

# SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

## Unaudited First Quarter Financial Statement And Dividend Announcement for the Period Ended 31/03/2010

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST QUARTER RESULTS

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

	Group		
	2010	2009	Increase/ (Decrease)
	Rp'million	Rp'million	%
Revenue	674,249	638,108	6%
Cost of sales	(604,844)	(619,032)	-2%
<b>Gross profit</b>	<b>69,405</b>	<b>19,076</b>	<b>264%</b>
<b>Other items of income</b>			
Finance income	774	553	40%
Other income	54,721	15,365	256%
<b>Other items of expenses</b>			
Selling expenses	(29,616)	(34,418)	-14%
General & administrative expenses	(42,899)	(50,654)	-15%
Finance expense	(32,180)	(38,597)	-17%
Other expenses	(2,080)	(123,977)	-98%
<b>Profit/ (loss) before tax</b>	<b>18,125</b>	<b>(212,652)</b>	<b>n.m</b>
Tax (expenses)/ benefits	(7,453)	11,479	n.m
<b>Net profit/ (loss) for the period</b>	<b>10,672</b>	<b>(201,173)</b>	<b>n.m</b>
<b>Other comprehensive income</b>	-	-	-
<b>Total comprehensive income/ (loss) for the period</b>	<b>10,672</b>	<b>(201,173)</b>	<b>n.m</b>
<b>Profit/ (loss) attributable to:</b>			
Owners of the Company	11,742	(143,329)	n.m
Minority interests	(1,070)	(57,844)	-98%
	<b>10,672</b>	<b>(201,173)</b>	<b>n.m</b>
<b>Total comprehensive income/ (loss) attributable to:</b>			
Owners of the Company	11,742	(143,329)	n.m
Minority interests	(1,070)	(57,844)	-98%
	<b>10,672</b>	<b>(201,173)</b>	<b>n.m</b>

n.m: not meaningful

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

	<b>Group</b>		
	<b>2010</b>	<b>2009</b>	<b>Increase/ (Decrease)</b>
	<b>Rp Million</b>	<b>Rp Million</b>	<b>%</b>
Gain/ (loss) on foreign exchange, net	49,361	(102,520)	n.m
Gain/ (loss) on changes in fair value of biological asset	5,286	(4,970)	n.m
Interest income	774	553	40%
(Loss)/ gain on sales of property, plant and equipment	(76)	5,959	n.m
Amortisation of intangible assets	(456)	(381)	20%
Amortisation of land use rights	(1,726)	(3,124)	-45%
Depreciation of property, plant and equipment	(60,812)	(52,571)	16%
Gain on sales of land use rights	-	9,406	-100%
Loss on foreign derivative	-	(4,955)	-100%
Retrenchment expenses	-	(4,192)	-100%

n.m: not meaningful

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

	Group		Company	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	Rp'million	Rp'million	Rp'million	Rp'million
<b>Non-current assets</b>				
Property, plant and equipment	740,886	1,843,458	826	928
Intangible assets	-	47,946	-	-
Goodwill	-	194,971	-	-
Investment in subsidiary companies	-	-	1,356	1,356
Investment in an associate company	140,610	-	-	-
Biological assets	2,233	216,714	-	-
Land use rights	64,213	93,465	-	-
Deferred tax assets	6,799	16,940	-	-
Other non-current assets	24,632	61,603	187	188
	<b>979,373</b>	<b>2,475,097</b>	<b>2,369</b>	<b>2,472</b>
<b>Current assets</b>				
Inventories	250,954	395,497	-	933
Trade and other receivables	86,548	263,681	662,384	631,588
Prepaid operating expenses	29,997	74,270	703	1,389
Advances to suppliers	104,977	113,359	-	-
Cash and cash equivalents	93,807	110,868	17,166	3,605
Restricted deposits	20,261	115,462	-	94,946
	<b>586,544</b>	<b>1,073,137</b>	<b>680,253</b>	<b>732,461</b>
<b>Current liabilities</b>				
Trade and other payable*)	154,330	419,394	169	96,753
Other liabilities	82,460	210,854	2,993	4,686
Advances from customers	114,247	190,589	-	-
Income tax payable	10,589	28,133	-	-
Short term bank borrowings	23,284	334,308	-	47,000
Long term borrowings (current portion)	116,282	597,701	-	93,637
	<b>501,192</b>	<b>1,780,979</b>	<b>3,162</b>	<b>242,076</b>
<b>Net current assets/ (liabilities)</b>	<b>85,352</b>	<b>(707,842)</b>	<b>677,091</b>	<b>490,385</b>
<b>Non-current liabilities</b>				
Long term borrowings	309,565	827,698	-	-
Post-employment benefits	44,035	65,972	-	-
Deferred tax liabilities	12,010	68,284	-	-
Other liability	-	202,860	-	-
	<b>365,610</b>	<b>1,164,814</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>699,115</b>	<b>602,441</b>	<b>679,460</b>	<b>492,857</b>

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## Statement of financial position (for the issuer and group) As at 31 March 2010 (cont'd)

	Group		Company	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
	Rp'million	Rp'million	Rp'million	Rp'million
<b>Equity attributable to equity holders of the company</b>				
Share capital	2,133,438	1,943,866	2,133,438	1,943,866
Reserves	(1,439,390)	(1,451,132)	(1,453,978)	(1,451,009)
	<b>694,048</b>	492,734	<b>679,460</b>	492,857
<b>Minority Interests</b>	<b>5,067</b>	109,707	-	-
	<b>699,115</b>	602,441	<b>679,460</b>	492,857

\* ) As at 31 December 2009, the trade and other payable includes an amount of USD10 million due to a company related to our substantial shareholder. The related party balance was fully repaid during the quarter ended 31 March 2010.

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

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

As at 31 Mar 2010		As At 31 Dec 2009	
Secured Rp million	Unsecured Rp million	Secured Rp million	Unsecured Rp million
138,698	868	929,141	2,868

#### Amount repayable after one year

Secured Rp million	Unsecured Rp million	Secured Rp million	Unsecured Rp million
309,565	-	827,698	-

#### Details of any collateral

As at 31 March 2010, our bank borrowings are secured and guaranteed by the following:

- (1) Short term working capital facilities: pledge on asset, time deposits, shares of subsidiaries, accounts receivable, subsidiaries' inventories and fixed assets of our Group, 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 an associate company; 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	
	2010	2009
	Rp'million	Rp'million
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	18,125	(212,652)
Adjustments:		
Depreciation of property, plant and equipment	60,812	52,571
Interest expense	32,180	38,597
Post employment benefits expense	5,442	3,466
Amortisation of land use rights	1,726	3,124
Amortisation of intangible assets	456	381
Gain on sales of property, plant and equipment	76	(5,959)
Interest income	(774)	(553)
(Gain)/loss on change in fair value of biological assets	(5,286)	4,970
Foreign exchange (gain)/ loss	(44,618)	102,947
Gain on sales of land use rights	-	(9,406)
	<u>68,139</u>	<u>(22,514)</u>
<b>Operating cash flow before changes in working capital</b>		
<b>Changes in working capital</b>		
Inventories	(85,471)	61,026
Trade and other receivables	22,031	15,898
Prepaid operating expenses	32,254	10,065
Advance to suppliers	(25,407)	267
Trade and other payable	14,223	(22,805)
Other liabilities	(815)	9,507
Advance from customers	42,743	11,061
Other non-current assets	(17,691)	(6,340)
	<u>50,006</u>	<u>56,165</u>
<b>Cash flow provided by operations</b>		
Income tax paid	(10,194)	(14,138)
	<u>39,812</u>	<u>42,027</u>
<b>Net cash provided by operating activities</b>		
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	1,908	7,026
Interest received	774	553
Additions of biological assets	(753)	(3,196)
Addition of intangible assets	(1,072)	-
Subscription of associate company's rights issue	(12,814)	-
Purchase of property, plant, and equipment	(14,956)	(20,457)
Net cash outflows arising from the dilution of a subsidiary (see note below)	(17,037)	-
Proceeds from disposal of land use rights	-	9,566
	<u>(43,950)</u>	<u>(6,508)</u>
<b>Net cash used in investing activities</b>		

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## Consolidated Statement of Cash Flows For the financial year ended 31 March 2010 (cont'd)

	Group	
	2010	2009
	Rp'million	Rp'million
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares, net	189,572	-
Withdrawal of restricted deposits	94,744	-
Drown down of short term bank borrowings	29,906	163,145
Interest expense paid	(18,886)	(29,898)
Repayment of short term bank borrowings	(81,042)	(169,567)
Repayment of short term borrowing from a company related to a substantial shareholder	(94,744)	-
Repayments of long-term borrowings	(132,473)	(22,317)
<b>Net cash used in financing activities</b>	<b>(12,923)</b>	<b>(58,637)</b>
Net decrease in cash and cash equivalents	(17,061)	(23,118)
Cash and cash equivalents at beginning of period	110,868	132,770
Cash and cash equivalents at end of period	93,807	109,652

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

	Group	
	2010	2009
	Rp'million	Rp'million
Cash and cash equivalents	93,807	112,667
Less: Bank overdraft	-	(3,015)
	93,807	109,652

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As mentioned in point 8, the financial statements of PT Sumalindo Lestari Jaya Tbk ("Sumalindo") were deconsolidated on 30 March 2010. The following are the carrying value of the identifiable assets and liabilities that were deconsolidated:

	<u>Rp'million</u>
<b>Non-current assets</b>	
Property, plant and equipment	1,057,339
Intangible assets	48,562
Goodwill	194,971
Biological assets	220,520
Land use rights	27,526
Deferred tax assets	6,048
Other non-current assets	54,662
	<u>1,609,628</u>
<b>Current assets</b>	
Inventories	230,014
Trade and other receivables	155,102
Prepaid operating expenses	12,019
Advances to suppliers	31,182
Cash and cash equivalents	17,037
	<u>445,354</u>
<b>Current liabilities</b>	
Trade and other payable	184,543
Other liabilities	140,873
Advances from customers	119,085
Income tax payable	11,250
	<u>455,751</u>
<b>Non-current liabilities</b>	
Short term bank borrowings	254,051
Long term borrowings - current portion	293,388
Long term borrowings - non-current portion	534,453
Post-employment benefits	27,379
Deferred tax liabilities	55,734
Other liability	202,860
Minority Interests of Sumalindo's subsidiaries	50,810
	<u>1,418,675</u>
Net assets	180,556
Less: Minority interests of Sumalindo	<u>(52,760)</u>
Effective net assets deconsolidated	127,796
Net assets of Sumalindo classified as investment in an associate company	<u>(127,796)</u>
	<u>-</u>
<b>Cash flow on dilution:</b>	
Net cash disposed upon dilution	<u>17,037</u>

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

## Group

	Attributable to owners of the Company					Minority interests
	Equity, total	Share capital	Accumulated losses	Restructuring reserves	Total	
	Rp million	Rp million	Rp million	Rp million	Rp million	
Balance at 1 Jan 2010	602,441	1,943,866	(1,760,182)	309,050	492,734	109,707
Issuance of ordinary shares, net	189,572	189,572	-	-	189,572	-
Effect of deconsolidated a subsidiary	(103,570)	-	-	-	-	(103,570)
Total comprehensive income/ (loss) for the period	10,672	-	11,742	-	11,742	(1,070)
<b>Balance at 31 Mar 2010</b>	<b>699,115</b>	<b>2,133,438</b>	<b>(1,748,440)</b>	<b>309,050</b>	<b>694,048</b>	<b>5,067</b>
Balance at 1 Jan 2009	1,597,428	1,943,866	(935,396)	309,050	1,317,520	279,908
Issuance of ordinary shares, net	-	-	-	-	-	-
Change in minority interest	-	-	-	-	-	-
Total comprehensive loss for the period	(201,173)	-	(143,329)	-	(143,329)	(57,844)
<b>Balance at 31 Mar 2009</b>	<b>1,396,255</b>	<b>1,943,866</b>	<b>(1,078,725)</b>	<b>309,050</b>	<b>1,174,191</b>	<b>222,064</b>

## Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp million	Rp million	Rp million
Balance at 1 Jan 2010	1,943,866	(1,451,009)	492,857
Issuance of ordinary shares	189,572	-	189,572
Total comprehensive loss for the period	-	(2,969)	(2,969)
<b>Balance at 31 Mar 2010</b>	<b>2,133,438</b>	<b>(1,453,978)</b>	<b>679,460</b>
Balance at 1 Jan 2009	1,943,866	(764,112)	1,179,754
Total comprehensive loss for the period	-	(7,710)	(7,710)
<b>Balance at 31 Mar 2009</b>	<b>1,943,866</b>	<b>(771,822)</b>	<b>1,172,044</b>



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

Save as disclosed below, there is no change in the Company's shares during the period ended 31 March 2010.

In January 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 share 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.**

	<b>Group and Company 2010</b>
	<u>Number of shares</u>
At 1 Jan 2010	898,162,562
Additional shares issued	449,081,281
At 31 Mar 2010	<u>1,347,243,843</u>

There were no shares held as treasury shares as at 31 March 2010 and 31 December 2009.

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

Not applicable, as there were no shares held as treasury shares as at 31 March 2010 and 31 December 2009.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2009, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 July 2009. The adoption of these standards has no material impact on the financial statements of the Group and the Company for the period ended 31 March 2010.

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

Please refer to point 4.

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

	Group	
	2010	2009
Weighted average number of ordinary shares for basic earnings per share computation	1,230,449,335	965,399,597
Weighted average number of ordinary shares for diluted earnings per share computation	1,230,449,335	965,399,597
	Rp (full amount)	Rp (full amount)
<b>Profit/ (loss) per share attributable to owners of the Company</b>		
Basic	10	(148)
Diluted	10	(148)

Basic and diluted profit/ (loss) per share for both periods were computed based on the weighted average number of shares after adjusting for effect of Company's rights issue in January 2010.

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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 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
Net asset for the period attributable to owners of the company used in computation of net asset value per share (Rp'million)	694,048	492,734	679,460	492,857
Number of ordinary shares at the end of period	1,347,243,843	898,162,562	1,347,243,843	898,162,562
Net asset value per ordinary share (Rp full amount)	515	549	504	549

**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**

We reported a profit of Rp11 billion for the period ended 31 March 2010 as compared to a loss of Rp201 billion for the same period ended 2009. The improvement was mainly due to better operating performance as a whole and exchange gain (exchange loss was reported in the corresponding period) attained in this period.

The financial statements of PT Sumalindo Lestari Jaya Tbk ("Sumalindo") were deconsolidated at 30 March 2010 following the completion of Sumalindo's rights issue in which our equity interest was reduced from 51.62% to 30.99%. Therefore, the consolidated statement of comprehensive income included the results of Sumalindo between 1 January 2010 and 30 March 2010. Our consolidated statement of financial position as at 31 March 2010 has taken into account the deconsolidation effect of Sumalindo. We account Sumalindo as an associate company with effect from 31 March 2010.

## Revenue

	Group		
	2010	2009	Increase/ (Decrease)
	Rp'million	Rp'million	%
Domestic sales	550,856	468,010	18%
Export sales	123,393	170,098	-27%
<b>Total</b>	<b>674,249</b>	<b>638,108</b>	<b>6%</b>

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Our revenue increased by 6% as compared to 2009. This was mainly due to the increase in our sales volume by approximately 3% and better selling prices achieved in our domestic sales.

On domestic sales volume and selling prices improved as compared to that of 2009. This has contributed to the increase in our domestic sales revenue by 18%. Our domestic sales revenue could have been higher had we not affected by the slow down in Sumalindo's domestic sales volume by 33% as compared to the corresponding period.

Our export sales in 2010 decreased by 27% to Rp123 billion as compared to that of 2009 of Rp170 billion. This was mainly due to decrease in our export sales volume and the selling prices. The export market remains soft as buyers remain cautious.

### Cost of Sales

	Group		
	2010	2009	Increase/ (Decrease)
	Rp'million	Rp'million	%
Raw materials used	309,238	288,624	7%
Labour costs	103,271	90,551	14%
Factory overhead	201,592	180,343	12%
Movement in finished goods	(9,257)	59,514	n.m
<b>Total</b>	<b>604,844</b>	<b>619,032</b>	<b>-2%</b>

Our cost of sales decreased by 2% as compared to that of 2009. This was mainly due to lower unit production cost as our production volume increased.

### Raw materials used, labor costs and factory overheads

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 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.

### Gross Profit

Our gross profit increased by 264% to Rp69 billion in 2010 from Rp19 billion in 2009. Our Group (excluding Sumalindo) contributed Rp67 billion out of Rp69 billion gross profit for the current quarter.

Our gross profit margin increased to 10% in 2010 from 3% in 2009. In 2010, Sumalindo's gross profit margin was 2% (2009: negative 6%). Our gross profit margin for this quarter would have been higher (2010: 13%, 2009: 6%) had we not been affected by Sumalindo's lower gross profit margin.

We reported better gross profit and margin for this period mainly due to overall better selling prices and lower unit cost of production (as our fixed cost remained relatively unchanged while our volume increase).

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## Other Income

Our other income increased to Rp55 billion as compared to that of 2009 of Rp15 billion. Our income for the period derived mainly from foreign exchange gain of Rp49 billion (2009: loss of Rp103 billion - included in other expenses) and other incidental gain such as gain from changes in fair value of biological asset of Rp5 billion (2009: loss of Rp5 billion - included in other expenses).

## Selling Expenses

Our selling expenses has declined by 14% in 2010 as compared to that of 2009. The reduction was mainly due to lower freight cost incurred as a result of lower export sales.

## General and Administration (“G&A”) Expenses

Our G&A expenses has declined by 15% in 2010 as compared to that of 2009. This was mainly due to our Group’s cost cutting measures which has resulted in lower operating costs incurred, such as professionals and staff expenses.

## Finance Expense

Our finance expenses decreased to Rp32 billion as compared to that of 2009 of Rp39 billion. This was mainly due to the repayments of borrowings and strengthening of Rupiah exchange rate against US Dollar.

## Other Expenses

Our other expenses decreased to Rp2 billion as compared to that of 2009 of Rp124 billion. Our expenses for the period were derived mainly from amortisation of land use rights.

Our 2009 expenses were derived mainly from the foreign exchange loss of Rp103 billion (we reported a gain of Rp49 billion in 2010 included in other income). Our foreign exchange differences are mainly from the translation of foreign currency borrowings.

## Taxation

Our tax (expense)/ benefits consisted of the following:

	Group		
	2010	2009	Increase/ (Decrease)
	Rp'million	Rp'million	%
Current income tax	(3,900)	(2,317)	68%
Deferred income tax	(3,553)	12,767	n.m
Under provision of prior years taxes	-	1,029	-100%
<b>Total</b>	<b>(7,453)</b>	<b>11,479</b>	<b>n.m</b>

Indonesia adopts individual company income tax system. Our effective tax rate is higher due to the absence of provision of deferred tax benefits on the tax losses incurred by certain subsidiaries. We did not account for it mainly because the utilisation of such tax losses is uncertain.

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**(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 31 March 2010 decreased by Rp1,496 billion to Rp979 billion compared to 2009 of Rp2,475 billion. The decrease in our non-current assets was mainly caused by deconsolidation of Sumalindo.

The changes in the current assets position mainly due to deconsolidation effect of Sumalindo. If Sumalindo's current assets were excluded in 2009, our current assets would be lowered by Rp21 billion. The decrease was mainly due to the withdrawal of restricted deposits of Rp95 billion offset by the increase in inventory of Rp64 billion.

Our current liabilities decreased by Rp1,280 billion to Rp501 billion in 2010. The decrease was mainly due to deconsolidation of Sumalindo and repayments of borrowings.

We were in net current assets position of Rp85 billion as compared to net current liabilities position of Rp708 billion in the corresponding period. This was mainly due to the deconsolidation effect of Sumalindo, repayments of borrowings and increase in our working capital from our rights issues.

Our non-current portion of long term borrowings decreased by Rp518 billion to Rp310 billion in 2010. This attributed mainly due to the deconsolidation of Sumalindo, repayments of borrowings, and stronger Rupiah exchange rate versus US Dollar.

*Statement of Cash Flow*

Our net cash provided by operating activities decreased slightly by 5% to Rp40 billion in 2010 from Rp42 billion in 2009. This was the result of utilisation of more working capital following higher production output during the current quarter.

Our net cash used in investing activities increased to Rp27 billion as compared to Rp7 billion in 2009. In 2010, our cash outflows were mainly for subscription of Sumalindo's rights issues, payment for Sumalindo's infrastructure costs, and cash outflows arising from the dilution of a subsidiary.

Our net cash used in financing activities was Rp13 billion as compared to a net cash outflow of Rp59 billion in 2009. The decrease was mainly due to proceeds from the issuance of new shares offset by repayments of borrowings as compared to 2009.

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

Not applicable.

**10. A commentary at the date of the announcement of the 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 nine to twelve months will be affected by the following factors:-

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- 1) Exchange rate risk remains high in 2010. Our Group's borrowings are mostly in US\$ and for 2010, our export revenue is expected to remain soft.

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\$. As at the date of this report, we have hedged US\$14 million of our loan against our functional currency, Rupiah. Taken this into consideration, assuming all other variables held constant and tax rate of 25%, the following table illustrates the sensitivity impact of our US\$ borrowings to our net profit arising from the possible change in the US\$ exchange rate:

Exchange Rate	<b>Group</b>
1 US\$ is equal to Rp :	<b>2010</b>
	Rp million
Actual	Profit after tax for the full year ended 31 March
9,115	11,742
Test Rate	Increase/ (decrease)
9,600	(11,215)
9,400	(6,590)
9,200	(1,966)
9,000	2,659
8,800	7,284
8,600	11,909

Note:

- Exchange rate of Indonesian Rupiah ("Rp") to 1US\$ at 31 March 2010 was Rp9,115
- Exchange rate of Rp to 1US\$ at 31 December 2009 was Rp9,400
- Exchange rate of Rp to 1US\$ at 10 May 2010 was Rp9,120
- Our US\$ loans as of 31 March 2010 amounts to US\$31 million.

- 2) Business of the Group is improving particularly in the domestic market. Our export sales remain slow and soft and it may also be affected with the strengthening of Rupiah. To overcome the challenges, we continue to focus on domestic and regional markets where we have competitive advantages and to expand into upstream and downstream segments to enhance our margins.
- 3) As mentioned in point 8 above, the financial statements of Sumalindo were deconsolidated. In the last two financial years, the adverse performance of Sumalindo had affected our financial position and performance. The deconsolidation of Sumalindo has yielded positive effect to our financial position as at 31 March 2010. For instance, we reported net current assets position mainly as a result of the deconsolidation of Sumalindo.

As mentioned in our previous announcements, the Indonesian Tax Office ("ITO") has revised Sumalindo's tax assessment to Rp73 billion (including interest and penalty payable of Rp17 billion). As of the date of this report, 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.

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

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### 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/recommended, a statement to that effect.

No dividend for financial period ended 31 March 2010 has been declared.

### 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 2010 to 31 Mar 2010	
	Rp Million	Rp Million
PT Pelayaran Nelly Dwi Putri <ul style="list-style-type: none"><li>Time charter of tug and barges; and Freight expense</li></ul>	6,751	-

During the financial year ended 31 March 2010, our Group has made downpayment of Rp1,218 million for the purchase of trees from PT Bioforest Indonesia.



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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited financial statements for the first quarter ended 31 March 2010 to be false or misleading in any material respects.

### **BY ORDER OF THE BOARD**

Aris Sunarko @ Ko Tji Kim  
Chief Executive Officer  
10 May 2010