505</u></u>

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at 31 December 2018 and 2017.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditor.

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- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its second set of financial information prepared under SFRS(I) for the financial year ended 31 December 2018.

The adoption of new SFRS(I) did not result in significant change to the Group's and Company's accounting policies and did not have material impact on the amounts reported for the current or prior financial years, except that the Group recognised loss allowance amounting to Rp6 billion on initial application without restating prior periods' information according to SFRS(I) 9 – Financial Instruments. The difference between the previous carrying amount and the carrying amount was recognised in the opening retained earnings as at 1 January 2018.

Consistent with the prior year's accounting policy, the Group appraises the fair value of its biological assets only at the end of the financial year.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to point 4.

- 6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

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	Group	
	2018	2017
Weighted average number of ordinary shares for basic earnings per share computation	2,374,050,505	2,374,050,505
Effect of new shares:		
Issuance of shares under performance share plan	1,056,044	-
Weighted average number of ordinary shares for basic earnings per share computation	2,375,106,549	2,374,050,505
Weighted average number of ordinary shares for basic earnings per share computation	2,374,050,505	2,374,050,505
Effect of dilution:		
Grant of equity-settled performance share plan	7,376,316	-
Weighted average number of ordinary shares for diluted earnings per share computation	2,381,426,821	2,374,050,505
	Rp (full amount)	Rp (full amount)
Earnings per share attributable to owners of the Company		
Basic	28	13
Diluted	27	13

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	2018	2017	2018	2017
Net assets for the period attributable to owners of the Company used in computation of net asset value per share (Rp'million)	202,418	81,754	548,052	452,041
Number of ordinary shares at the end of the year	2,377,150,505	2,374,050,505	2,377,150,505	2,374,050,505
Net asset value per ordinary share (Rp full amount)	85	34	231	190

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors

Certain comparative figures in 2017 have been reclassified to conform with the presentation adopted in the current year.

Our Group reported a net profit of Rp64 billion in 2018 as compared to Rp27 billion in 2017. This was due mainly to higher sales volume and better overall pricing achieved and the gain on disposal of assets held for sale (land and building), offset by higher exchange loss and allowance for doubtful receivables incurred during the year, while the losses for 2017 included one off expense for the Group's re-organisation exercise.

Revenue

	Group		
	2018	2017	Change
	<i>Rp'million</i>	<i>Rp'million</i>	<i>%</i>
Domestic sales	2,210,341	2,050,740	8
Export sales	2,143,418	1,411,822	52
Total	4,353,759	3,462,562	26

In 2018, our total sales increased by 26% as compared to 2017, mainly due to the surge in export sales by 52% compare to 2017, respectively, while our domestic sales slightly increased during the year.

Our export sales continued to perform well as a result of strong demand from the global market and the benefit of a weaker Indonesia Rupiah. The increase in sales was mainly due to the increase in sales volume by 34% in 2018, and the increase in the average selling price by 14% in 2018.

The composition of our export sales to overall sales increase significantly from 41% in 2017 to 49% in 2018.

Gross profit

Our gross profit significantly increased by 39% in 2018, respectively, due mainly to higher sales, due mainly to an increase in export sales volume and higher average selling prices, as mentioned above. Export sales generally have higher margin.

The Group managed to improve the gross profit margin from 16% in 2017 to 18% in 2018, and registered a gross profit of Rp773 billion in 2018 as compared to Rp557 billion in 2017.

Other Income

In 2018, other income of Rp30 billion came mainly from the gain on sale of land and building of Rp30 billion.

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Selling expenses

Our selling expenses has increased by 18% in 2018 as compared to 2017. The increase in the selling expenses came mainly from freight costs which were in line with the increase in the export sales activities and higher spending on marketing activities to stimulate the market demand.

General and administrative expenses

The general and administrative expenses have increased over that of previous year due mainly to increase in staff incentive and pension costs, professional fees, travelling expenses, and grant of equity-settled share options to employees.

Finance Expenses

Our finance expenses, which relate mainly to interest expense, increased slightly as compare to 2017 notwithstanding significantly higher borrowings. This has been achieved with lower interest rate loans.

Other expenses

In 2018, other expenses were derived mainly from net foreign exchange losses, allowance for doubtful receivables and advance to suppliers, tax penalties, loss from change in fair value of biological assets, and workers separation expense. The net foreign exchange losses were mainly due to unrealised foreign exchange loss from translation of our US Dollar denominated loans.

Taxation

Our taxation comprise the following:

	Group		
	2018	2017	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Current income tax	(9,430)	(14,286)	(34)
Deferred (tax expense) income tax	(36,001)	70,586	n.m
Under provision of prior year taxes	(2,064)	(151)	1,267
Total	<u>(47,495)</u>	<u>56,149</u>	<u>n.m</u>

Indonesia adopts individual company income tax system.

Our effective tax rate was not aligned with statutory tax rate due mainly to certain expenses not deductible for tax purposes.

During the year, we recognised deferred tax expense arising from utilisation of tax losses, offset by the recognition of post-employment benefits.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Financial Position

Our property, plant and equipment increased by Rp5 billion. This was due mainly to the addition of assets amounted to Rp103 billion, primarily for machineries and production facilities (due to increase in production volume) and the ERP/SAP infrastructures, offset by depreciation charges during the year.

In 2018, the Group has sold its land and building previously classified as assets held for sale for total consideration of Rp64 billion and recognised a gain of Rp30 billion in other income.

Deferred tax assets decreased by Rp49 billion. This is mainly due to the utilisation of tax losses offset by the recognition of post-employment benefits, as explained above.

Other non-current assets increased by Rp29 billion. This was mainly due to increase in advance for purchase of property, plant and equipment.

In 2018, our Group's current assets have increased to Rp1,366 billion. The increase was mainly due to:

1. higher inventory level as a result of higher production volume and higher sales;
2. increase in trade receivables which is in line with the increase in sales;
3. higher advances to supplier for logs, veneer, and spare part; and
4. higher prepaid operating expenses. Prepayments were made in the ordinary course of business mainly for VAT receivables, insurance, and rental.

As at 31 December 2018, our Group's current and non-current liabilities have increased by Rp283 billion to Rp1,873 billion. This was contributed mainly by:

1. increase in trade and other payables of Rp80 billion as a result of increase in production and business activities; and
2. increase in loans and borrowings totaling Rp348 billion.

the increase in the above was partially offset by the following:

1. decrease in advance from customers by Rp78 billion;
2. decrease in provision for post-employment benefits Rp50 billion as the Group paid some portion of liabilities to pension fund; and
3. decrease in other liabilities by Rp17 billion (excluding current portion of provision for post-employment benefits).

Overall, our Group net working capital position has improved by Rp95 billion due mainly to our operating income and better working capital management.

Statement of Cash Flow

During the year, the Group generated cash inflow of Rp147 billion from financing activities, and incurred cash outflow of Rp140 billion and Rp38 billion from operating and investing activities, respectively. Net cash decreased by Rp31 billion.

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Our operating cash flow before changes in working capital was significantly higher than the previous year. This is attributable to cash flow generated from improved operating results. However, the Group incurred net cash outflow from operating activities mainly due to higher inventory, receivables, and advances to suppliers.

Cash inflow from investing activities was mainly derived from the proceeds from the disposal of land and building, offset by the addition of plant, machinery and equipment.

Cash inflow from financing activities was mainly to net drawdown of loans, offset by interest payments. The repayments of bank borrowings and its interests were in accordance with the repayments schedule.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

- 1) The Group has US dollar borrowings, where the risk of foreign exchange fluctuation may materially affect the Group's results (positively or negatively depending on, *inter alia*, the direction of the fluctuation). Although the risk may be mitigated by our US dollar export sales (thus providing the natural hedging to the foreign currency fluctuation exposure), we illustrate below the sensitivity impact of our US dollar borrowings to our net loss arising from the possible change in the US exchange rate, assuming all other variables are held constant with tax rate of 25% in Indonesia:

Indonesia Rupiah to US Dollar exchange rates	(Weakened) / strengthened	Profit after tax for the year
		Rp64 billion
		Increase/ (decrease)
<i>Rp/full amount</i>		Rp'million
15,567	(7.5%)	(43,760)
15,205	(5.0%)	(29,174)
14,843	(2.5%)	(14,587)
14,119	2.5%	14,587
13,757	5.0%	29,174
13,395	7.5%	43,760

Our US\$ loans as at 31 December 2018 and 2017 are
US\$54 million and US\$34 million.

Exchange rate:

	<u>Rp/US\$1</u>
- 1 March 2019	Rp14,111
- 31 December 2018	Rp14,481
- 31 December 2017	Rp13,548

- 2) We expect the strong export sales to continue. Domestic sales volume is expected to grow due to our increased penetration to capture a bigger market share, and supported by better Indonesian economic growth and government's continuous spending on infrastructure projects.

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- 3) As we are increasing our production volume to meet demand, we may face the risk of higher log prices. During the year, the Group has taken steps to lower production costs by increasing the productivity and efficiency of our plywood manufacturing process, as the escalation of production and operation costs is a key factor affecting the profitability of our business.

11. Dividend.

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend will be declared in the current year being reviewed.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend for financial year ended 31 December 2018 has been declared because of the accumulated losses.

13. Interested person transactions.

The following is the aggregate value of all transactions with interested persons for the year ended 31 December 2018:

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<i>Name of interested person</i>	<i>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</i>	<i>Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</i>
	<i>Rp'million</i>	<i>Rp'million</i>
PT Sampoerna Land		
<i>Office rental</i>	4,947	-
PT Bank Sahabat Sampoerna		
<i>Finance expense</i>	4,612	-
PT Pelayaran Nelly Dwi Putri		
<i>Freight expense</i>	260	462
PT Basirih Industrial		
<i>Purchase of veneer</i>	-	-
PT Wijaya Triutama Plywood Industri		
<i>Purchase of veneer</i>	-	-
PT Sampoerna Agro Tbk		
<i>Purchase of palm logs</i>	-	-

PT Sampoerna Land and PT Bank Sahabat Sampoerna are controlled by the Sampoerna family, who are substantial shareholders of the Company. Certain Sunarko family members are substantial shareholders of PT Pelayaran Nelly Dwi Putri Tbk (a listed company in Indonesia). They are also substantial shareholders and director of the Company.

The Company has obtained shareholders' mandates for the above interested party transactions under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited at the Extraordinary General Meeting on 28 April 2018.

14. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently unaudited annual financial statements, with comparative information for the immediately preceding year.**

Year end 31 December 2018	Group			
	SGS division	ST division	Elimination	Total
	Rp'million	Rp'million	Rp'million	Rp'million
Revenue:				
External customers	1,974,399	2,379,360	-	4,353,759
Inter-segment	2,287,074	-	(2,287,074)	-
Total revenue	4,261,472	2,379,360	(2,287,074)	4,353,759
Results:				
Finance income	444	13	-	456
Finance expenses	(70,487)	(21,901)	-	(92,388)
Depreciation of property, plant and equipment	(97,340)	(609)	-	(97,949)
Amortisation of land use rights	(3,498)	-	-	(3,498)
Loss on change in fair value of biological assets	(5,321)	-	-	(5,321)
Post employment benefits expenses	(48,775)	(1,405)	-	(50,180)
Allowance for advance to suppliers	(2,709)	-	-	(2,709)
Allowance for doubtful receivables	(4,287)	(17,770)	-	(22,057)
Workers separation expenses	(7,047)	(112)	-	(7,160)
Gain on disposal of assets held for sale	30,014	-	-	30,014
Issuance of shares under performance share plan	(1,249)	-	-	(1,249)
Grant of equity-settled performance share plan	(1,078)	-	-	(1,078)
Tax expenses	(43,192)	(4,303)	-	(47,495)
Segment profit	62,163	1,921	-	64,084

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Year end
31 December 2017

Revenue:

External customers
Inter-segment

Total revenue

Group			
SGS division	ST division	Elimination	Total
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
1,880,350	1,582,212	-	3,462,562
1,479,658	1,156	(1,480,814)	-
3,360,008	1,583,368	(1,480,814)	3,462,562
456	7	-	463
(69,287)	(16,974)	-	(86,261)
(87,858)	(1,139)	-	(88,997)
(33,684)	-	-	(33,684)
(3,495)	-	-	(3,495)
2,024	-	-	2,024
(44,669)	-	-	(44,669)
(4,297)	-	-	(4,297)
2,095	-	-	2,095
(1,980)	(2,982)	-	(4,962)
(104)	-	-	(104)
61,437	(5,288)	-	56,149
(1,901)	29,111	-	27,210

SGS division – Refers to the operations of PT Sumber Graha Sejahtera group of entities. This division principally in the business of manufacturing and sales of 1) primary processed timber products (main) such as general plywood and laminated veneer lumber and 2) secondary processed timber products such as truck, piano body parts and decking.

ST division – Refers to the operations of Samko Trading group of entities. This division principally trade in all types of timber products manufactured by the division, SGS division and third parties. This division produces mainly secondary timber products such as doors and windows.

Geographical segments

The following table presents revenue information regarding our Group's geographical segments for years ended 31 December:

	Group	
	2018	2017
	<i>Rp'million</i>	<i>Rp'million</i>
Indonesia	2,210,341	2,050,740
North Asia	1,102,908	716,929
United Stated of America	393,223	195,991
Malaysia	327,464	259,594
Singapore	186,259	130,736
Europe	58,041	31,055
Australia	24,635	11,233
Middle East	20,042	45,967
South East Asia	17,733	18,963
Others	13,113	1,353
	4,353,759	3,462,562

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16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to section 8.

17. **A breakdown of revenue and operating income (loss).**

	Group		
	2018	2017	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Revenue:			
- First quarter	1,024,653	845,715	21%
- Second quarter	954,099	711,452	34%
- Third quarter	1,256,072	927,299	35%
- Fourth quarter	1,118,935	978,096	14%
	<u>4,353,759</u>	<u>3,462,562</u>	<u>26%</u>
Operating income (loss) after tax before deducting non-controlling interest:			
- First quarter	30,337	(15,441)	n.m
- Second quarter	13,273	(32,058)	n.m
- Third quarter	31,773	24,951	27%
- Fourth quarter	(11,299)	49,758	n.m
	<u>64,084</u>	<u>27,210</u>	<u>136%</u>

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

No dividend has been declared.

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).**

The Board of Directors of Samko Timber Limited ("the Company") wishes to confirm that there are no persons occupying managerial positions in the Company or any of its principal subsidiaries during the financial year ended 31 December 2018 who are related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer
1 March 2019