

# **SAMKO TIMBER LIMITED**

Condensed interim financial statements  
For the six months ended 30 June 2023

# **SAMKO TIMBER LIMITED**

Company Registration Number: 200517815M

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**SAMKO TIMBER LIMITED**

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

	Note	Group		
		6 months ended		
		30 Jun 2023	30 Jun 2022	Change
		Rp'million	Rp'million	%
Revenue	4	1,303,079	2,158,965	(40)
Cost of sales		(1,247,247)	(1,760,007)	(29)
<b>Gross profit</b>		<b>55,832</b>	<b>398,958</b>	<b>(86)</b>
Other income (expenses)	6	57,519	(9,956)	n.m
Selling expenses		(88,148)	(155,427)	(43)
General and administrative expenses		(160,509)	(160,771)	(0)
Finance expenses		(89,895)	(64,648)	39
<b>(Loss) profit before taxation</b>		<b>(225,201)</b>	<b>8,156</b>	<b>n.m</b>
<b>Taxation</b>	7	<b>(6,900)</b>	<b>(4,914)</b>	<b>40</b>
<b>Net (loss) profit for the period</b>		<b>(232,101)</b>	<b>3,242</b>	<b>n.m</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Net actuarial gain (loss) on post-employment benefits		867	(5,818)	n.m
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation gain (loss)		17,141	(9,225)	n.m
<b>Total comprehensive income for the period</b>		<b>(214,093)</b>	<b>(11,801)</b>	<b>1,714</b>
<b>Net profit (loss) attributable to:</b>				
Owners of the Company		(247,739)	4,514	n.m
Non-controlling interests		15,638	(1,272)	n.m
		<b>(232,101)</b>	<b>3,242</b>	<b>n.m</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		(229,702)	(10,514)	2,085
Non-controlling interests		15,609	(1,287)	n.m
		<b>(214,093)</b>	<b>(11,801)</b>	<b>1,714</b>
<b>Earnings per share attributable to owners of the Company</b>				
Basic		(103)	2	
Diluted		(103)	2	

n.m : not meaningful

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## B. Condensed interim statement of financial position

	Note	Group		Company	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		Rp'million	Rp'million	Rp'million	Rp'million
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		108,280	26,882	124	692
Restricted deposits		318	25	-	-
Trade and other receivables	5	524,697	456,934	9,950	16,951
Inventories		920,782	1,079,883	-	-
Advances to suppliers		354,817	341,541	5	38
Prepaid operating expenses		147,348	109,470	733	729
<b>Total current assets</b>		<b>2,056,242</b>	2,014,735	<b>10,812</b>	18,410
<b>Non-current assets</b>					
Deferred tax assets		87,552	89,929	-	-
Investment in subsidiary companies		-	-	826,029	826,029
Land use rights		66,175	68,702	-	-
Property, plant and equipment		1,140,616	898,114	3	5
Right-of-use assets		78,828	86,150	-	-
Biological assets		516,878	495,535	-	-
Other non-current assets		43,840	35,058	111	116
<b>Total non-current assets</b>		<b>1,933,889</b>	1,673,488	<b>826,143</b>	826,150
<b>Total assets</b>		<b>3,990,131</b>	3,688,223	<b>836,955</b>	844,560
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	5	1,000,180	757,875	6,650	4,987
Other liabilities		90,867	83,647	1,001	2,610
Advances from customers		82,937	33,480	28	29
Provision for taxation		6,455	3,887	-	-
Derivative financial instruments		-	2,116	-	-
Loans and borrowings	12	1,438,639	1,435,813	-	-
Lease liabilities		10,484	9,071	-	-
<b>Total current liabilities</b>		<b>2,629,562</b>	2,325,889	<b>7,679</b>	7,626
<b>Non-current liabilities</b>					
Deferred tax liabilities		74,921	70,401	-	-
Post-employment benefits		215,313	224,393	-	-
Loans and borrowings	12	1,042,233	925,897	-	-
Lease liabilities		6,527	11,157	-	-
Advance from customers		105,182	-	-	-
Other liabilities		-	-	277,919	294,552
<b>Total non-current liabilities</b>		<b>1,444,176</b>	1,231,848	<b>277,919</b>	294,552
<b>Total liabilities</b>		<b>4,073,738</b>	3,557,737	<b>285,598</b>	302,178
<b>Net (liabilities) assets</b>		<b>(83,607)</b>	130,486	<b>551,357</b>	542,382

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

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the</b>				
Share capital	13 <b>545,713</b>	545,713	<b>545,713</b>	545,713
Accumulated losses	<b>(1,284,698)</b>	(1,037,855)	<b>10,184</b>	13,929
Other reserves	<b>321,106</b>	303,965	<b>(4,540)</b>	(17,260)
	<b>(417,879)</b>	(188,177)	<b>551,357</b>	542,382
<b>Non-controlling interests</b>	<b>334,272</b>	318,663	-	-
<b>Total equity</b>	<b>(83,607)</b>	130,486	<b>551,357</b>	542,382

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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			
	Rp'million	Rp'million	Rp'million	Rp million	Rp million	Rp million			Rp'million
<b>Balance at 1 Jan 2023</b>	545,713	(1,037,855)	309,050	(3,037)	-	(2,048)	(188,177)	318,663	130,486
(Loss) profit for the period	-	(247,739)	-	-	-	-	(247,739)	15,638	(232,101)
Other comprehensive income for the period:									
- Net actuarial gain (loss) on post-employment benefits	-	896	-	-	-	-	896	(29)	867
- Foreign currency translation gain	-	-	-	-	-	17,141	17,141	-	17,141
Other comprehensive income for the period, net of tax	-	896	-	-	-	17,141	18,037	(29)	18,008
Total comprehensive income for the period	-	(246,843)	-	-	-	17,141	(229,702)	15,609	(214,093)
<b>Balance at 30 June 2023</b>	<b>545,713</b>	<b>(1,284,698)</b>	<b>309,050</b>	<b>(3,037)</b>	<b>-</b>	<b>15,093</b>	<b>(417,879)</b>	<b>334,272</b>	<b>(83,607)</b>
<b>Balance at 1 Jan 2022</b>	542,889	(833,121)	309,050	(3,037)	2,639	26,753	45,173	318,282	363,455
Profit (loss) for the period	-	4,514	-	-	-	-	4,514	(1,272)	3,242
Other comprehensive income for the period:									
- Net actuarial loss on post-employment benefits	-	(5,803)	-	-	-	-	(5,803)	(15)	(5,818)
- Foreign currency translation loss	-	-	-	-	-	(9,225)	(9,225)	-	(9,225)
Other comprehensive income for the period, net of tax	-	(5,803)	-	-	-	(9,225)	(15,028)	(15)	(15,043)
Total comprehensive income for the period	-	(1,289)	-	-	-	(9,225)	(10,514)	(1,287)	(11,801)
Contribution by and distribution to owners:									
- Issuance of shares under performance share plan	2,824	-	-	-	(2,824)	-	-	-	-
- Grant of equity-settled share options to employees	-	-	-	-	185	-	185	-	185
Total contribution by and distribution to owners	2,824	-	-	-	(2,639)	-	185	-	185
<b>Balance at 30 June 2022</b>	<b>545,713</b>	<b>(834,410)</b>	<b>309,050</b>	<b>(3,037)</b>	<b>-</b>	<b>17,528</b>	<b>34,844</b>	<b>316,995</b>	<b>351,839</b>

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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 2023	545,713	13,929	-	(17,260)	542,382
Total comprehensive income for the period	-	(3,745)	-	12,720	8,975
<b>Balance at 30 June 2023</b>	<b>545,713</b>	<b>10,184</b>	<b>-</b>	<b>(4,540)</b>	<b>551,357</b>
Balance at 1 Jan 2022	542,889	19,557	2,639	8,928	574,013
Total comprehensive income for the period	-	(2,101)	-	(10,325)	(12,426)
Issuance of shares under performance share plan	2,824	-	(2,824)	-	-
Grant of equity-settled performance share plan	-	-	185	-	185
<b>Balance at 30 June 2022</b>	<b>545,713</b>	<b>17,456</b>	<b>-</b>	<b>(1,397)</b>	<b>561,772</b>

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**D. Condensed interim consolidated statement of cash flows**

	<b>Group</b>	
	<b>30 Jun 23</b>	<b>30 Jun 22</b>
	<i>Rp'million</i>	<i>Rp'million</i>
<b>Cash flows from operating activities</b>		
(Loss) profit before income tax	(225,201)	8,156
Adjustments:		
Interest expenses from loans and borrowings	86,440	59,524
Depreciation of property, plant and equipment	27,896	41,329
Post-employment benefits expense	20,538	24,047
Depreciation related to idle capacity costs	7,298	-
Depreciation of right-of-use assets	7,148	7,956
Amortisation of land use rights	2,650	3,776
Inventories written-down	1,351	78
Interest expenses from lease liabilities	541	914
Interest income	(228)	(111)
Net gain on disposal of property, plant and equipment	(8,858)	(17,546)
Net gain on change in fair value of biological assets	(20,000)	(2,000)
Net foreign exchange (gain) loss	(51,401)	22,911
Equity-settled performance share plan	-	185
<b>Operating cash flow before changes in working capital</b>	<b>(151,826)</b>	<b>149,219</b>
<b>Changes in working capital :</b>		
Trade and other receivables	(67,629)	(160,256)
Inventories	157,750	(65,686)
Advances to suppliers	(9,406)	4,383
Prepaid operating expenses	(37,659)	(35,931)
Other non-current assets	(8,782)	(7,523)
Trade and other payable	238,190	133,703
Other liabilities	7,355	(4,639)
Advance from customers	154,639	7,149
<b>Cash flow provided by operations</b>	<b>282,632</b>	<b>20,419</b>
Income tax paid	(4,320)	(5,804)
Post-employment benefits paid	(22,007)	(13,233)
<b>Net cash flows provided by operating activities</b>	<b>256,305</b>	<b>1,382</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(276,999)	(285,076)
Proceeds from disposal of property, plant and equipment	8,888	17,637
Additions of land use rights	(123)	(8,563)
Additions of biological assets	(1,343)	(2,479)
Interest received	228	111
<b>Net cash flows used in investing activities</b>	<b>(269,349)</b>	<b>(278,370)</b>

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

	<b>Group</b>	
	<b>30 Jun 23</b>	<b>30 Jun 22</b>
	<i>Rp'million</i>	<i>Rp'million</i>
<b>Cash flows from financing activities</b>		
Drawdown of loans and borrowings	2,888,545	2,331,496
Repayment of loans and borrowings	(2,709,764)	(1,991,222)
Interest paid for loans and borrowings	(75,346)	(48,260)
Interest paid for lease liabilities	(541)	(914)
Repayment of lease liabilities	(7,275)	(18,210)
Placement of restricted deposits	(294)	(16)
	<u>95,325</u>	<u>272,874</u>
<b>Net cash flows provided by financing activities</b>		
Net increase (decrease) in cash and cash equivalents	82,281	(4,114)
Effect of exchange rate changes on		
cash and cash equivalents	(883)	613
Cash and cash equivalents at beginning of period	<u>26,882</u>	<u>39,586</u>
Cash and cash equivalents at end of period	<u><u>108,280</u></u>	<u><u>36,085</u></u>

# **SAMKO TIMBER LIMITED**

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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 2023 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 2023 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 2022.

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 adoption of the new standards has no significant impact on the condensed interim consolidated financial statements.

#### **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 2022.

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 ended 30 June 2023.

## 2.3. Going concern assumption

The Group incurred a net loss of Rp232 billion for the financial period ended 30 June 2023, and, as of that date, the Group's current liabilities exceeded its current assets by approximately Rp573 billion, and total net liabilities of Rp84 billion.

The above conditions may cast a significant doubt on the ability of the Group and to continue in operational existence for the foreseeable future and to discharge its liabilities in the normal course of business.

Notwithstanding the above, the management is of the view that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial period ended 30 June 2023 is appropriate. Management believes that the Group will have sufficient working capital and will be able to pay its debts as and when they fall due, and the banks will continue to support the Group and are not aware of any adverse circumstances that might cause the Group's bank facilities to be withdrawn.

The Group will continue to improve its operating performance and generate sufficient cash flows from its operations to meet its working capital requirements. The Group is also expanding its operations into new locations in Indonesia to generate future additional revenue stream and positive operating cash flows for the Group.

## 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 2023	30 Jun 2022	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Domestic sales	545,371	578,050	(6)
Export sales	757,708	1,580,915	(52)
Total	<u>1,303,079</u>	<u>2,158,965</u>	<u>(40)</u>
<b>Timing of transfer of goods and services</b>			
At a point in time	<u>1,303,079</u>	<u>2,158,965</u>	<u>(40)</u>

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### **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 the Executive Director and Chief Executive Officer who is 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	
	12 months ended		12 months ended		12 months ended		12 months ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	<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>
<b>Revenue:</b>								
External customers	875,050	1,062,714	428,029	1,096,251	-	-	1,303,079	2,158,965
Inter-segment	398,806	1,016,782	-	-	(398,806)	(1,016,782)	-	-
<b>Total revenue</b>	<b>1,273,856</b>	<b>2,079,496</b>	<b>428,029</b>	<b>1,096,251</b>	<b>(398,806)</b>	<b>(1,016,782)</b>	<b>1,303,079</b>	<b>2,158,965</b>
Finance income	224	47	4	64	-	-	228	111
Finance expenses	(80,769)	(58,771)	(9,126)	(5,877)	-	-	(89,895)	(64,648)
Depreciation of property, plant and equipment	(27,674)	(41,023)	(222)	(306)	-	-	(27,896)	(41,329)
Depreciation of right-of-use assets	(5,984)	(7,016)	(1,164)	(940)	-	-	(7,148)	(7,956)
Amortisation of land use rights	(2,556)	(3,682)	(94)	(94)	-	-	(2,650)	(3,776)
Post-employment benefits expense	(20,048)	(23,277)	(490)	(770)	-	-	(20,538)	(24,047)
Net gain on change in fair value of biological assets	20,000	2,000	-	-	-	-	20,000	2,000
Net gain on disposal of property, plant and equipment	8,858	17,546	-	-	-	-	8,858	17,546
Net foreign exchange gain (loss)	43,665	(24,393)	1,413	(2,763)	-	-	45,078	(27,156)
Tax benefit (expenses)	(5,936)	(5,282)	(964)	368	-	-	(6,900)	(4,914)
Segment profit (loss)	(196,784)	(8,782)	(35,317)	12,024	-	-	(232,101)	3,242

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### 4.2. Segment information (cont'd)

	SGS division		ST division		Adjustment and elimination		Per consolidated financial statements	
	As at		As at		As at		As at	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	<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>
<b>Assets:</b>								
Deferred tax assets	81,285	113,323	6,267	7,737	-	-	87,552	121,060
Segment assets	4,202,078	3,548,947	1,051,035	1,342,374	(1,262,982)	(1,469,018)	3,990,131	3,422,303
<b>Expenditures for segment non-current assets:</b>								
Additions to property, plant and equipment	273,766	149,133	155	21	-	-	273,920	149,154
Additions to right-of-use assets	2,145	-	1,276	2,536	-	-	3,421	2,536
Additions to land use rights	123	8,563	-	-	-	-	123	8,563
<b>Liabilities:</b>								
Loans and borrowings and lease liabilities	2,314,226	1,756,868	183,657	160,353	-	-	2,497,883	1,917,221
Provision for taxation	6,332	5,971	123	1,376	-	-	6,455	7,347
Deferred tax liabilities	74,921	56,588	-	-	-	-	74,921	56,588
Segment liabilities	3,839,704	2,915,882	781,977	924,107	(547,943)	(769,525)	4,073,738	3,070,464

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### 4.3. Geographical markets

	6 months ended		
	30 Jun 2023	30 Jun 2022	Change
	<i>Rp'million</i>	<i>Rp'million</i>	<i>%</i>
Indonesia	545,371	578,050	(6)
North Asia	292,895	699,395	(58)
North America	267,457	628,901	(57)
Malaysia	89,209	138,553	(36)
Singapore	84,222	101,254	(17)
Others	23,925	12,812	87
	<u>1,303,079</u>	<u>2,158,965</u>	<u>(40)</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 2023 and 31 December 2022:

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Trade receivables, net of allowance				
- Third parties	411,047	342,346	-	-
Other receivables, net of allowance				
- Third parties	113,650	113,757	6	8
- Related parties	-	831	-	-
- Subsidiaries	-	-	9,944	16,943
Total trade and other receivables	524,697	456,934	9,950	16,951
Less: Other receivables	(105,195)	(109,499)	-	-
Add:				
- Cash and cash equivalents	108,280	26,882	124	692
- Restricted deposits	318	25	-	-
- Guarantee deposits	4,746	4,739	111	116
<b>Total financial assets carried at amortised costs</b>	<b><u>532,846</u></b>	<b><u>379,081</u></b>	<b><u>10,185</u></b>	<b><u>17,759</u></b>

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

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	Rp'million	Rp'million	Rp'million	Rp'million
Trade payables				
- Third parties	702,521	623,559	-	-
- Related parties	140	-	-	-
- Subsidiaries	-	-	3,924	4,109
Other payables				
- Third parties	297,509	134,303	2,615	762
- Related parties	10	13	-	-
- Subsidiaries	-	-	111	116
Total trade and other payables	1,000,180	757,875	6,650	4,987
Add:				
- Other liabilities*	53,927	57,021	278,762	296,995
- Loans and borrowings	2,480,872	2,361,710	-	-
- Lease liabilities	17,011	20,228	-	-
<b>Total financial liabilities carried at amortised costs</b>	<b>3,551,990</b>	<b>3,196,834</b>	<b>285,412</b>	<b>301,982</b>

\* excludes post-employment benefits and value added tax

### 6. (Loss) profit before taxation

#### 6.1. Significant items

	6 months ended		
	30 Jun 2023	30 Jun 2022	Change
	Rp'million	Rp'million	%
Interest expenses:			
- loans and borrowings	(86,440)	(59,524)	45
- lease liabilities	(541)	(914)	(41)
Depreciation:			
- property, plant and equipment	(27,896)	(41,329)	(33)
- right-of-use assets	(7,148)	(7,956)	(10)
Net foreign exchange gain (loss)	45,078	(27,156)	n.m
Post-employment benefits expense	(20,538)	(24,047)	(15)
Amortisation of land use rights	(2,650)	(3,776)	(30)
Interest income	228	111	105
Net gain on disposal of property, plant and equipment	8,858	17,546	(50)
Net gain on change in fair value of biological assets	20,000	2,000	900
Idle capacity costs *	(12,528)	-	n.m

\*) Included in "Other expenses"

n.m : not meaningful

\* Since February 2023, the Group's non-profitable facility in Sulawesi was temporarily shut-down. Due to its abnormal unabsorbed costs incurred in nature, the depreciation, salary and other overhead costs were put together under the idle capacity costs in Other expenses

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

	6 months ended		
	30 Jun 2023	30 Jun 2022	Change
	<i>Rp'million</i>	<i>Rp'million</i>	<i>%</i>
Current income tax	(66)	(1,975)	(97)
Deferred tax expense	(6,812)	(2,701)	152
Under provision of prior year taxes	(22)	(238)	(91)
Total	<u>(6,900)</u>	<u>(4,914)</u>	<u>40</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 period, the Group recognised deferred tax expense arising mainly from the recognition of net gain on change in fair value of biological assets.

### 8. Net asset value

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Net assets for the period attributable to owners of the Company used in computation of net asset value per share (Rp'million)	(417,879)	(188,177)	551,357	542,382
Number of ordinary shares at the end of the period	2,408,171,095	2,408,171,095	2,408,171,095	2,408,171,095
Net asset value per ordinary share (Rp full amount)	(174)	(78)	229	225

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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:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- b) 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
- c) 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)	(Level 2)	(Level 3)	
As at 30 Jun 2023	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
<b>Non-financial assets</b>				
Biological assets	-	-	516,878	516,878
<b>As at 31 Dec 2022</b>				
<b>Financial liabilities</b>				
Derivative financial instruments	-	2,116	-	2,116
<b>Non-financial assets</b>				
Biological assets	-	-	495,535	495,535

### 10. Property, plant and equipment

During the six months period ended 30 June 2023, the Group acquired assets amounting to Rp274 billion (30 June 2022: Rp149 billion), consisting mainly of assets for the production facilities of Rp85 billion and new machineries of Rp113 billion needed for the Mangole Project.

The capital expenditure for the Mangole Project is expected to be US\$91 million of which US\$52 million have been incurred as at 30 June 2023. This capital expenditure is supported by new bank OCBC loan facility amounting to US\$84 million, made up of US\$74 million facility for capital expenditure of property, plant and equipment and biological assets, and US\$10 million facility for working capital.

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## 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.

## 12. Borrowings

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

As at 30 Jun 2023		As at 31 Dec 2022	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
1,174,143	274,980	1,170,970	273,914

### Amount repayable after one year

As at 30 Jun 2023		As at 31 Dec 2022	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
1,048,760	-	937,054	-

As at 30 June 2023, 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 2023, a subsidiary of the Company has not met certain financial covenant ratios requirement as set out in the loan agreement with some of its lenders. Up to 31 December 2022, those lenders have granted the subsidiary waivers of having to comply with such covenant ratios, however, the lenders have yet to issue the waiver to the subsidiary for the breach in the current period. Notwithstanding this, 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.

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### 13. Share capital

	Group and Company			
	As at 30 Jun 2023		As at 31 Dec 2022	
	Number of ordinary shares	Share capital <i>Rp'million</i>	Number of ordinary shares	Share capital <i>Rp'million</i>
Beginning of the period	2,408,171,095	545,713	2,395,703,563	542,889
Issuance of ordinary shares under Samko Performance Share Plan	-	-	12,467,532	2,824
<b>End of the period</b>	<b>2,408,171,095</b>	<b>545,713</b>	<b>2,408,171,095</b>	<b>545,713</b>

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 2023 and 31 December 2022.

### 14. Performance share plan

Share Awards granted, vested and released during the financial year of 2022, and Share Awards outstanding as at 31 December 2022, 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 2023	2,408,171,095	As at 1 Jan 2022	2,395,703,563
Add: Issuance of shares	-	Add: Issuance of shares	12,467,532
As at 30 Jun 2023	2,408,171,095	As at 31 Dec 2022	2,408,171,095

Shares Awards Granted, Issued and Outstanding Share Awards			
No. of Shares Awards		No. of Shares Awards	
As at 1 Jan 2023	-	As at 1 Jan 2022	12,467,532
Add: Shares Awards Granted	-	Add: Shares Awards Granted	-
Less: Shares Awards Issued	-	Less: Shares Awards Issued	12,467,532
As at 30 Jun 2023	-	As at 31 Dec 2022	-

As at 30 June 2023 and 31 December 2022, there were no more outstanding Share Awards under the Samko PSP that may be vested and released in the capital of the Company.

### 15. Subsequent events

There were no material events subsequent to the current period under review and up to the date of this announcement.

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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 2023 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 ended and certain explanatory notes have not been audited or reviewed.

#### **2. Review of performance of the Group**

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

Our Group reported a net loss of Rp232 billion in 1H 2023 as compared to a net profit of Rp3 billion in 1H 2022. Our overall performance in 1H 2023 has been affected mainly by lower sales and gross profit achieved, and higher interest expenses incurred during the period, offset by lower selling expenses, the net foreign exchange gain and net gain on change in fair value of biological assets.

##### **Revenue**

In 1H 2023, our sales revenue was lower by 40% as compare to 1H 2022, due mainly to our export sales volume dropped by 41% followed by lower average selling price by 20%, while for the domestic market reported a slight decrease by 3% and slightly lower average selling price by 3% as well. The export sales were lower coupled with the lower export pricing had caused the decrease in export sales. The composition of our export sales to overall sales decreased from 73% in 1H 2022 to 58% in 1H 2023.

##### **Gross profit**

Our gross profit dropped by 86% in 1H 2023 due mainly to lower sales revenue from export market as mentioned above since export sales generally have higher margin.

##### **Other income (expenses)**

In 1H 2023, other income came mainly from the net gain on foreign exchange and change in fair value of biological assets, and offset by the idle capacity costs incurred during the period.

The weakening of US Dollar against Rupiah has resulted in unrealised foreign exchange gain due to translation of our US Dollar denominated loans.

##### **Selling expenses**

Our selling expenses decreased by 43% in 1H 2023 as compared to 1H 2022, due mainly to the lower export sales and the lower logistics costs as the global supply chain pressures were easing.

##### **General and administrative expenses**

Our general and administrative expenses have been stable over that of previous periods mainly due to the Group's cost cutting measures to counter the increase in staff salary.

##### **Finance Expenses**

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

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

#### ***Condensed interim statement of financial position***

The Group's property, plant and equipment increased by Rp242 billion mainly due to the addition of assets primarily for machineries and production facilities and offset by depreciation charges during the period.

The rights-of-use assets decreased by Rp7 billion mainly due to depreciation charges during the period.

Our biological assets increased by Rp21 billion mainly due to the net gain on change in fair value of biological assets.

In 1H 2023, our Group's current assets have increased to Rp2,056 billion. The increase was mainly due to:

1. higher cash and cash equivalents mainly due to higher cash advances from customers near the end of the period;
2. higher trade receivables amid delay of sales collection from domestic sales;
3. higher advance to suppliers mainly due to additional advances for property, plant and equipment needed for the Mangole Project;
4. higher prepaid operating expenses. Prepayments were made in the ordinary course of business, mainly for VAT receivables and income taxes, insurance, rental, freight, and thirteen month bonus; and
5. offset by decrease in inventories in line with the decrease in production volume

As at 30 June 2023, our Group's current and non-current liabilities have increased by Rp516 billion to Rp4,074 billion. This was contributed mainly by:

1. higher trade and other payables of Rp242 billion as a result of the Management trying to manage the working capital;
2. increase in loans and borrowings and lease liabilities totaling Rp116 billion to finance the investment activities and operations; and
3. increase in advances from customers totaling Rp155 billion

#### ***Condensed interim consolidated statement of cash flows***

During the period, the Group generated cash inflow of Rp256 billion from operating activities and Rp95 billion from financing activities, and incurred cash outflow of Rp269 billion from investing activities, respectively. Net cash increased by Rp82 billion.

Our cash generated from operating activities was marginally higher compared to 1H 2022 mainly due to advances from customers near end of the period and better inventories turnover.

Our cash used in the investing activities was mainly for acquisitions of property, plant and equipment.

Our cash inflow in the financing activities related mainly to net withdrawals of bank borrowings. The repayments of bank borrowings, lease liabilities, and their interests were in accordance with the repayments schedule.

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**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 Rp232 billion (Increase)/ decrease Rp'million
<i>Rp'full amount</i>		
15,928	(6%)	(43,722)
15,627	(4%)	(29,148)
15,327	(2%)	(14,574)
14,725	2%	14,574
14,425	4%	29,148
14,124	6%	43,722

Our US\$ loans as at 30 June 2023 was US\$109 million and 31 December 2022 was US\$97 million.

Exchange rate:	<u>Rp/US\$1</u>
- 11 August 2023	Rp15,204
- 30 June 2023	Rp15,026
- 31 December 2022	Rp15,731
- 30 June 2022	Rp14,848

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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) The combination of an aggressive rate hiking cycle by Central Banks around the world has created a slowdown in the global economic activities and volatility in the global economy. This has affected the demand for our export products and any prolong adverse effect may impact the Indonesian economy. The current domestic market remains resilient due to our increased market penetration and supported by better Indonesian economic growth compared to other nations.
- 3) As the current unfavorable business environment continues to affect our profitability and production capacity, the Management has planned to undertake actions to allay some of the liquidity pressures, such as raising additional funding through a rights issue and to dispose of non-productive assets to strengthen the liquidity position in the near term. In addition, the Management has instituted stricter cost control to enable the Group to help improve the financial position.
- 4) Following the asset acquisition in SGM for the Mangole project in 2019, the Group has substantially completed the construction of the factory buildings and infrastructures, along with the installation of some machineries needed for production. The Group expects that the Mangole project will commence production in stages in the coming months. The Mangole project will provide the opportunity to enhance the Group's production capacity for high quality Plywood and certified Wood Pellet.

**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 2023 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 2023:

<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)	3,718	-
PT Bank Sahabat Sampoerna - <i>Finance expense</i>		3,937	-

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 ended 30 June 2023 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  
11 August 2023