

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30/09/2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD QUARTER RESULTS

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

	Group			Group		
	3rd Qtr 1 Jul 2012 to 30 Sep 2012	3rd Qtr 1 Jul 2011 to 30 Sep 2011	Increase/ (decrease)	1 Jan 2012 to 30 Sep 2012	1 Jan 2011 to 30 Sep 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Revenue	645,151	614,012	5%	2,005,047	1,797,100	12%
Cost of sales	(539,916)	(512,236)	5%	(1,648,967)	(1,518,789)	9%
Gross profit	105,235	101,776	3%	356,080	278,311	28%
Other items of income						
Interest income	309	287	8%	844	1,472	-43%
Other income	1,148	710	62%	8,290	7,103	17%
Other items of expenses						
Selling expenses	(22,454)	(24,801)	-9%	(72,667)	(67,276)	8%
General & administrative expenses	(52,156)	(44,652)	17%	(149,958)	(123,334)	22%
Financial expenses	(10,561)	(6,980)	51%	(33,543)	(24,167)	39%
Other expenses	(6,816)	(11,672)	-42%	(24,052)	(10,591)	127%
Profit before tax	14,705	14,668	0%	84,994	61,518	38%
Tax expenses	(4,545)	(4,421)	3%	(23,882)	(20,904)	14%
Net profit for the period	10,160	10,247	-1%	61,112	40,614	50%
Other comprehensive income:						
Foreign currency translation gain	1,928	581	232%	1,780	581	206%
Total comprehensive income for the period	12,088	10,828	12%	62,892	41,195	53%
Net profit attributable to:						
Owners of the Company	10,232	9,595	7%	62,174	39,857	56%
Non-controlling interests	(72)	652	n.m	(1,062)	757	n.m
	10,160	10,247	-1%	61,112	40,614	50%
Total comprehensive income attributable to:						
Owners of the Company	12,160	10,176	19%	63,954	40,438	58%
Non-controlling interests	(72)	652	n.m	(1,062)	757	n.m
	12,088	10,828	12%	62,892	41,195	53%

n.m : not meaningful

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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

	Group			Group		
	3rd Qtr 1 Jul 2012 to 30 Sep 2012	3rd Qtr 1 Jul 2011 to 30 Sep 2011	Increase/ (decrease)	1 Jan 2012 to 30 Sep 2012	1 Jan 2011 to 30 Sep 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
(Loss)/ gain on foreign exchange, net	(4,386)	(7,188)	-39%	(15,300)	6,266	n.m
Interest expenses	(9,878)	(6,529)	51%	(32,085)	(21,447)	50%
Amortisation of land use rights	(1,184)	(1,069)	11%	(3,584)	(3,204)	12%
Depreciation of property, plant and equipment	(24,567)	(22,510)	9%	(73,571)	(66,689)	10%
Gain on sale of property, plant and equipment, net	708	399	77%	708	603	17%
Write-off irrecoverable receivables	-	-	-	(2,923)	-	n.m
Acquisition costs incurred on new subsidiaries	-	-	-	(709)	-	n.m
Insurance claim	-	-	-	7,070	-	n.m

n.m : not meaningful

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	Rp'million	Rp'million	Rp'million	Rp'million
Non-current assets				
Property, plant and equipment	652,697	639,465	26	123
Intangible assets	36,463	-	-	-
Investment in subsidiary companies	-	-	642,071	587,698
Investment in an associate*	-	-	-	-
Biological assets	41,554	9,170	-	-
Land use rights	59,074	59,951	-	-
Deferred tax assets	19,778	12,230	-	-
Other non-current assets	16,690	16,841	41	188
	826,256	737,657	642,138	588,009
Current assets				
Inventories	321,634	210,297	-	-
Trade and other receivables	115,169	85,728	63,553	71,868
Prepaid operating expenses	36,716	29,086	258	72
Advances to suppliers	90,844	121,256	-	-
Restricted time deposits	15,701	15,312	-	-
Cash and cash equivalents	95,466	95,028	1,426	756
	675,530	556,707	65,237	72,696
Current liabilities				
Trade and other payables	189,340	174,623	24	27
Other liabilities	83,414	65,649	2,218	4,429
Advances from customers	42,490	63,834	-	-
Provision for taxation	20,731	31,002	-	-
Loans and borrowings (current portion)	144,736	66,889	-	-
	480,711	401,997	2,242	4,456
Net current assets	194,819	154,710	62,995	68,240
Non-current liabilities				
Loans and borrowings	297,151	304,561	-	-
Post-employment benefits	86,649	68,249	-	-
Deferred tax liabilities	4,934	6,109	-	-
	388,734	378,919	-	-
Net assets	632,341	513,448	705,133	656,249
Equity attributable to owners of the Company				
Share capital	2,188,645	2,134,271	2,188,645	2,134,271
Accumulated losses	(1,871,753)	(1,933,927)	(1,483,512)	(1,478,022)
Other reserves	311,067	309,287	-	-
	627,959	509,631	705,133	656,249
Non-controlling interests	4,382	3,817	-	-
	632,341	513,448	705,133	656,249

*) Represents the Company's 31% investment in PT Sumalindo Lestari Jaya Tbk. Full provision of impairment has been made for this investment.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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

Amount repayable in one year or less, or on demand

As at 30 September 2012		As at 31 December 2011	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
144,736	-	66,889	-

Amount repayable after one year

As at 30 September 2012		As at 31 December 2011	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
297,151*	-	304,561*	-

*) Includes a loan facility of up to S\$5,000,000 (2011: S\$3,000,000) and the facility carries an option which allow the lender to subscribe for new shares in a subsidiary if the subsidiary is unable to meet its obligation and or when the entity is undertaking a public offering or the Company undertakes to sell the subsidiary's shares.

Details of any collateral

As at 30 September 2012, our bank borrowings are secured and guaranteed by the following:

- (1) Short term working capital facilities: secure over the land use rights, buildings, machinery, inventories and account receivables of certain subsidiaries;
- (2) Long term bank borrowings:
 - Guarantee undertaking from two major shareholders of the Company, the Company and certain subsidiaries;
 - Secured over the land use rights, buildings, machinery, inventories, account receivables, bank balances of certain subsidiaries. All other assets of these subsidiaries are on negative pledge to the financial institution and some restriction on dividend payment is imposed on them; and
- (3) All assets acquired under finance leases are secured against the assets under lease.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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

	Group	
	1 Jan 2012 to 30 Sep 2012 Rp'million	1 Jan 2011 to 30 Sep 2011 Rp'million
Cash flows from operating activities		
Profit before tax	84,994	61,518
Adjustments:		
Depreciation of property, plant and equipment	73,571	66,689
Interest expenses	33,543	24,167
Post employment benefits expense	18,260	15,175
Foreign exchange loss/ (gain)	14,505	(4,551)
Amortisation of land use rights	3,584	3,204
Writte-off irrecoverable receivables	2,923	-
Interest income	(844)	(1,472)
Gain on disposal of property, plant and equipment	(708)	(603)
	<u>229,828</u>	<u>164,127</u>
Operating cash flow before changes in working capital		
Changes in working capital		
Inventories	(111,242)	(54,504)
Trade and other receivables	(26,377)	(14,672)
Prepaid operating expenses	(6,253)	2,467
Advance to suppliers	26,159	(19,519)
Trade and other payable	14,717	9,208
Other liabilities	15,072	15,753
Advances from customers	(44,491)	14,831
Other non-current assets	(71)	8,935
	<u>97,342</u>	<u>126,626</u>
Cash flow provided by operations		
Income tax paid	(44,133)	(17,433)
	<u>53,209</u>	<u>109,193</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property, plant, and equipment ¹	(83,633)	(29,539)
Additions of biological assets	(16,817)	(21,101)
Interest received	844	1,472
Additions of land use rights	(2,707)	(375)
Net cash inflow on acquisition of subsidiaries ²	21,688	-
Proceeds from disposal of property, plant and equipment	485	-
Capital contribution from Non-controlling interest	1,750	-
	<u>(78,390)</u>	<u>(49,543)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Drawdown of loans and borrowings	169,099	117,300
Repayment of loans and borrowings	(125,364)	(207,036)
Interest paid	(28,041)	(24,317)
Proceed from sale and lease back transactions - finance lease arrangements	9,925	25,611
Withdrawal of restricted deposits	-	12,397
	<u>25,619</u>	<u>(76,045)</u>
Net cash provided by/ (used in) financing activities		
Net increase/ (decrease) in cash and cash equivalents	438	(16,395)
Cash and cash equivalents at beginning of period	95,028	74,945
	<u>95,466</u>	<u>58,550</u>
Cash and cash equivalents at end of period		

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Notes:

- 1) Net of the advance payments made in prior period for the purchase of assets
- 2) Net cash inflow on acquisition of subsidiaries consisted of the followings:

	<u>Recognised on the dates of acquisitions</u>		
	Bioforest	PT Cipta Graha	Total
	<u>Pte Ltd</u>	<u>Kreasindo</u>	
	<u>Rp'million</u>	<u>Rp'million</u>	<u>Rp'million</u>
Property, plant and equipment	332	-	332
Intangible assets	2,652	-	2,652
Biological assets	15,567	-	15,567
Inventories	95	-	95
Receivables and prepayments	3,212	-	3,212
Cash and cash equivalents	<u>21,652</u>	<u>103</u>	<u>21,755</u>
	<u>43,510</u>	<u>103</u>	<u>43,613</u>
Other liabilities	(276)	-	(276)
Advance from customer	(23,147)	-	(23,147)
Provision for taxation	(28)	-	(28)
Post-employment benefits	(140)	-	(140)
Minority Interests	<u>139</u>	<u>-</u>	<u>139</u>
	<u>(23,452)</u>	<u>-</u>	<u>(23,452)</u>
Net identifiable assets	<u>20,058</u>	<u>103</u>	<u>20,161</u>
Portion acquired by the Group	<u>100%</u>	<u>65%</u>	
Net identifiable assets allocated to the Group	20,058	67	20,125
Intangible assets arising on acquisition	<u>34,316</u>	<u>-</u>	<u>34,316</u>
Total consideration	<u>54,374</u>	<u>67</u>	<u>54,441</u>
Consideration for acquisitions:			
Issued 54,201,621 ordinary shares of the Company	54,374	-	54,374
Cash paid	-	67	67
Less: non cash transaction	<u>(54,374)</u>	<u>-</u>	<u>(54,374)</u>
Consideration settle in cash	-	67	67
Less: cash and cash equivalent of subsidiaries acquired	<u>(21,652)</u>	<u>(103)</u>	<u>(21,755)</u>
Net cash inflow on acquisitions	<u>21,652</u>	<u>36</u>	<u>21,688</u>

Provisional accounting of the acquisition of Bioforest Private Limited

As reported in 2Q 2012, the Group completed its acquisition of the entire equity of Bioforest Private Limited for the consideration of Rp22 billion. The purchase consideration was satisfied by the issuance of new shares of the Company totalling 54,201,621 shares. As at the date of this reporting, the amount of assets and liabilities of Bioforest Private Limited have been consolidated with the Group but they were provisional as the Group is in the process of determining its fair value on each component basis.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

During the quarter ended 30 September 2012, the initial provisional amount of the biological assets and the intangibles (as reported in 2Q 2012) have been updated following the completion of the statutory audit of the accounts of Bioforest for the year ended 31 December 2011. However, the relevant fair value adjustments will only be made to all the components (where applicable) retrospectively as if those adjustments have been made at the acquisition date when the fair values of the respective items are established.

- 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					Non-controlling interests	
	Equity, total	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve		
	Rp'million	Rp'million	Rp'million	Rp'million	Rp million		
Balance at 1 January 2012	513,448	2,134,271	(1,933,927)	309,050	237	509,631	3,817
Issued of new shares during the period	54,374	54,374	-	-	-	54,374	-
Acquisition of new subsidiaries	(139)	-	-	-	-	-	(139)
Capital contribution from NCI	1,750	-	-	-	-	-	1,750
Portion on foreign currency translation gain allocated to NCI	16	-	-	-	-	-	16
Total comprehensive income for the period	62,892	-	62,174	-	1,780	63,954	(1,062)
Balance at 30 September 2012	632,341	2,188,645	(1,871,753)	309,050	2,017	627,959	4,382
Balance at 1 January 2011	461,251	2,134,271	(1,985,162)	309,050	-	458,159	3,092
Total comprehensive income for the period	41,195	-	39,857	-	581	40,438	757
Balance at 30 September 2011	502,446	2,134,271	(1,945,305)	309,050	581	498,597	3,849

Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1 January 2012	2,134,271	(1,478,022)	656,249
Issued of new shares during the period	54,374	-	54,374
Total comprehensive income for the period - loss	-	(5,490)	(5,490)
Balance at 30 September 2012	2,188,645	(1,483,512)	705,133
Balance at 1 January 2011	2,134,271	(1,463,551)	670,720
Total comprehensive income for the period - loss	-	(11,590)	(11,590)
Balance at 30 September 2011	2,134,271	(1,475,141)	659,130

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

- 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.**

Except as disclosed in point 1(d)(iii) below, there is no change in the Company's shares during the period ended 30 September 2012.

- 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
	Number of shares
At 31 December 2011	1,347,243,843
Addition:	
Issue of shares as consideration for acquisition of Bioforest Private Limited	54,201,621
At 30 September 2012	<u>1,401,445,464</u>

There were no shares held as treasury shares as at 30 September 2012 and 31 December 2011.

- 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 30 September 2012 and 31 December 2011.

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

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

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

Not applicable.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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

Except for the adoption of the new and revised accounting standards which came into effect from the financial period beginning 1 January 2012, 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 financial year ended 31 December 2011. The adoption of the new and revised accounting standards has no material impact on the financial statements of the Group and the Company for the period ended 30 September 2012.

Consistent with the prior period's accounting policy, the Group appraises the fair value of its biological assets only at the end of the financial year.

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		Group	
	3rd Qtr 1 Jul 2012 to 30 Sep 2012	3rd Qtr 1 Jul 2011 to 30 Sep 2011	1 Jan 2012 to 30 Sep 2012	1 Jan 2011 to 30 Sep 2011
Weighted average number of ordinary shares for basic earnings per share computation	1,401,445,464	1,347,243,843	1,379,605,983	1,347,243,843
Weighted average number of ordinary shares for diluted earnings per share computation	1,401,445,464	1,347,243,843	1,379,605,983	1,347,243,843
	Rp (full amount)	Rp (full amount)	Rp (full amount)	Rp (full amount)
Earnings per share attributable to owners of the Company				
Basic	7	7	45	30
Diluted	7	7	45	30

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
Net assets for the year attributable to owners of the Company used in computation of net asset value per share (Rp'million)	627,959	509,631	705,133	656,249
Number of ordinary shares at the end of the period	1,401,445,464	1,347,243,843	1,401,445,464	1,347,243,843
Net asset value per ordinary share (Rp full amount)	448	378	503	487

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors**

Our Group reported a net profit of Rp10 billion for 3Q 2012. The sales and gross profit for this quarter were higher by Rp31 billion and Rp3 billion respectively as compared to 3Q 2011, however, the net profit remain relatively unchanged for the same period ended. This owed mainly to higher operating costs which include a higher interest expense incurred. The improvement in our sales revenue was mainly boosted by better selling prices achieved both in domestic and export markets.

For the 9-month basis, our performance was better than last year. Our net profit surged 50% to Rp61 billion versus that of Rp41 billion in the corresponding period. This attributes mainly to both better sales volume as well as better selling prices achieved.

Revenue

	Group			Group		
	3rd Qtr 1 Jul 2012 to 30 Sep 2012 Rp'million	3rd Qtr 1 Jul 2011 to 30 Sep 2011 Rp'million	Increase/ (decrease) %	1 Jan 2012 to 30 Sep 2012 Rp'million	1 Jan 2011 to 30 Sep 2011 Rp'million	Increase/ (decrease) %
Domestic sales	497,874	473,237	5%	1,546,905	1,400,026	10%
Export sales	147,277	140,775	5%	458,142	397,074	15%
Total	645,151	614,012	5%	2,005,047	1,797,100	12%

Quarter vs. Quarter

The surge in domestic sales revenue came mainly from the picked up in the sales volume and the selling prices of 2% and 4% respectively as compared to 3Q 2011. The local housing and construction projects remain strong in 3Q 2012 and this supported our domestic sales.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

On the export front, the sales volume decreased by 7% in 3Q 2012 as compared to 3Q 2011. The demand following the Japan Tsunami has since tapered off but it has not much weakened since 3rd quarter last year. Nevertheless, due to better products mixed and stronger US\$ exchange rate against IDR, the export overall selling prices have improved by 12% as compared to 3Q 2011 and this has cushioned the impact from the lower sales volume.

Nine-month vs. nine-month

Both domestic and export sales reported improvement over that of the previous period. Overall sales volume increased by 2% while the selling prices improved by 10%, particularly, the export pricing - owing mainly to better mixed of products and strong US\$ exchange rate.

Cost of sales

	Group			Group		
	3rd Qtr 1 Jul 2012 to 30 Sep 2012	3rd Qtr 1 Jul 2011 to 30 Sep 2011	Increase/ (decrease)	1 Jan 2012 to 30 Sep 2012	1 Jan 2011 to 30 Sep 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Raw material used	295,660	262,149	13%	895,774	832,666	8%
Labour costs	111,439	97,228	15%	342,083	291,979	17%
Factory overhead	143,942	124,379	16%	447,690	365,424	23%
Movement in finished goods	(11,125)	28,480	n.m	(36,580)	28,720	n.m
Total	539,916	512,236	5%	1,648,967	1,518,789	9%

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

For period ended 3Q 2012, the overall increase in cost of sales seemed in line with the sales but on 9-month basis, the surge in the sales revenue was better than the increase costs. This owed mainly to better pricing and lower production costs as volume increased.

Gross profit

Our gross profit has improved by 3% and 28% respectively over that of 3Q 2011 and 9-month ended 30 September 2011. The improvement was attributable mainly to the increase in domestic sales volume and overall selling prices of our products. Export sales generally has higher margin.

Other income

The net other income for the 9-month ended 30 September 2012 included a successful one off fire insurance claim of Rp7 billion for our factory in Jambi while an exchange gain of Rp6 billion was reported for the same period last year. For this period, the Group reported an exchange loss – see discussion in other charges.

Selling expenses

Our selling expenses decreased by 9% in 3Q 2012, this was mainly due to the lower export sales volume in this quarter. On the 9-month basis, our selling expenses increased by 8% and this were due to the increase in freight charges and related expenses.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

General and administration (“G&A”) expenses

Our G&A expenses have increased by 17% and 22% respectively over that of the previous periods. The Group’s business activities expanded therefore expenses have generally increased. In addition, the Group incurred one off expenses in relation to the acquisition of Bioforest Private Limited as announced on 2 April 2012.

Finance expenses

Our finance expenses have increased compared to that of the previous periods. The increase was mainly due to higher component of Rupiah denominated loans (versus US dollars loans) compared to the previous period (the Group refinanced the loans in last quarter of 2011) and new working capital loans being draw down in 3Q 2012. Rupiah denominated loans attract higher interest rate compared to US dollars loans.

Other expenses

The Group reported foreign exchange loss of Rp4 billion in 3Q 2012 versus foreign exchange loss of Rp7 billion in 3Q 2011. For the 9-month ended 30 September 2012, the Group reported exchange loss of Rp15 billion versus that of a gain of Rp6 billion last year. Rupiah has weakened against US dollars in 2012 whereas it was the reverse in 2011. The weakening of Rupiah will generally result in the Group incurring exchange loss due to the translation of its US dollars denominated loans.

Besides the foreign exchange effect that caused our other expenses to be higher this year, we also incurred a provision of irrecoverable debts of Rp3 billion as reported in the 2Q 2012.

Taxation

Our tax expenses comprise the following:

	Group			Group		
	3rd Qtr 1 Jul 2012 to 30 Sep 2012	3rd Qtr 1 Jul 2011 to 30 Sep 2011	Increase/ (decrease)	1 Jan 2012 to 30 Sep 2012	1 Jan 2011 to 30 Sep 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Current income tax	(8,852)	(7,289)	21%	(32,377)	(22,758)	42%
Deferred income tax	4,307	2,868	50%	8,723	1,854	370%
Under provision of prior years taxes	-	-	-	(228)	-	n.m
Total	<u>(4,545)</u>	<u>(4,421)</u>	<u>3%</u>	<u>(23,882)</u>	<u>(20,904)</u>	<u>14%</u>

Indonesia adopts individual company income tax system.

Our effective tax rate was lower in this period due to contribution from our Singapore subsidiary, the absence of 1) certain expenses not deductible for tax purposes and 2) losses by certain subsidiaries which cannot be offset against the profits in this period.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

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

Statement of Financial Position

The Group's non-current assets have increased by Rp89 billion compared to that of 31 December 2011. This was due mainly to 1) increase in the purchase of fixed assets of Rp84 billion (more than offset the depreciation expense of Rp74 billion), 2) spending on trees plantation (upstream activities) of Rp17 billion and 3) the completion of acquisition of Bioforest Private Limited where it contributed non-current assets of Rp52 billion (mainly biological and intangible assets).

For the period ended, our current assets have increased by Rp119 billion to Rp676 billion. The increase was due mainly to 1) relative higher inventories level for raw material and finished goods as our production and sales volume grew, 2) higher receivables in line with higher sales revenue in 3Q 2012 and 3) cash retained from the acquisition of Bioforest Private Limited of Rp22 billion.

Our Group's current liabilities have increased by Rp79 billion to Rp481 billion as at 3Q 2012. This was contributed mainly by 1) higher proportionate long-term loans due for payment within the next 12 months versus those in 31 December 2011, as well as drew down of additional loans in 2012 and 2) increase in trade and other payables as a result of increased in operating activities. Other liabilities comprise mainly accrual of operating expenses and value added tax ("VAT") payable. The increase in other liabilities was attributed mainly to accrual of staff salary, wages, freight and VAT, in line with the increase in operating activities as well as due to timing differences in the payment cycle.

Overall, our Group's net working capital position improved by Rp40 billion due mainly to our operating income and better working capital management.

Statement of Cash Flow

During the period, we generated Rp53 billion from our operations, incurred net cash outflow of Rp78 billion from our investing and net cash inflow of Rp26 billion from financing activities. Net cash increase for the period was Rp0.4 billion.

Our cash generated from operating activities decreased by Rp56 billion over that of the previous period. This was due mainly to 1) higher working capital required to maintain the level of inventories as we expand downstream and the increasing sales activities and 2) the Group paid more tax as overall profit has improved and generally it also has higher tax installment payment in 2012 (in line with the improvement in the performance of the operating entities).

Our cash used in the investing activities has increased due mainly to higher acquisitions of fixed assets and expenditure on trees planting for our upstream activities. For the period ended 30 September 2012, our capital expenditures have more than doubled over that of the previous period.

During the period, our cash outflow in the financing activities relates mainly to repayments of bank borrowings and its interests, offset against additional drawdown of loans.

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

Not applicable.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

10. A commentary at the date of the announcement of the trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On the local front (Indonesia), our local sales may improve slightly or stable mainly due to the strong local housing and construction industries. However, we caution that any prolong uncertainty in global economy may also impact the Indonesian economy thus affecting the demand for our products.

Our current export market is mainly to North Asia. We caution that the export selling prices and volume may be softening owing to keen competition and the uncertainties in the global economy affected by the European debts crisis and the political situation. The fragile global economy and the possible softening of demand from Japan may also have an adverse effect.

Amid the challenges, we continue to explore, develop and be innovative in our products and manage our production efficiency. Our strategies remain that of expanding downstream and embark on our own tree planting activities (upstream) which we hope in the long-term, will minimize the impact of costs rising while maintaining a healthy margin.

Barring any unforeseen circumstances, we expect the performance in 2012 to be better than that in 2011 as indicated by the 3Q 2012 performance.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend for financial period ended 30 September 2012 has been declared.

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

13. Interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	1 Jan – 30 Sep 2012	
	Rp'million	Rp'million
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense (Transactions entered into pursuant to contract approved by shareholders on 10 August 2010)	15,879	-
Bioforest Private Limited * Installments for the purchase of trees (Transaction was entered into between parties prior to the IPO of the Company's shares)	2,030	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	7,527	-
PT Buana Sakti Office rental	2,281	-
Bioforest Private Limited Acquisition of Bioforest Private Limited for the consideration of S\$7.4 million as announced on 2 April 2012.	17,541	-

*) Following the completion of our acquisition on Bioforest Private Limited on 12 June 2012, this entity is not regarded as an Interested Person to the Group with effect from the completion date.

12. 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 third quarter ended 30 September 2012 to be false or misleading in any material respects.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
14 November 2012