

SAMKO TIMBER LIMITED

Condensed interim financial statements
For the six months ended 30 June 2021

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group			
		6 months ended			
		30 Jun 2021	30 Jun 2020	Change	
Note		<i>Rp'million</i>	<i>Rp'million</i>	%	
	Revenue	4	1,821,524	1,579,727	15
	Cost of sales		(1,515,316)	(1,320,024)	15
	Gross profit		306,208	259,703	18
	Other income (expenses)	6	(10,558)	101,322	n.m
	Distribution and marketing expenses		(101,267)	(71,472)	42
	General and administrative expenses		(153,081)	(144,093)	6
	Finance expenses	6	(60,822)	(53,927)	13
	Profit (loss) before taxation		(19,520)	91,533	n.m
	Taxation	7	1,909	(29,623)	n.m
	Net profit (loss) for the period		(17,611)	61,910	n.m
	Other comprehensive income:				
	Items that will not be reclassified to profit or loss:				
	Net actuarial gain (loss) on post-employment benefits		(6,749)	17,445	n.m
	Items that may be reclassified subsequently to profit or loss:				
	Foreign currency translation loss		(9,214)	(13,625)	(32)
	Total comprehensive income for the period		(33,574)	65,730	n.m
	Net profit (loss) attributable to:				
	Owners of the Company		(18,840)	8,122	n.m
	Non-controlling interests		1,229	53,788	(98)
			(17,611)	61,910	n.m
	Total comprehensive income attributable to:				
	Owners of the Company		(34,797)	11,978	n.m
	Non-controlling interests		1,223	53,752	(98)
			(33,574)	65,730	n.m
	Earnings per share attributable to owners of the Company				
	Basic		(8)	3	
	Diluted		(8)	3	

n.m : not meaningful

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B. Condensed interim statement of financial position

	Note	Group		Company	
		30 Jun 2021 Rp'million	31 Dec 2020 Rp'million	30 Jun 2021 Rp'million	31 Dec 2020 Rp'million
ASSETS					
Current assets					
Cash and cash equivalents	5	34,974	30,322	508	770
Restricted deposits	5	1	6,196	-	-
Trade and other receivables	5	457,307	463,278	81,933	113,817
Inventories		777,970	876,641	-	-
Advances to suppliers		80,903	65,425	14	-
Derivative financial instruments		4,044	5,412	-	-
Prepaid operating expenses		117,881	93,999	1,433	505
Total current assets		1,473,080	1,541,273	83,888	115,092
Non-current assets					
Deferred tax assets		127,924	111,129	-	-
Investment in subsidiary companies		-	-	827,279	827,279
Land use rights		67,142	70,268	-	-
Property, plant and equipment	10	488,112	521,923	7	8
Right-of-use assets		95,160	103,229	-	-
Biological assets		419,569	414,724	-	-
Other non-current assets		33,858	11,500	-	-
Total non-current assets		1,231,765	1,232,773	827,286	827,287
Total assets		2,704,845	2,774,046	911,174	942,379
LIABILITIES					
Current liabilities					
Trade and other payables	5	466,926	451,855	26,201	59,273
Other liabilities	5	23,788	33,142	1,402	2,631
Advances from customers		9,941	4,361	17	757
Provision for taxation		6,615	8,409	-	-
Loans and borrowings	5,12	1,232,779	1,238,979	-	-
Lease liabilities	5	42,772	58,387	-	-
Total current liabilities		1,782,821	1,795,133	27,620	62,661
Non-current liabilities					
Deferred tax liabilities		45,642	43,508	-	-
Post-employment benefits		331,891	324,795	-	-
Loans and borrowings	5,12	179,589	196,551	-	-
Lease liabilities	5	14,276	32,063	-	-
Other liabilities	5	-	-	316,252	304,159
Total non-current liabilities		571,398	596,917	316,252	304,159
Total liabilities		2,354,219	2,392,050	343,872	366,820
Net assets		350,626	381,996	567,302	575,559

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B. Condensed interim statement of financial position (cont'd)

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
EQUITY				
Equity attributable to equity holders of the				
Share capital	13 539,028	539,028	539,028	539,028
Accumulated losses	(834,247)	(808,664)	16,906	19,488
Other reserves	334,114	341,124	11,368	17,043
	38,895	71,488	567,302	575,559
Non-controlling interests	311,731	310,508	-	-
Total equity	350,626	381,996	567,302	575,559

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C. Condensed interim statements of changes in equity

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		
Balance at 1 Jan 2021	539,028	(808,664)	309,050	(3,037)	5,148	29,963	71,488	310,508	381,996
Profit (loss) for the period	-	(18,840)	-	-	-	-	(18,840)	1,229	(17,611)
Other comprehensive income for the period:									
- Net actuarial loss on post-employment benefits	-	(6,743)	-	-	-	-	(6,743)	(6)	(6,749)
- Foreign currency translation loss	-	-	-	-	-	(9,214)	(9,214)	-	(9,214)
Other comprehensive income for the period, net of tax	-	(6,743)	-	-	-	(9,214)	(15,957)	(6)	(15,963)
Total comprehensive income for the period	-	(25,583)	-	-	-	(9,214)	(34,797)	1,223	(33,574)
Contribution by and distribution to owners:									
- Grant of equity-settled performance share plan	-	-	-	-	2,204	-	2,204	-	2,204
Total contribution by and distribution to owners	-	-	-	-	2,204	-	2,204	-	2,204
Balance at 30 Jun 2021	539,028	(834,247)	309,050	(3,037)	7,352	20,749	38,895	311,731	350,626
Balance at 1 Jan 2020	537,603	(697,868)	309,050	(3,037)	5,326	46,247	197,321	4,857	202,178
Profit for the period	-	8,122	-	-	-	-	8,122	53,788	61,910
Other comprehensive income for the period:									
- Net actuarial gain (loss) on post-employment benefits	-	17,462	-	-	-	-	17,462	(17)	17,445
- Foreign currency translation loss	-	-	-	-	-	(13,606)	(13,606)	(19)	(13,625)
Other comprehensive income for the period, net of tax	-	17,462	-	-	-	(13,606)	3,856	(36)	3,820
Total comprehensive income for the period	-	25,584	-	-	-	(13,606)	11,978	53,752	65,730
Contribution by and distribution to owners:									
- Equity attributable to non-controlling interest	-	-	-	-	-	-	-	244,666	244,666
- Grant of equity-settled share options to employees	-	-	-	-	1,769	-	1,769	-	1,769
Total contribution by and distribution to owners	-	-	-	-	1,769	-	1,769	244,666	246,435
Balance at 30 Jun 2020	537,603	(672,284)	309,050	(3,037)	7,095	32,641	211,068	303,275	514,343

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C. Condensed interim statements of changes in equity (cont'd)

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 2021	539,028	19,488	5,148	11,895	575,559
Total comprehensive income for the period	-	(2,582)	-	(7,879)	(10,461)
Grant of equity-settled performance share plan	-	-	2,204	-	2,204
Balance at 30 Jun 2021	539,028	16,906	7,352	4,016	567,302
Balance at 1 Jan 2020	537,603	9,443	5,326	20,328	572,700
Total comprehensive income for the period	-	7,430	-	(9,496)	(2,066)
Grant of equity-settled performance share plan	-	-	1,769	-	1,769
Balance at 30 Jun 2020	537,603	16,873	7,095	10,832	572,403

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D. Condensed interim consolidated statement of cash flows

		Group	
		30 Jun 21	30 Jun 20
Note		<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from operating activities			
	(Loss) profit before income tax	(19,520)	91,533
	Adjustments:		
	Interest expenses from loans and borrowings	6 55,144	48,181
	Depreciation of property, plant and equipment	6 50,632	52,900
	Post-employment benefits expense	6 24,058	15,049
	Net foreign exchange losses	10,321	25,494
	Depreciation of right-of-use assets	6 8,404	4,287
	Amortisation of land use rights	6 3,774	2,087
	Grant of equity-settled performance share plan	6 2,204	1,769
	Interest expenses from lease liabilities	6 1,802	2,383
	Reversal of allowance for advances to suppliers	(21)	(136)
	Reversal of impairment losses for financial assets, net	(138)	-
	Interest income	(260)	(175)
	Net gain on disposal of property, plant and equipment	6 (413)	(468)
	Net gain on change in fair value of biological assets	6 (3,000)	(127,287)
	Operating cash flow before changes in working capital	132,987	115,617
Changes in working capital :			
	Inventories	98,671	59,936
	Trade and other receivables	7,857	13,201
	Prepaid operating expenses	(2,755)	(39,777)
	Advances to suppliers	(17,227)	(9,497)
	Trade and other payable	(14,326)	87,590
	Other liabilities	(421)	(38,684)
	Advance from customers	5,581	41,566
	Other non-current assets	(1,537)	(12,919)
	Cash flow provided by operations	208,830	217,033
	Income tax paid	(30,663)	(11,798)
	Post-employment benefits paid	(27,724)	(12,174)
	Net cash flows provided by operating activities	150,443	193,061
Cash flows from investing activities			
	Purchase of property, plant and equipment	10 (14,156)	(71,981)
	Proceeds from disposal of property, plant and equipment	413	817
	Additions of land use rights	(647)	-
	Additions of biological assets	(1,845)	(1,100)
	Interest received	260	175
	Net cash inflow on acquisition of assets	-	22
	Net cash flows used in investing activities	(15,975)	(72,067)

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D. Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	30 Jun 21	30 Jun 20
	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from financing activities		
Drawdown of loans and borrowings	2,766,334	2,240,463
Repayment of loans and borrowings	(2,816,633)	(2,128,547)
Interest paid for loans and borrowings	(49,882)	(44,803)
Interest paid for lease liabilities	(1,802)	(2,383)
Repayment of loan from a third party	-	(79,608)
Repayment of lease liabilities	(34,459)	(61,798)
Withdrawal (placement) of restricted deposits	6,245	(47)
	<hr/>	<hr/>
Net cash flows used in financing activities	(130,197)	(76,723)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	4,271	44,271
Effect of exchange rate changes on cash and cash equivalents	381	106
Cash and cash equivalents at beginning of period	5 30,322	13,474
	<hr/>	<hr/>
Cash and cash equivalents at end of period	5 34,974	57,851
	<hr/> <hr/>	<hr/> <hr/>

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E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Samko Timber Limited (the Company) is a public limited liability company incorporated and domiciled in Singapore and is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The immediate and ultimate holding company is Sampoerna Forestry Limited, a company incorporated in Singapore.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are investment holding and general wholesale trade. The principal activities of the Group are manufacturing, marketing and trading timber-based products.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Indonesia Rupiah (Rp) and all values in the tables are rounded to the nearest million, except when otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended as set out in Note 2.1.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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2.2 Use of judgements and estimates (cont'd)

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for six months period ended 30 June 2021.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Revenue and segment information

4.1. Revenue

	6 months ended		
	30 Jun 2021	30 Jun 2020	Change
	<i>Rp'million</i>	<i>Rp'million</i>	<i>%</i>
Domestic sales	537,369	702,066	(23)
Export sales	1,284,155	877,661	46
Total	<u>1,821,524</u>	<u>1,579,727</u>	<u>15</u>
Timing of transfer of goods and services			
At a point in time	<u>1,821,524</u>	<u>1,579,727</u>	<u>15</u>

4.2. Segment information

For management purposes, the Group is organised into business divisions based on their products and services, and has two reportable segments as follows:

1. 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.
2. ST division – refers to the operations of Samko Timber Limited and Samko Trading Pte Ltd group of entities. This division principally trade in all types of timber products manufactured by the division, SGS division and third parties. This division also produces mainly secondary timber products such as doors and windows.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss after tax which in certain respects, as explained in the table below, is measured differently from profit or loss after tax in the consolidated financial statements. Group corporate expenses are managed on a group basis and are not allocated to operating segments. These operating segments are reported in a manner consistent with internal reporting provided to Mr. Riko Setyabudhy Handoko who are responsible for allocating resources and assessing performance of the operating segments.

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4.2. Segment information (cont'd)

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	SGS division		ST division		Adjustment and elimination		Per consolidated financial statements	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Revenue:								
External customers	1,040,372	540,187	781,152	1,039,540	-	-	1,821,524	1,579,727
Inter-segment	747,697	937,655	-	-	(747,697)	(937,655)	-	-
Total revenue	1,788,069	1,477,842	781,152	1,039,540	(747,697)	(937,655)	1,821,524	1,579,727
Results:								
Finance income	153	167	107	8	-	-	260	175
Finance expenses	(50,681)	(42,686)	(10,141)	(11,241)	-	-	(60,822)	(53,927)
Depreciation of property, plant and equipment	(50,381)	(52,625)	(251)	(275)	-	-	(50,632)	(52,900)
Depreciation of right-of-use assets	(7,608)	(3,459)	(796)	(828)	-	-	(8,404)	(4,287)
Amortisation of land use rights	(3,774)	(2,087)	-	-	-	-	(3,774)	(2,087)
Post-employment benefits expense	(23,446)	(15,865)	(612)	816	-	-	(24,058)	(15,049)
Net gain on change in fair value of biological assets	3,000	127,287	-	-	-	-	3,000	127,287
Workers separation expenses	(1,026)	(3,862)	-	(91)	-	-	(1,026)	(3,953)
Tax benefit (expenses)	1,110	(28,241)	799	(1,382)	-	-	1,909	(29,623)
Segment profit (loss)	(6,628)	67,298	(10,983)	(5,388)	-	-	(17,611)	61,910
Assets:								
Deferred tax assets	120,880	75,620	7,044	6,030	-	-	127,924	81,650
Segment assets	2,885,320	2,875,379	584,161	784,675	(764,636)	(710,811)	2,704,845	2,949,243

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4.2. Segment information (cont'd)

	SGS division		ST division		Adjustment and elimination		Per consolidated financial statements	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Expenditures for segment non-current assets:								
Additions to property, plant and equipment	14,156	71,978	-	3	-	-	14,156	71,981
Additions to right-of-use assets	253	6,379	-	-	-	-	253	6,379
Additions to land use rights	647	-	-	-	-	-	647	-
Liabilities:								
Loans and borrowings	1,095,546	1,126,763	373,870	257,575	-	-	1,469,416	1,384,338
Provision for taxation	5,470	6,784	1,145	1,642	-	-	6,615	8,426
Deferred tax liabilities	45,642	71,347	-	-	-	-	45,642	71,347
Segment liabilities	2,201,357	2,380,000	619,302	463,804	(466,440)	(408,905)	2,354,219	2,434,900

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4.3. Disaggregation of revenue

	6 months ended	
	30 Jun 2021	30 Jun 2020
	<i>Rp'million</i>	<i>Rp'million</i>
Indonesia	537,369	702,066
North America	545,617	193,365
North Asia	464,492	442,664
Malaysia	214,228	158,595
Singapore	41,307	41,689
South East Asia	15,782	16,268
Europe	1,174	7,049
Middle East	1,161	8,444
Australia	2	5,484
Others	393	4,103
	<u>1,821,524</u>	<u>1,579,727</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Trade receivables, net of allowance				
- Third parties	347,024	345,753	1,416	42,701
Other receivables, net of allowance				
- Third parties	101,608	107,329	10	19
- Related parties	8,675	10,196	-	-
- Subsidiaries	-	-	80,507	71,097
Total trade and other receivables	<u>457,307</u>	<u>463,278</u>	<u>81,933</u>	<u>113,817</u>
Less: Other receivables	(99,746)	(98,004)	-	-
Add:				
- Cash and cash equivalents	34,974	30,322	508	770
- Restricted deposits	1	6,196	-	-
- Guarantee deposits	5,550	4,527	-	-
Total financial assets carried at amortised costs	<u>398,086</u>	<u>406,319</u>	<u>82,441</u>	<u>114,587</u>

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5. Financial assets and financial liabilities (cont'd)

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Trade payables				
- Third parties	389,308	362,711	-	-
- Related parties	2,245	1,166	-	-
- Subsidiaries	-	-	22,895	56,260
Other payables				
- Third parties	75,354	87,978	2,056	1,763
- Related parties	19	-	-	-
- Subsidiaries	-	-	1,250	1,250
Total trade and other payables	466,926	451,855	26,201	59,273
Add:				
- Other liabilities*	20,932	28,656	317,571	306,528
- Loans and borrowings	1,412,368	1,435,530	-	-
- Lease liabilities	57,048	90,450	-	-
Total financial liabilities carried at amortised costs	1,957,274	2,006,491	343,772	365,801

* excludes value added tax

6. Profit (loss) before taxation

6.1. Significant items

	6 months ended		
	30 Jun 2021	30 Jun 2020	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Depreciation:			
- property, plant and equipment	(50,632)	(52,900)	(4)
- right-of-use assets	(8,404)	(4,287)	96
Interest expenses:			
- loans and borrowings	(55,144)	(48,181)	14
- lease liabilities	(1,802)	(2,383)	(24)
Post-employment benefits expense	(24,058)	(15,049)	60
Net foreign exchange loss	(11,741)	(22,225)	(47)
Amortisation of land use rights	(3,774)	(2,087)	81
Grant of equity-settled performance share plan	(2,204)	(1,769)	25
Worker separation expenses	(1,026)	(3,953)	(74)
Interest income	260	175	49
Net gain on disposal of property, plant and equipment	413	468	(12)
Net gain on change in fair value of biological assets	3,000	127,287	(98)
Sales of scrap materials	3,370	1,558	116

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6.2. Related party transactions

All related party transactions had been entered in the ordinary course of business based on normal commercial terms.

7. Taxation

The Group calculates the period income tax benefit (expense) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax benefit (expense) in the condensed interim consolidated statement of profit or loss were:

	6 months ended		
	30 Jun 2021	30 Jun 2020	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Current income tax	(2,863)	(2,847)	1
Deferred tax benefit (expense)	7,084	(26,521)	n.m
Under provision of prior year taxes	(2,312)	(255)	807
Total	1,909	(29,623)	n.m

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 period, the Group recognised deferred tax income mainly from the recognition of tax losses and post-employment benefits.

8. Net asset value

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net assets for the period attributable to owners of the Company used in computation of net asset value per share (Rp'million)	38,895	71,488	567,302	575,559
Number of ordinary shares at the end of the period	2,384,836,283	2,384,836,283	2,384,836,283	2,384,836,283
Net asset value per ordinary share (Rp full amount)	16	30	238	241

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9. Financial assets at fair value through other comprehensive income

9.1. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- Inputs for the asset or liability which are not based on observable market data (unobservable inputs) **(Level 3)**

The following table presented the assets measured at fair value:

Group	Quoted prices in active markets for identical instruments	Significant observable inputs other than quoted prices	Significant unobservable inputs	Total
	(Level 1) <i>Rp'million</i>	(Level 2) <i>Rp'million</i>	(Level 3) <i>Rp'million</i>	<i>Rp'million</i>
As at 30 Jun 2021				
Financial assets				
Derivative financial instruments	-	4,044	-	4,044
Non-financial assets				
Biological assets	-	-	419,569	419,569
As at 31 Dec 2020				
Financial assets				
Derivative financial instruments	-	5,412	-	5,412
Non-financial assets				
Biological assets	-	-	414,724	414,724

10. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to Rp14 billion (30 June 2020: Rp72 billion), mainly due to the addition of assets primarily for machineries and production facilities.

11. Valuation

The Group engages external, independent and qualified valuers to determine the fair value of its biological assets at the end of the financial year. Discussion on the valuation process, key inputs applied in the valuation approach, and the reason for the fair value changes, are held between the management and the independent valuer on a yearly basis, while for derivative financial instruments (foreign currency forward contracts), valuation techniques with market observable inputs are used for the determination of the fair values of foreign currency forward contracts calculated using forward exchange rates at the reporting date.

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12. Borrowings

Amount repayable in one year or less, or on demand

As at 30 Jun 2021		As at 31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
1,215,661	59,890	1,272,393	24,973

Amount repayable after one year

As at 30 Jun 2021		As at 31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
193,865	-	228,614	-

As at 30 June 2021, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, trade receivables, bank balances of a subsidiary and corporate guarantee from 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.

As at 30 June 2021, a subsidiary of the Company has not met certain financial covenant ratios requirement as set out in the loan agreement with one of its lenders, Bank OCBC, and up to the date of this announcement, Bank OCBC has granted the subsidiary a waiver of having to comply with such covenant ratios.

The lenders continue to support the subsidiary as there is no loans repayment default and the breach is technical in nature. The subsidiary has been servicing the repayments of the loan principal and its interest as and when they fall due and the utilisation of the borrowing facilities continues as usual as of the date of this announcement.

13. Share capital

	Group and Company			
	As at 30 Jun 2021		As at 31 Dec 2020	
	Number of ordinary shares	Share capital <i>Rp'million</i>	Number of ordinary shares	Share capital <i>Rp'million</i>
Beginning of interim period	2,384,836,283	539,028	2,377,150,505	537,603
Issuance of ordinary shares under Samko Performance Share Plan	-	-	7,685,778	1,425
End of interim period	2,384,836,283	539,028	2,384,836,283	539,028

The Company did not have any treasury shares, subsidiary holdings or other convertibles, and the Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

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14. Performance share plan

As at 31 July 2020, the Company has issued 7,685,778 share awards ("Shares Awards") in the share capital of the Company to an Executive Director and Chief Executive Officer of the Company pursuant to the Samko Timber Performance Share Plan (the "Samko PSP").

Share Awards granted, vested and released during the financial period of 2021 and 2020, and Share Awards outstanding as at 30 June 2021 and 31 December 2020, were set out as follows:

Total Number of Issued Shares Excluding Treasury Shares and Subsidiary Holdings			
No. of Shares		No. of Shares	
As at 1 Jan 2021	2,384,836,283	As at 1 Jan 2020	2,377,150,505
Add: Issuance of shares	-	Add: Issuance of shares	7,685,778
As at 30 June 2021	2,384,836,283	As at 31 Dec 2020	2,384,836,283

Shares Awards Granted, Issued and Outstanding Share Awards			
No. of Shares Awards		No. of Shares Awards	
As at 1 Jan 2021	23,334,812	As at 1 Jan 2020	31,020,590
Add: Shares Awards Granted	-	Add: Shares Awards Granted	-
Less: Shares Awards Issued	-	Less: Shares Awards Issued	7,685,778
As at 30 June 2021	23,334,812	As at 31 Dec 2020	23,334,812

As at 30 June 2021, there were 23,334,812 outstanding Share Awards under the Samko PSP that may be vested and released into 23,334,812 new shares, which representing 0.98% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, in the capital of the Company (31 December 2020: 23,334,812 shares).

15. Subsequent events

There were no material events subsequent to the current period under review and up to the date of this announcement, except on 14 July 2021, the Company has issued 10,867,280 share awards in the share capital of the Company to the Executive Director and Chief Executive Officer of the Company pursuant to the Samko PSP.

The effects of the above transaction have not been included in these condensed interim financial statements for the period ended 30 June 2021. The change in equity of the Company will be reflected in the second half year period ending 31 December 2021 and full year period ending 31 December 2021.

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F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Samko Timber Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Half year ended 30 June 2021 ("1H 2021") vs Half year ended 30 June 2020 ("1H 2020")

Condensed interim consolidated statement of profit or loss and other comprehensive income

Our Group reported a net loss of Rp18 billion in 1H 2021 as compared to a net profit of Rp62 billion in 1H 2020. Although our sales revenue significantly improved compared to those in 1H 2020, our results were mainly affected by higher selling expenses during the period and the absence of the net gain on change in fair value of biological assets from the acquisition of PT Sumber Graha Maluku ("SGM").

Revenue

Our sales revenue was significantly higher by 15% in 1H 2021 compare to 1H 2020 mainly due to our export sales continued to perform very well, the increase in export sales was due to continue improvement in both sales volume (improved by 37%) and selling prices (improved by 7%) amid an improvement in export demand over the period. The composition of our export sales to overall sales also increase from 56% in 1H 2020 to 70% in 1H 2021.

The Group's domestic sales deteriorated in 1H 2021 came mainly from lower sales volume which was down by 17%, owing to weaker market condition domestically caused by the COVID-19 pandemic, thus our domestic average selling prices was also down by 7%.

Gross profit

Our gross profit increased by 18% in 1H 2021 due mainly to higher sales revenue from export markets as mentioned above, offset by higher production costs incurred as a result of higher material and overhead costs, while labor costs remained stable.

Other income (expenses)

In 1H 2020, other income came mainly from the net gain on change in fair value of biological assets arising from the acquisition of SGM, offset by the net foreign exchange losses, while in 1H 2021, other expenses were derived mainly from the net foreign exchange losses.

The strengthening of US Dollar against Rupiah has resulted in unrealized foreign exchange losses due to translation of our US Dollar denominated loans.

Selling expenses

Our selling expenses increased by 42% in 1H 2021 as compared to 1H 2020, due mainly to not only because of the increase in the freight costs, which was in line with the increase in the export activities, but also because most industries around the world faced business disruptions due to the COVID-19 pandemic which resulted in the logistic costs to be significantly higher compare to 1H 2020.

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2. Review of performance of the Group (cont'd)

General and administrative expenses

In 1H 2021, the general and administrative expenses have increased over that of previous period due mainly to higher staff related costs and depreciation expenses.

Finance Expenses

Our finance expenses relate mainly to interest expense, mainly due to higher utilization of loans for working capital.

Condensed interim statement of financial position

The Group's property, plant and equipment along with the right-of-use assets decreased by Rp34 billion and Rp8 billion, respectively, mainly due to depreciation charges during the period.

Our biological assets increased by Rp5 billion mainly due to the gain on change in fair value of biological assets and capitalization of certain plantation costs.

The deferred tax assets have also increased by Rp17 billion mainly due to accrual of tax benefits arising from the provision for post-employment benefits and unutilized tax losses.

Other non-current assets increased by Rp22 billion mainly due to the Group's effort to put in place a new upgrade of ERP/SAP infrastructures for the year 2022 which expected to go-live in the first quarter of 2022.

In 1H 2021, our Group's current assets have decreased to Rp1,473 billion. The decrease was mainly due to:

1. lower inventory level and lower trade and other receivables, as a result of the Company was trying to manage the working capital during the COVID-19 pandemic;
2. offset by higher prepaid operating expenses. Prepayments were made in the ordinary course of business, mainly for VAT receivables and income taxes, insurance, rental, freight, bank facility fees from additional loan facilities, as well as thirteen month bonus; and
3. higher advance to suppliers for log and spare parts

As at 30 June 2021, our Group's current and non-current liabilities have decreased by Rp38 billion to Rp2,354 billion. This was contributed mainly by:

1. decrease in loans and borrowings and lease liabilities totaling Rp57 billion; and
2. offset by increase trade and other payables of Rp15 billion

Condensed interim consolidated statement of cash flows

During the period, the Group generated cash inflow of Rp150 billion from operating activities, and incurred cash outflow of Rp16 billion and Rp130 billion from investing and financing activities, respectively. Net cash increased by Rp4 billion.

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2. Review of performance of the Group (cont'd)

Our cash generated from operating activities was attributable mainly to better inventories and trade receivables turnover as compared to 1H 2020.

Our cash used in the investing activities was mainly for acquisitions of property, plant and equipment. The cash used was lower mainly due to lower capital expenditures.

During the period, our cash outflow in the financing activities related mainly to net repayments of bank borrowings and leases, along with the interest payments. The repayments of bank borrowings, lease liabilities, and their interests were in accordance with the repayments schedule.

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

Not applicable

4. 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 22% in Indonesia:

Indonesia Rupiah to US Dollar exchange rates	(Weakened) / strengthened	Loss after tax for the period Rp18 billion (Increase)/ decrease
<i>Rp'full amount</i>		<i>Rp'million</i>
15,366	(6%)	(30,695)
15,076	(4%)	(20,463)
14,786	(2%)	(10,232)
14,206	2%	10,232
13,916	4%	20,463
13,626	6%	30,695

Our US\$ loans as at 30 June 2021 and 31 December 2020 were US\$47 million and US\$52 million.

Exchange rate:	<u>Rp/US\$1</u>
- 13 August 2021	Rp14,389
- 30 June 2021	Rp14,496
- 31 December 2020	Rp14,105
- 30 June 2020	Rp14,302

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4. 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 (cont'd)

- 2) In light of the COVID-19 pandemic, the spread of COVID-19 has created a high level of uncertainty to the near-term global economic prospect and caused disruptions to various businesses. The Group has taken precautionary measures to deal with the COVID-19 pandemic in accordance with guidelines provided by the authorities in the respective countries which the Group operates in.
- 3) The COVID-19 pandemic has caused a slow-down in the Group's domestic activities, resulting in a significant slow-down in the demand of our products in the domestic market and this will put pressure on the pricing of our products and affect our margin.
- 4) Demand from our export market has been encouraging and we believe the export momentum will continue to improve. The Group has taken steps to increase our penetration in both new and existing markets and hope to capture a bigger market share. The continuing efforts to explore and develop better products mix and offerings have produced some positive results and feedbacks from overseas markets.

5. 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 Period

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

No.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

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

No dividend for financial period ended 30 June 2021 has been declared because of the accumulated losses.

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7. Interested person transactions

The following is the aggregate value of all transactions with interested persons for the period ended 30 June 2021:

<i>Name of interested person</i>	<i>Nature of relationship</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>	Mr Michael Joseph Sampoerna, a Director of the Company, together with his immediate family, holds more than 30% of the shareholding interests (direct and indirect)	3,580	-
PT Bank Sahabat Sampoerna - <i>Finance expense</i>		3,851	-

PT Sampoerna Land and PT Bank Sahabat Sampoerna are controlled by the Sampoerna family, who are substantial shareholders of the Company.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

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G. Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months period ended 30 June 2021 to be false or misleading in any material aspect

On behalf of the Board of Directors

Eka Dharmajanto Kasih
Non-Executive Chairman

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

Singapore
13 August 2021