

# SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

## Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31/03/2015

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST QUARTER 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		
	2015	2014	Increase/ (decrease)
	Rp'million	Rp'million	%
Revenue	805,533	810,678	(1)
Cost of sales	(690,282)	(664,959)	4
<b>Gross profit</b>	<b>115,251</b>	<b>145,719</b>	<b>(21)</b>
<b>Other items of income</b>			
Interest income	122	300	(59)
Other income	13	8,182	(100)
<b>Other items of expenses</b>			
Selling expenses	(34,216)	(34,617)	(1)
General & administrative expenses	(75,045)	(59,635)	26
Finance expenses	(19,903)	(14,317)	39
Other expenses	(28,966)	(7,686)	277
<b>(Loss) income before tax</b>	<b>(42,744)</b>	<b>37,946</b>	<b>n.m</b>
<b>Taxation</b>	<b>(6,334)</b>	<b>(13,509)</b>	<b>(53)</b>
<b>Net (loss) income for the period</b>	<b>(49,078)</b>	<b>24,437</b>	<b>n.m</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net actuarial loss on post-employment benefits	(1,352)	(765)	77
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation (loss) gain	(3,721)	9,113	n.m
<b>Total comprehensive income for the period</b>	<b>(54,151)</b>	<b>32,785</b>	<b>n.m</b>
<b>Net (loss) profit attributable to:</b>			
Owners of the Company	(49,453)	24,421	n.m
Non-controlling interests	375	16	2,244
	<b>(49,078)</b>	<b>24,437</b>	<b>n.m</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(54,517)	32,774	n.m
Non-controlling interests	366	11	3,227
	<b>(54,151)</b>	<b>32,785</b>	<b>n.m</b>

n.m : not meaningful

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

	Group		
	2015	2014	Increase/ (decrease)
	Rp'million	Rp'million	%
(Loss)/ gain on foreign exchange, net	(26,197)	8,139	n.m
Gain on disposal of property, plant and equipment	13	43	(70)
Allowance for doubtful receivables	(358)	(282)	27
Amortisation of intangible assets	(327)	(327)	-
Amortisation of land use rights	(957)	(674)	42
Workers voluntarily separation expenses*)	-	(5,526)	(100)
Post employment benefits expenses	(9,871)	(8,427)	17
Interest expense	(18,678)	(13,302)	40
Depreciation of property, plant and equipment	(32,933)	(28,358)	16

\*) Included in "Other expenses" on page 11 of the announcement

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	
	31 Mar 2015 Rp'million	31 Dec 2014 Rp'million	31 Mar 2015 Rp'million	31 Dec 2014 Rp'million
<b>Non-current assets</b>				
Property, plant and equipment	695,881	679,537	214	236
Intangible assets <sup>(1)</sup>	35,520	35,825	-	-
Investment in subsidiary companies	-	-	620,449	620,449
Investment in an associate <sup>(2)</sup>	-	-	-	-
Biological assets	56,838	55,500	-	-
Land use rights	68,840	67,806	-	-
Deferred tax assets	97,411	93,241	-	-
Other non-current assets	30,248	43,222	9	9
	<b>984,738</b>	<b>975,131</b>	<b>620,672</b>	<b>620,694</b>
<b>Current assets</b>				
Inventories	693,428	596,073	-	-
Trade and other receivables	239,019	234,526	44,840	45,986
Prepaid operating expenses	69,105	55,865	772	484
Advances to suppliers	62,951	65,332	-	361
Restricted deposits	7,358	7,589	-	-
Cash and cash equivalents	63,145	107,073	4,220	7,276
	<b>1,135,006</b>	<b>1,066,458</b>	<b>49,832</b>	<b>54,107</b>
<b>Current liabilities</b>				
Trade and other payables	327,648	258,152	13,264	14,685
Other liabilities	125,602	136,227	2,374	3,807
Advances from customers	19,268	15,045	-	995
Provision for taxation	26,327	21,317	-	-
Loans and borrowings	385,466	367,385	-	-
	<b>884,311</b>	<b>798,126</b>	<b>15,638</b>	<b>19,487</b>
<b>Net current assets</b>	<b>250,695</b>	<b>268,332</b>	<b>34,194</b>	<b>34,620</b>
<b>Non-current liabilities</b>				
Loans and borrowings	448,246	410,026	-	-
Post-employment benefits	225,744	217,544	-	-
Deferred tax liabilities	2,093	2,392	-	-
	<b>676,083</b>	<b>629,962</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>559,350</b>	<b>613,501</b>	<b>654,866</b>	<b>655,314</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	2,188,645	2,188,645	2,188,645	2,188,645
Accumulated losses	(1,947,608)	(1,896,810)	(1,533,779)	(1,533,331)
Other reserves	308,529	312,248	-	-
	<b>549,566</b>	<b>604,083</b>	<b>654,866</b>	<b>655,314</b>
<b>Non-controlling interests</b>	<b>9,784</b>	<b>9,418</b>	<b>-</b>	<b>-</b>
	<b>559,350</b>	<b>613,501</b>	<b>654,866</b>	<b>655,314</b>

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Notes:

- (1) Included in the intangible assets is goodwill arising from the acquisition of subsidiaries of Rp25,992 million.
- (2) Represents the Company's 24.6% investment in PT SLJ Global Tbk (formerly PT Sumalindo Lestari Jaya Tbk). Full provision of impairment has been made for this investment previously for accounting purposes.

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

### Amount repayable in one year or less, or on demand

As at 31 March 2015		As at 31 December 2014	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
385,466	-	367,385	-

### Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
448,246	-	410,026	-

### Details of any collateral

As at 31 March 2015, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, account receivables, collection and restricted deposits of a subsidiary, and corporate guarantees from the Company and certain subsidiaries of the Company. The loan facilities from our major lenders also include a clause demanding mandatory repayment of all the loan facilities if (i) there is any reduction in direct and/or indirect shareholding interests of PT Sumber Graha Sejahtera ("PT SGS") by Sampoerna Strategic Group, or (ii) the representatives appointed by Sampoerna Strategic Group are no longer present in PT SGS; or (iii) Mr Putera Sampoerna and his family is directly or indirectly no longer the controlling ultimate beneficiary owner of PT SGS and the Company. 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.

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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	
	2015	2014
	Rp'million	Rp'million
<b>Cash flows from operating activities</b>		
(Loss) income before tax	(42,744)	37,946
Adjustments:		
Depreciation of property, plant and equipment	32,933	28,358
Interest expense	18,678	13,302
Post-employment benefits expense	9,871	8,427
Foreign exchange loss (gain)	20,140	(5,410)
Amortisation of land use rights	957	674
Allowance for doubtful receivables	358	282
Amortisation of intangible assets	327	327
Interest income	(122)	(300)
Gain on disposal of property, plant and equipment	(13)	(43)
<b>Operating cash flow before changes in working capital</b>	<b>40,385</b>	<b>83,563</b>
<b>Changes in working capital :</b>		
Inventories	(97,355)	(93,123)
Trade and other receivables	(4,851)	(18)
Prepaid operating expenses	(13,240)	29
Advances to suppliers	2,381	11,056
Trade and other payable	69,496	14,261
Other liabilities	(14,685)	14,643
Advance from customers	4,223	(4,186)
Other non-current assets	(132)	92
<b>Cash flow (used in) provided by operations</b>	<b>(13,778)</b>	<b>26,317</b>
Income tax paid, net of refund	(5,422)	(7,676)
Post-employment benefit paid	-	(1,769)
<b>Net cash flows (used in) provided by operating activities</b>	<b>(19,200)</b>	<b>16,872</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (Note (i))	(36,392)	(49,090)
Additions of land use rights	(1,574)	(3,479)
Additions of biological assets	(1,338)	(1,271)
Interest received	122	300
Proceeds from disposal of property, plant and equipment	13	147
<b>Net cash flows used in investing activities</b>	<b>(39,169)</b>	<b>(53,393)</b>

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	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>Rp'million</b>	<b>Rp'million</b>
<b>Cash flows from financing activities</b>		
Drawdown of loans and borrowings	563,725	262,570
Repayment of loans and borrowings	(535,160)	(240,640)
Interest paid	(16,132)	(12,648)
Withdrawal of restricted deposits	359	5,111
	<u>12,792</u>	<u>14,393</u>
<b>Net cash flows provided by financing activities</b>		
Net decrease in cash and cash equivalents	(45,577)	(22,128)
Effect of exchange rate changes on cash and cash equivalent	1,649	(3,204)
Cash and cash equivalents at beginning of period	<u>107,073</u>	<u>102,841</u>
	<u>63,145</u>	<u>77,509</u>
<b>(i) Purchase of property, plant and equipment *)</b>		
Property, plant and equipment were purchased by:		
- Cash payment	36,392	49,090
- Advances for property, plant and equipment	13,106	(26,124)
- Finance lease	560	-
	<u>50,058</u>	<u>22,966</u>

\*) The acquisitions above were made in the ordinary course of business and they were mainly machinery and equipment for use in the operations.

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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				Total	Non-controlling interests	Total equity
	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve			
	Rp'million	Rp'million	Rp'million	Rp million			
<b>Balance at 1 January 2015</b>	2,188,645	(1,896,810)	309,050	3,198	604,083	9,418	613,501
(Loss) profit for the period	-	(49,453)	-	-	(49,453)	375	(49,078)
Net actuarial loss on post-employment benefits	-	(1,345)	-	-	(1,345)	(7)	(1,352)
Foreign currency translation loss	-	-	-	(3,719)	(3,719)	(2)	(3,721)
Other comprehensive income for the period	-	(1,345)	-	(3,719)	(5,064)	(9)	(5,073)
Total comprehensive income for the period	-	(50,798)	-	(3,719)	(54,517)	366	(54,151)
<b>Balance at 31 March 2015</b>	<b>2,188,645</b>	<b>(1,947,608)</b>	<b>309,050</b>	<b>(521)</b>	<b>549,566</b>	<b>9,784</b>	<b>559,350</b>
<b>Balance at 1 January 2014</b>	2,188,645	(1,868,263)	309,050	(605)	628,827	11,844	640,671
Profit for the period	-	24,421	-	-	24,421	16	24,437
Net actuarial loss on post-employment benefits	-	(760)	-	-	(760)	(5)	(765)
Foreign currency translation gain	-	-	-	9,113	9,113	-	9,113
Other comprehensive income for the period	-	(760)	-	9,113	8,353	(5)	8,348
Total comprehensive income for the period	-	23,661	-	9,113	32,774	11	32,785
<b>Balance at 31 March 2014</b>	<b>2,188,645</b>	<b>(1,844,602)</b>	<b>309,050</b>	<b>8,508</b>	<b>661,601</b>	<b>11,855</b>	<b>673,456</b>

## Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1 January 2015	2,188,645	(1,533,331)	655,314
Total comprehensive income for the period	-	(448)	(448)
<b>Balance at 31 March 2015</b>	<b>2,188,645</b>	<b>(1,533,779)</b>	<b>654,866</b>
Balance at 1 January 2014	2,188,645	(1,473,725)	714,920
Total comprehensive income for the period	-	(2,244)	(2,244)
<b>Balance at 31 March 2014</b>	<b>2,188,645</b>	<b>(1,475,969)</b>	<b>712,676</b>

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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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There was no change in the Company's shares during the period ended 31 March 2015.

- 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.**

	<b>Group and Company</b>
	Number of shares
At 31 March 2015 and 31 December 2014	1,401,445,464

There were no shares held as treasury shares as at 31 March 2015 and 31 December 2014.

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

Not applicable, as there were no shares held as treasury shares as at 31 March 2015 and 31 December 2014.

- 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.

- 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 Group has adopted the new and revised accounting standards which came into effect for the financial year beginning 1 January 2015 and has applied the same accounting policies and methods of computation as those of the previous financial year ended 31 December 2014. The adoption of the new and revised accounting standards has no material impact on the financial statements of the Group and the Company for the period ended 31 March 2015.

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.



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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.**

	Group	
	2015	2014
Weighted average number of ordinary shares for basic earnings per share computation	1,401,445,464	1,401,445,464
Weighted average number of ordinary shares for diluted earnings per share computation	1,401,445,464	1,401,445,464
	Rp (full amount)	Rp (full amount)
<b>Earnings per share attributable to owners of the Company</b>		
Basic and diluted	(35)	17

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	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Net assets for the period attributable to owners of the Company used in computation of net asset value per share (Rp'million)	549,566	604,083	654,866	655,314
Number of ordinary shares at the end of the period	1,401,445,464	1,401,445,464	1,401,445,464	1,401,445,464
Net asset value per ordinary share (Rp full amount)	392	431	467	468

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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

Our Group reported a net loss of Rp49 billion in 1Q 2015 as compared to a net profit of Rp24 billion in 1Q 2014 as a result of the improved performance in export sales failed to offset the effects of lower domestic sales. In addition, the results for this quarter were affected by higher production costs and operating expenses as compared to 1Q 2014 and foreign exchange loss of Rp26 billion (due mainly to unrealised exchange loss on foreign currency loans) recognised in this quarter.

## Revenue

	Group		
	2015	2014	Increase/ (decrease)
	Rp'million	Rp'million	%
Domestic sales	522,213	577,918	(10)
Export sales	283,320	232,760	22
Total	805,533	810,678	(1)

Our export sales continued to perform well and remain strong. Our sales was Rp283 billion in 1Q 2015, increased by 22% as compared to 1Q 2014. Our export price and sales volume registered an increase of approximately 9% and 11% for 1Q 2015. The composition of our export sales to overall sales rose from 29% to 35% in 1Q 2015.

Our domestic sales decreased by 10% as compared to 1Q 2014 was mainly due to lower domestic sales volume which decreased by 11% in 1Q 2015. As mentioned in previous quarter, the sales volume was expected to slow down owing to flood situation in the country, Lunar New Year holiday and, the "wait and see" situation of the buyers in view of falling and unstable oil prices.

## Cost of sales

	Group		
	2015	2014	Increase/ (decrease)
	Rp'million	Rp'million	%
Raw material	345,731	334,551	3
Labour costs	193,443	178,513	8
Factory overhead	217,147	223,996	(3)
Movement in finished goods	(66,039)	(72,101)	(8)
Total	690,282	664,959	4

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Our raw materials comprise of cost of logs and veneer purchased and its incidental costs. The factory overheads consist of cost of chemical glues (production and outright purchases) and costs related directly and indirectly to production.

The increase in the costs of sales was mainly due to higher labour costs (a result of the increase in minimum wage in Indonesia).

### **Gross profit**

Our gross profit decreased by 21% in 1Q 2015. This was mainly due to lower revenue generated from the local sales and higher production costs.

### **Other Income**

Other income in 1Q 2014 comprises mainly foreign exchange gain of Rp8 billion.

### **Selling expenses**

The slight decrease in the selling expenses came mainly from the decrease in the promotional expenses offset by the increase in the freight costs (increased by Rp2 billion), which is in line with the increase in the export activities.

### **General and administration (“G&A”) expenses**

Our G&A expenses have increased over that of previous period due mainly to increase in staff costs, pension expenses, insurance expenses, and training expenses.

### **Finance Expenses**

Our finance expenses relates mainly to interest expense. The increase was mainly due to drawdown of additional loans for capital expenditure and working capital.

### **Other expenses**

Other expenses in 1Q 2015 comprises mainly unrealised foreign exchange loss of Rp26 billion as compared to workers voluntarily separation expenses incurred of Rp6 billion in 1Q 2014.

The strengthening of US dollar has resulted in the foreign exchange loss, mainly because of translation of our US dollar denominated loans.

### **Taxation**

Our tax expenses comprises the following:

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	Group		
	2015	2014	Increase/ (decrease)
	Rp'million	Rp'million	%
Current income tax	(10,272)	(15,861)	(35)
Deferred income tax	4,098	2,352	74
Under provision of prior years taxes	(160)	-	n.m
Total	<u>(6,334)</u>	<u>(13,509)</u>	<u>(53)</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 and losses of certain subsidiaries which cannot be offset with the profits of the other profit making entities.

**(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***

The Group's property, plant and equipment increased by Rp16 billion. This was due mainly to addition of fixed assets of Rp36 billion primarily for production facilities (excluding advance payment for fixed assets) offset by the depreciation charges incurred during the period.

Our trees planting program continued and we have incurred Rp1 billion in various estates in 1Q 2015.

The deferred tax assets increased by Rp4 billion was mainly due to accrual of tax benefits arising from the provision for post-employment benefits.

In 2015, our Group's current assets have increased by Rp70 billion to Rp1,136 billion. The increase was due mainly to:

- 1) higher inventories level for finished goods and work in progress stocks mainly for subsequent delivery. The increase in finished goods and work in progress was Rp104 billion;
- 2) higher trade receivables. This came from some domestic sales which has longer trade credit period as compared to export sales;
- 3) increase in VAT receivables and prepayments. The increase in VAT receivables was mainly due to spending on capital expenditure and timing differences in the recovery of the VAT receivables. Prepayments were made in the ordinary course of business mainly for rental, insurance, and income tax.
- 4) lower cash generated owing mainly to operating losses and usage for capital expenditure.

As at 31 March 2015, our Group's current liabilities have increased by Rp86 billion to Rp884 billion. This was contributed mainly by the:

- 1) increase in the trade payables of Rp69 billion which is in line with the changes in the business cycle activities;

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- 2) decrease in the other liabilities mainly from the decrease in VAT payables due to lower domestic sales, which partially offset by the increase in accrual of salaries and related benefits costs due mainly to salary adjustments;
- 3) increase in the advances from customers, this came mainly from the domestic sales; and
- 4) increase in the short-term borrowings as well as long-term borrowings due within 12 months by Rp18 billion.

For the same period ended, the non-current liabilities have increased by Rp46 billion. This was mainly due to provision for retirement benefits made during the period (increased by Rp8 billion) and drawdown of new loans (net increased by Rp38 billion).

### **Statement of Cash Flow**

During the period, the Group incurred net cash outflow of Rp19 billion and Rp39 billion from the operating and investing activities respectively, and reported an inflow of Rp13 billion for financing activities. Net cash decreased by Rp46 billion.

Cash outflow from operating activities was due mainly to operating losses caused by lower domestic sales, higher production costs and operating expenses incurred. In addition, cash generated was mainly used to reinvest in the production of goods and purchase of materials.

Our cash used in the investing activities were mainly for acquisitions of property, plant and equipment and expenditure on trees planting and land use rights for our upstream activities.

Our cash flow in the financing activities relates mainly to net drawdown of additional loans. 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 increasing 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 profit arising from the possible change in the US exchange rate, assuming all other variables are held constant with tax rate of 25% in Indonesia:

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Indonesia Rupiah to US Dollar exchange rates	Loss after tax for the year
(Weakened) / strengthened	Rp49 billion (Increase)/ decrease
	Rp'million
(9%)	(34,774)
(6%)	(23,183)
(3%)	(11,591)
3%	11,591
6%	23,183
9%	34,774

Exchange rates:

	<u>US\$1</u>
- 12 May 2015	Rp13,203
- 31 March 2015	Rp13,084
- 31 December 2014	Rp12,440

- 2) We continue to experience increase in wages and other overheads, like in the last two years. Owing to falling oil prices, we may expect a more moderate increase in these costs this year, hence the production costs and overheads may be more stable in 2015. However, we caution that the inflationary costs pressure remains and we will monitor the situation and take further actions to mitigate the costs pressure and strive to remain competitive.
- 3) Overall, we expect the sales momentum for domestic market to remain stable. However, weakness and uncertainty in the Indonesian economy may affect the demands of our products locally. We expect the government and private spending on the infrastructures in the country to drive the domestic demands in the near future. On the export front, barring any unforeseen circumstances, we expect our export sales to improve and our decking products sales to pick up. However, we caution that the weakening of certain currencies may affect our export to these markets. To overcome these challenges, we strive to expand to the other markets.
- 4) The continuing efforts of our products innovation initiative have produced some positive results. We anticipate to increase our decking production capacity to cater for potential increase in the demands. Consequent to that, our capital expenditure is expected to increase in the near term. Our recent other initiative includes converting the production of partial truck body parts using environmental friendly (eco) materials to full truck body parts using eco materials. We will continue to explore, develop and be innovative in our product offerings and manage our production efficiently. Our strategy of carrying out own tree planting remains and we believe it will benefit us in the longer term.

# **SAMKO TIMBER LIMITED**

Company Registration Number: 200517815M

**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 period 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.**

No dividend for financial period ended 31 March 2015 has been declared.

## SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

### 13. Interested person transactions.

The Company does not have a shareholders' mandate under Rule 920 the Listing Manual of the Singapore Exchange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the first quarter ended 31 March 2015:

Name of interested person	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)	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)
	1 January – 31 March 2015	
	Rp'million	Rp'million
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense	4,157	-
PT Wijaya Triutama Plywood Industri Purchase of veneer	11,090	-
PT Sampoerna Land (formerly PT Buana Sakti) Office rental	1,087	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	534	-

PT Pelayaran Nelly Dwi Putri Tbk, a listed company in Indonesia, and PT Wijaya Triutama Plywood Industri, are controlled by the Sunarko family, which is related to a substantial shareholder of the Company.

PT Sampoerna Land (formerly PT Buana Sakti) and PT Wahana Sekar Agro are controlled by the Sampoerna family, which is related to a substantial shareholder of the Company.

### 14. Statement by Directors pursuant to Rule 705(5) of the SGX Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited financial statements for the first quarter ended 31 March 2015 to be false or misleading in any material aspect.

### BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim  
Chief Executive Officer  
12 May 2015