

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Audited Full Year Financial Statement And Dividend Announcement for the Year Ended 31/12/2009

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	Group		
	2009	2008	Increase/ (Decrease)
	Rp'million	Rp'million	Rp'million
Revenue	2,796,975	3,209,539	-13%
Cost of sales	(2,706,563)	(2,915,793)	-7%
Gross profit	90,412	293,746	-69%
Other items of income			
Finance income	3,095	3,603	-14%
Other income	279,957	55,633	403%
Other items of expenses			
Selling expenses	(131,825)	(171,653)	-23%
General & administrative expenses	(193,358)	(212,321)	-9%
Finance expense	(173,339)	(179,948)	-4%
Other expenses	(680,492)	(815,625)	-17%
Loss before tax	(805,550)	(1,026,565)	-22%
Tax (expenses)/ benefits	(187,871)	31,370	n.m
Net loss for the year	(993,421)	(995,195)	0%
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(993,421)	(995,195)	0%
Loss attributable to:			
Owners of the Company	(824,786)	(864,788)	-5%
Minority interests	(168,635)	(130,407)	29%
	(993,421)	(995,195)	0%
Total comprehensive loss attributable to:			
Owners of the Company	(824,786)	(864,788)	-5%
Minority interests	(168,635)	(130,407)	29%
	(993,421)	(995,195)	0%

n.m: not meaningful

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

	Group		
	2009	2008	Increase/ (Decrease)
	Rp Million	Rp Million	%
Gain/ (loss) on foreign exchange, net	255,212	(312,902)	n.m
Gain/ (loss) on changes in fair value of biological asset	1,919	(35,024)	n.m
Interest income	3,095	3,603	-14%
Amortisation of deferred loss on sales-and-leasedback transactions	(3,452)	(438)	688%
Gain on sales of property, plant and equipment	8,567	4,665	84%
Retrenchment expenses	(4,247)	(19,531)	-78%
Amortisation of intangible assets	(1,636)	(1,178)	39%
Amortisation of land use rights	(8,302)	(5,823)	43%
Gain on sale of a subsidiary	4,853	-	n.m
Provision for doubtful debts	(467)	(6,540)	-93%
Inventories written-down	(13,065)	(18,390)	-29%
Depreciation of property, plant and equipment	(240,715)	(211,627)	14%
Impairment of property, plant and equipment	(200,915)	(65,166)	208%
Impairment of goodwill	(425,021)	(339,457)	25%
Gain on sales of land use rights	9,406	-	n.m
Gain on dilution	-	(3,316)	n.m
Gain on loan waiver	-	50,968	n.m

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 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	Rp'million	Rp'million	Rp'million	Rp'million
Non-current assets				
Property, plant and equipment	1,843,458	2,180,785	928	1,308
Intangible assets	47,946	41,791	-	-
Goodwill	194,971	619,992	-	-
Investment in subsidiary companies	-	-	1,356	544,528
Biological assets	216,714	403,219	-	-
Land use rights	93,465	101,625	-	-
Deferred tax assets	16,940	177,068	-	-
Other non-current assets	61,603	83,090	188	196
	2,475,097	3,607,570	2,472	546,032
Current assets				
Inventories	395,497	540,233	933	-
Trade and other receivables	263,681	168,093	631,588	790,115
Prepaid operating expenses	74,270	46,874	1,389	49
Advances to suppliers	113,359	179,296	-	-
Derivative financial instruments	-	15,959	-	-
Cash and cash equivalents	110,868	157,186	3,605	16,181
Restricted deposits	115,462	110,390	94,946	110,390
	1,073,137	1,218,031	732,461	916,735
Current liabilities				
Trade and other payable*)	419,394	437,052	96,753	110,546
Other liabilities	210,854	112,065	4,686	666
Advances from customers	190,589	180,649	-	-
Derivative financial instruments	-	32,476	-	-
Provision for taxation	28,133	22,479	-	-
Short term bank borrowings	334,308	416,162	47,000	54,750
Long term borrowings (current portion)	597,701	616,642	93,637	117,051
	1,780,979	1,817,525	242,076	283,013
Net current (liabilities)/ assets	(707,842)	(599,494)	490,385	633,722
Non-current liabilities				
Long term borrowings	827,698	1,062,159	-	-
Post-employment benefits	65,972	54,434	-	-
Deferred tax liabilities	68,284	91,195	-	-
Other liability	202,860	202,860	-	-
	1,164,814	1,410,648	-	-
Net assets	602,441	1,597,428	492,857	1,179,754

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Statement of financial position (for the issuer and group) As at 31 December 2009 (cont'd)

	Group		Company	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	Rp'million	Rp'million	Rp'million	Rp'million
Equity attributable to equity holders of the company				
Share capital	1,943,866	1,943,866	1,943,866	1,943,866
Reserves	(1,451,132)	(626,346)	(1,451,009)	(764,112)
	492,734	1,317,520	492,857	1,179,754
Minority Interests	109,707	279,908	-	-
	602,441	1,597,428	492,857	1,179,754

*) Included within trade and other payable is amount due to a company related to our substantial shareholder which amounted to USD10 million.

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2009		As At 31 Dec 2008	
Secured Rp million	Unsecured Rp million	Secured Rp million	Unsecured Rp million
929,141	2,868	1,027,936	4,868

Amount repayable after one year

Secured Rp million	Unsecured Rp million	Secured Rp million	Unsecured Rp million
827,698	-	1,062,159	-

Details of any collateral

Our bank borrowings are secured and guaranteed by the following:

- (1) Short term working capital facilities: pledge on asset, time deposits, share of a subsidiary, accounts receivable, subsidiaries' inventories and fixed assets of our Group, shareholders' supports in the form of cash from the loans provided by company related to a substantial shareholder, deposit from a director, and personal guarantee from a director;
- (2) Long term bank borrowings: corporate guarantees, land, buildings, inventories and machinery of our Group, receivables, time deposits, and shares of subsidiaries; and
- (3) All assets acquired under finance leases are secured against the assets under lease.

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

	Group	
	2009	2008
	Rp'million	Rp'million
Cash flows from operating activities		
Loss before tax	(805,550)	(1,026,565)
Adjustments:		
Impairment of goodwill	425,021	339,457
Depreciation of property, plant and equipment	240,715	211,627
Impairment of property, plant and equipment	200,915	65,166
Interest expense	173,339	179,948
Inventories written-down	13,065	18,390
Post employment benefits expense	19,338	16,296
Amortisation of land use rights	8,302	5,823
Amortisation of deferred losses on sales and leaseback	3,452	438
Amortisation of intangible assets	1,636	1,178
Allowance for bad debts	467	6,540
(Gain)/loss on change in fair value of biological assets	(1,919)	35,024
Interest income	(3,095)	(3,603)
Gain on disposal of a subsidiary	(4,853)	-
Gain on sales of property, plant and equipment	(8,567)	(4,665)
Gain on sales of land use rights	(9,406)	-
Foreign exchange (gain)/ loss	(221,807)	266,731
Loss on dilution of interest in a subsidiary	-	3,316
Gain on loan waiver	-	(50,968)
	<u>31,053</u>	<u>64,133</u>
Operating cash flow before changes in working capital	31,053	64,133
Changes in working capital		
Inventories	130,736	23,982
Trade and other receivables	60,605	(15,983)
Prepaid operating expenses	(27,402)	113,940
Advance to suppliers	43,764	6,735
Trade and other payable	(17,658)	90,398
Other liabilities	39,529	9,051
Advance from customers	9,940	79,821
Other non-current assets	9,866	(45,405)
	<u>280,433</u>	<u>326,672</u>
Cash flow provided by operations	280,433	326,672
Income tax paid	(11,804)	(23,130)
	<u>268,629</u>	<u>303,542</u>
Net cash provided by operating activities	268,629	303,542
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	23,713	15,872
Disposal of a subsidiary, net of cash disposed	7,198	-
Proceeds from disposal of land use rights	9,565	-
Interest received	3,095	3,603
Additions to land use rights	(301)	(31,447)
Additions of biological assets	(3,261)	(25,840)
Addition of intangible assets	(7,842)	(594)
Purchase of property, plant, and equipment	(89,243)	(496,731)
Acquisition of subsidiaries, net of cash acquired	-	(29,994)
	<u>(57,076)</u>	<u>(565,131)</u>
Net cash used in investing activities	(57,076)	(565,131)

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Consolidated Statement of Cash Flows For the financial year ended 31 December 2009 (cont'd)

	Group	
	2009	2008
	Rp'million	Rp'million
Cash flows from financing activities		
(Repayments)/proceed of short term bank borrowings	(59,897)	89,788
Repayments of long-term borrowings	(80,313)	(726,287)
Interest expense paid	(104,149)	(203,047)
Cash received from a company related to a substantial shareholder	-	110,390
Placement of restricted deposits	(12,055)	(110,390)
Proceeds from issuance of ordinary shares	-	674,699
Proceeds from long-term loans	-	401,743
Cash received from warrant exercise in a subsidiary	-	7,555
Net cash (used in)/ provided by financing activities	(256,414)	244,451
Net decrease in cash and cash equivalents	(44,861)	(17,138)
Cash and cash equivalents at beginning of period	155,729	172,867
Cash and cash equivalents at end of period	110,868	155,729

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

	Group	
	2009	2008
	Rp'million	Rp'million
Cash and cash equivalents	110,868	157,186
Less: Bank overdraft	-	(1,457)
	110,868	155,729

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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				Minority interests	
	Equity, total	Share capital	Accumulated losses	Restructuring reserves		
	Rp million	Rp million	Rp million	Rp million		
Balance at 1 January 2009	1,597,428	1,943,866	(935,396)	309,050	1,317,520	279,908
Total comprehensive loss for the year	(993,421)	-	(824,786)	-	(824,786)	(168,635)
Disposal of a subsidiary	(1,566)	-	-	-	-	(1,566)
Balance at 31 Dec 2009	602,441	1,943,866	(1,760,182)	309,050	492,734	109,707
Balance at 1 January 2008	1,912,194	1,269,167	(70,608)	309,050	1,507,609	404,585
Issuance of ordinary shares	674,699	674,699	-	-	674,699	-
Change in minority interest	5,730	-	-	-	-	5,730
Total comprehensive loss for the year	(995,195)	-	(864,788)	-	(864,788)	(130,407)
Balance at 31 Dec 2008	1,597,428	1,943,866	(935,396)	309,050	1,317,520	279,908

Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp million	Rp million	Rp million
Balance at 1 Jan 2009	1,943,866	(764,112)	1,179,754
Total comprehensive loss for the year	-	(686,897)	(686,897)
Balance at 31 Dec 2009	1,943,866	(1,451,009)	492,857
Balance at 1 Jan 2008	1,269,167	(8,345)	1,260,822
Issuance of ordinary shares	674,699	-	674,699
Total comprehensive income for the year	-	(755,767)	(755,767)
Balance at 31 Dec 2008	1,943,866	(764,112)	1,179,754

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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 is no change in the Company's shares during the year ended 31 December 2009.

In 1Q 2010, the Company completed its rights issue of 449,081,281 new shares at an issue price of S\$0.065 for each rights share, on the basis of one right shares for every two existing shares held by shareholders. Following the rights issue exercise, the number of shares increased from 898,162,562 shares to 1,347,243,843 shares.

Out of the net proceeds from the rights issue above of approximately S\$28.42 million:

- (i) approximately S\$21.0 million has been used for the repayment of the Credit Suisse Term Loan and the Credit Suisse Facility, and
- (ii) approximately S\$7.4 million has been used for the Group's general corporate and working capital purposes.

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

	Group and company 2009
	Number of shares
At 1 Jan 2009	898,162,562
Addition	-
At 31 Dec 2009	898,162,562

There were no shares held as treasury shares as at 31 December 2009 and 2008.

- 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 December 2009 and 31 December 2008.

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

The figures have been audited in accordance with Singapore Standards of Auditing.

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

Our auditors' report is attached.

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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 same accounting policies and method of computation have been applied to these audited financial statements as those applied in the most recently audited financial statements as at 31 December 2008, except for the adoption of the new and revised Singapore Financial Reporting Standards (FRS) which became effective for the financial year beginning on or after 1 January 2009 as disclosed in paragraph 5 below.

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.

The new, revised and amended FRS that are relevant to the Group are as follows:

- FRS 1 (Presentation of Financial Statements);
- FRS 23 (Borrowing Cost);
- FRS 107 (Financial Statements Disclosures);
- FRS 108 (Operating Segments).

The adoption of these accounting standards has no material impact on the Group's and the Company's financial statements except for the FRS 1 which introduces the concept of statement of comprehensive income. The statement of comprehensive income present non-owners changes in equity separately from transactions with owners which are presented in statement of changes in equity.

Certain comparatives have been reclassified to be consistent with the current year's presentation.

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	
	2009	2008
Weighted average number of ordinary shares for basic earnings per share computation	<u>965,399,597</u>	<u>930,813,745</u>
Weighted average number of ordinary shares for diluted earnings per share computation	<u>965,399,597</u>	<u>930,813,745</u>
	Rp	Rp
	<u>(full amount)</u>	<u>(full amount)</u>
Loss per share attributable to owners of the Company		
Basic	<u>(854)</u>	<u>(929)</u>
Diluted	<u>(854)</u>	<u>(929)</u>

Basic and diluted loss per share for the years ended 31 December 2009 and 2008 were computed based on the weighted average number of shares after adjusting for effect of Company's rights issue completed after 31 December 2009.

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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 Dec 2009	31 Dec 2008	2009	2008
Net asset for the year attributable to owners of the company used in computation of net asset value per share (Rp'million)	492,734	1,317,520	492,857	1,179,754
Number of ordinary shares at the end of year	898,162,562	898,162,562	898,162,562	898,162,562
Net asset value per ordinary share (Rp full amount)	549	1,467	549	1,314

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 loss of Rp993 billion for the financial year ended 31 December 2009 as compared to Rp995 billion for 2008. We continued to incur losses mainly due to decrease in sales, additional provision for impairments of goodwill and property, plant and equipment and reversal of deferred tax assets in the current year.

Revenue

	Group		
	2009	2008	Increase/ (Decrease)
	Rp'million	Rp'million	Rp'million
Domestic sales	2,139,215	2,154,546	-1%
Export sales	657,760	1,054,993	-38%
Total	2,796,975	3,209,539	-13%

Our revenue decreased by 13% as compared to 2008. This was mainly due to the decrease in our sales volume by approximately 12%.

Our export sales in 2009 decreased by 38% to Rp658 billion compared to Rp1,055 billion in 2008. This was mainly due to the decrease in our export sales volume, as a result of the slowdown in the market and the strengthening of Indonesia rupiah against the US Dollar. Our subsidiary, PT Sumalindo Lestari Jaya, Tbk ("Sumalindo") was the worst affected. Its export sales volume saw a decline of 47% compared to 2008.

On domestic front, our sales volume for the year decreased by 4%. However, the decrease was offset by the better selling prices achieved in 2009 as compared to 2008.

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Cost of Sales

	Group		
	2009	2008	Increase/ (Decrease)
	Rp'million	Rp'million	Rp'million
Raw materials used	1,287,283	1,399,955	-8%
Labour costs	368,827	371,270	-1%
Factory overhead	854,485	1,048,564	-19%
Movement in finished goods	195,968	96,004	104%
Total	2,706,563	2,915,793	-7%

Our cost of sales decreased by 7% as compared to 2008. This was mainly due to the lower production in FY2009.

Raw materials used

Our raw materials used comprise of cost of logs purchased from third parties, which typically includes cost of transportation to our processing plants, reforestation fees, costs of veneer purchased from third parties and logging costs.

Our raw materials used during 2009 were Rp1,287 billion or 8% lower compared to Rp1,400 billion during 2008. The decreased raw material costs compared to 2008 were mainly driven by the lower production during the year.

Labor costs

Our cost of direct labor decreased by 1% to Rp369 billion in 2009 from Rp371 billion in 2008.

Our labor costs represented 14% and 13% of our total cost of sales in 2009 and 2008 respectively.

Factory overheads

Our factory overheads consist of chemical glues (including cost of production of chemical glues at our factory and third party purchases), energy costs for operation of our processing plants, ancillary raw materials, depreciation of our production facilities, spare parts and other costs relating to production.

Our factory overheads decreased by 19% to Rp854 billion in 2009 compared to Rp1,049 billion in 2008 due to the decrease in production volume and lower price of chemical glue and energy cost.

Our depreciation expense increased from Rp201 billion in 2008 to Rp227 billion in 2009. The increase in depreciation expense was due to major capital expenditure in 2008.

Our energy costs decreased by 25% in 2009 to Rp121 billion compared to Rp161 billion in 2008. The decrease in our energy costs was mainly due to the decrease in production volume and lower energy price.

Our glue costs decreased by 34% to Rp184 billion in 2009 compared to Rp278 billion in 2008 owing to decrease in production volume and lower prices of glue.

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Gross Profit

Our gross profit decreased by 69% to Rp90 billion in 2009 from Rp294 billion in 2008. Our gross profit margin declined to 3% in 2009 from 9% in 2008. In 2009, Sumalindo incurred gross loss of Rp87 billion (negative gross margin of 13%). This has pulled down our performance. If not for the gross loss incurred by Sumalindo, our gross profit and margin would be Rp194 billion and 9% respectively. In addition, our overall lower sales volume reported and higher unit cost incurred in 2009 (as our fixed cost remained relatively unchanged while our volume declined) have affected our gross profit and the margin.

Other Income

Our other income increased to Rp280 billion as compared to 2008 of Rp56 billion. Our income for the year derived mainly from foreign exchange gain of Rp255 billion (versus foreign exchange loss of Rp313 billion in 2008) and other incidental gains such as gains from disposal of property, plant and equipment (Rp9 billion) and a subsidiary (Rp5 billion).

Our 2008 income derived mainly from gain on a loan waiver of Rp51 billion.

Selling Expenses

Our selling expenses has declined by 23% in 2009 as compared to 2008. This is in line with our lower sales activities. In addition, the reduction in the overall unit freight rate has contributed to the lower selling expenses.

General and Administration (“G&A”) Expenses

Our G&A expenses has declined by 9% in 2009 as compared to 2008. This was mainly due to our Group's cost cutting measures which has resulted in lower operating costs incurred, such as travelling and staff expenses.

Other Expense

Our other expenses decreased to Rp680 billion as compared to 2008 of Rp816 billion. Our expenses for the year derived mainly from provision for impairment of goodwill and property, plant and equipment. In 2009, our impairment for these items has increased by Rp86 billion and Rp136 billion respectively.

Our 2008 expenses derived mainly from the foreign exchange loss of Rp313 billion (we reported a gain of Rp255 billion in 2009). Our foreign exchange differences are mainly from the translation of foreign currency borrowings.

Taxation

Our tax expense consisted of the following:

	Group		
	2009	2008	Increase/ (Decrease)
	Rp'million	Rp'million	Rp'million
Current income tax	(6,055)	(3,798)	59%
Deferred income tax	(170,413)	36,656	n.m
Under provision of prior years taxes	(11,403)	(1,488)	666%
Total	(187,871)	31,370	n.m

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During 2009, we reversed our brought forward deferred tax assets totaling Rp168 billion. The reversal was made because of uncertainty in the utilisation of tax losses of certain subsidiaries.

Indonesia adopts individual company income tax system.

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

Statement of Financial Position

Our non-current assets as at the end of 2009 decreased by Rp1,132 billion to Rp2,475 billion compared to 2008 of Rp3,608 billion. The decrease in our non-current assets was mainly caused by the impairment of goodwill and property, plant and equipment, reversal of deferred tax assets (as explained above) and the disposal of a subsidiary.

Our inventory as at the end of 2009 declined to Rp395 billion compared to 2008 of Rp540 billion. The decline in inventory was mainly caused by the lower production output due to the unfavorable market conditions and the continued management effort to reduce stock holding level.

Our trade and other receivable as at the end of 2009 increased by Rp96 billion compared 2008. This was mainly due to receivables from the sales of a subsidiary.

Our non-current portion of long term borrowings decreased by Rp234 billion to Rp828 billion in 2009 from Rp1,062 billion in 2008. This attributed mainly due to the stronger Rupiah exchange rate versus US Dollar and reclassification of our subsidiary's long term loan to one year. Also we have completed our loans rescheduling at Samko and our subsidiary, Sumalindo, is in the final negotiation with its banks to reschedule its loans.

We were in a net current liabilities position of Rp708 billion which mainly due to the decrease in current assets of Rp145 billion, mostly from inventory as discussed above.

Statement of Cash Flow

Our net cash provided by operating activities decreased by 12% to Rp269 billion in 2009 from Rp304 billion in 2008 due mainly to lower sales activities.

Our net cash used in investing activities reduced to Rp57 billion as compared to Rp565 billion in 2008 due mainly to lower capital expenditure incurred.

Our net cash used for financing activities was Rp256 billion as compared to a net cash inflow of Rp244 billion in 2008. Our cash inflow in 2008 derived mainly from the proceeds from our IPO and new loans drawdown which more than offset the repayment of loans during that year. In 2009, we reported only loan and interest repayments. During the year under review our loan and interest repayment was lower than 2008 because of rescheduling of our loans by the lenders.

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

Not applicable.

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10. A commentary at the date of the announcement of the significant 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.

We expect our Group's results in the next six to twelve months will be affected by the following factors:-

- 1) Exchange rate risk remains high in 2009. Our Group's borrowings are mostly in US\$ and for 2010 the decline in our export revenue is expected to continue. The risk of foreign exchange ("FX") fluctuation remains high. Any currency risk which materialises may materially affect our Company's books (positively or negatively depending on, *inter alia*, the direction of the fluctuation) and hence profitability in the form of foreign exchange translation gain or loss.

The impact of the FX movements on our profitability is dependent on, *inter alia*, the sensitivity of our loans denominated in US\$. The following table illustrates the sensitivity of our loans denominated in US\$ to a possible change in the Rupiah exchange rates (against US\$), with all other variables held constant, on our group's loss after tax for the financial year ended 31 December 2009 (assuming tax rate of 28%).

Exchange Rate 1 US\$ is equal to Rp :	Group 2009 Rp million
Actual 9,400	Loss after tax for the full year ended 31 December (824,786)
Test Rate	(Increase)/ decrease
10,000	(52,176)
9,800	(34,784)
9,600	(17,392)
9,200	17,392
9,000	34,784
8,800	52,176

Note:

- Exchange rate of Indonesian Rupiah ("Rp") to 1US\$ at 31 December 2009 was Rp9,400
 - Exchange rate of IDR to 1US\$ at 31 December 2008 was Rp10,950
 - Exchange rate of IDR to 1US\$ at 8 April 2010 was Rp9,064
 - Our US\$ loans as of 31 December 2009 amounts to US\$176 million.
- 2) On the business side, we continue to focus on the domestic and regional market where we have cost and logistic advantages over our competitors. Our volume increase in 2010 is expected to offset the margin drop. On the export front, some of our export market is slowly recovering and we are increasing our export sales. The overall export market however remains soft, as buyers remain cautious but confidence level is improving.
 - 3) Following Sumalindo's tax objection, the Indonesian Tax Office ("ITO") has revised their tax assessment on Sumalindo from Rp142 billion to Rp73 billion (including interest and penalty payable of Rp17 billion). Sumalindo's management continues the appeal on the revised tax assessment to the Tax Court. The outcome of the appeal has yet to be determined, but Sumalindo's management believes that the outcome will be favourable. We will provide further announcements to update Shareholders on the progress of this tax appeal.

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- 4) Sumalindo's deteriorating performance may take some time to recover. The management of Sumalindo has taken steps to mitigate the going concern risk which may include among others, selling of its assets, rescheduling the maturing financial obligations and exploring various fund raising options to raise liquidity. Sumalindo has started to address the going concern risk by raising additional funds through a rights issue of its share capital raising Rp124 billion. The exercise will be completed by 1Q 2010.

The Group's equity interests in Sumalindo will be reduced from 51.6% to 31.0% following the completion of Sumalindo's rights issue. Consequently, Sumalindo will not be consolidated from that date. Given Sumalindo's adverse financial positions have significantly affected the financial positions of the Group for the years ended 2008 and 2009; the de-consolidation of Sumalindo is expected to have a positive effect on the balance sheet and profit and loss of the Group had the transaction been completed in 2009.

- 5) Other than as disclosed in section 1(d)(ii) above, the Group will continue to explore various funds rising options as and when required.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend for financial year ended 31 December 2009 has been declared.

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13. Interested persons transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year 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 year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	1 Jan 2009 to 31 Dec 2009	
	Rp Million	Rp Million
PT Pelayaran Nelly Dwi Putri <ul style="list-style-type: none">Time charter of tug and barges; and Freight expense	40,046	-
PT Nelly Jaya Pratama <ul style="list-style-type: none">Purchase of veneer and spare partsMachinery rental expense	2,448 6,000	-
PT Buana Sakti <ul style="list-style-type: none">Office rental	729	-

During the financial year ended 31 December 2009, our Group has made downpayment of Rp4,873 million for the purchase of trees from PT Bioforest Indonesia.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Year ended 31 December 2009	Primary processed timber products Rp'million	Secondary processed timber products Rp'million	Chemical glue Rp'million	Elimination Rp'million	Total Rp'million
Revenue:					
Sales to external customers	2,632,093	159,939	4,943	-	2,796,975
Inter-segment sales	136,183	1,771	28,964	(166,918)	-
Total revenue	2,768,276	161,710	33,907	(166,918)	2,796,975
Results:					
Segment results	(203,963)	(25,881)	(4,990)	63	(234,771)
Other expense	(661,708)	(17,633)	(1,151)	-	(680,492)
Other income	269,948	12,372	(2,300)	(63)	279,957
Finance expense	(171,135)	(2,181)	(23)	-	(173,339)
Finance income	3,048	41	6	-	3,095
Loss before tax	(763,810)	(33,282)	(8,458)	-	(805,550)
Taxation	(179,993)	(8,172)	294	-	(187,871)
Loss for the year	(943,803)	(41,454)	(8,164)	-	(993,421)

Year ended 31 December 2008	Primary processed timber products Rp'million	Secondary processed timber products Rp'million	Chemical glue Rp'million	Elimination Rp'million	Total Rp'million
Revenue:					
Sales to external customers	2,998,366	196,978	14,195	-	3,209,539
Inter-segment sales	135,328	-	47,212	(182,540)	-
Total sales	3,133,694	196,978	61,407	(182,540)	3,209,539
Results:					
Segment results	(80,581)	(12,692)	2,835	210	(90,228)
Other expense	(793,868)	(24,747)	2,990	-	(815,625)
Other income	55,843	-	-	(210)	55,633
Finance expense	(175,622)	(4,037)	(289)	-	(179,948)
Finance income	3,580	19	4	-	3,603
Loss before tax	(990,648)	(41,457)	5,540	-	(1,026,565)
Taxation	21,977	10,295	(902)	-	31,370
Loss for the year	(968,671)	(31,162)	4,638	-	(995,195)

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Geographical segments

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

Region	Group	
	2009	2008
	Rp million	Rp million
Indonesia	2,135,409	2,154,546
North Asia	252,549	471,198
USA	124,734	129,609
Middle East	115,676	110,606
Europe	107,912	158,520
Others	60,695	185,060
	2,796,975	3,209,539

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

Primary and export sales decreased by more than 12% and 38% respectively, was mostly due to the slowdown of market demand and the strengthening of the Indonesian Rupiah against US Dollar.

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

No dividend has been declared.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
8 April 2010