

# SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

## Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30/09/2013

### 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 2013 to 30 Sep 2013	3rd Qtr 1 Jul 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)	1 Jan 2013 to 30 Sep 2013	1 Jan 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Revenue	729,670	645,151	13	2,191,385	2,005,047	9
Cost of sales	(632,521)	(539,916)	17	(1,863,432)	(1,648,967)	13
<b>Gross profit</b>	<b>97,149</b>	<b>105,235</b>	<b>(8)</b>	<b>327,953</b>	<b>356,080</b>	<b>(8)</b>
<b>Other items of income</b>						
Interest income	357	309	16	743	844	(12)
Other income	71	1,148	(94)	10,059	8,290	21
<b>Other items of expenses</b>						
Selling expenses	(28,948)	(22,454)	29	(82,743)	(72,667)	14
General & administrative expenses	(61,054)	(52,156)	17	(174,060)	(149,958)	16
Finance expenses	(12,915)	(10,561)	22	(35,309)	(33,543)	5
Other expenses	(47,716)	(6,816)	600	(58,938)	(24,052)	145
<b>Profit/ (loss) before tax</b>	<b>(53,056)</b>	<b>14,705</b>	<b>n.m</b>	<b>(12,295)</b>	<b>84,994</b>	<b>n.m</b>
<b>Income tax expense</b>	<b>11,866</b>	<b>(4,545)</b>	<b>n.m</b>	<b>(2,273)</b>	<b>(23,882)</b>	<b>(90)</b>
<b>Net profit/ (loss) for the period</b>	<b>(41,190)</b>	<b>10,160</b>	<b>n.m</b>	<b>(14,568)</b>	<b>61,112</b>	<b>n.m</b>
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified to profit or loss:</b>						
Net actuarial losses on post-employment benefits	(1,193)	(6,236)	(81)	(3,579)	(18,692)	(81)
<b>Items that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation gain	6,970	1,928	262	7,111	1,780	299
<b>Total comprehensive income - for the period - (loss)</b>	<b>(35,413)</b>	<b>5,852</b>	<b>n.m</b>	<b>(11,036)</b>	<b>44,200</b>	<b>n.m</b>
<b>Net profit/ (loss) attributable to:</b>						
Owners of the Company	(47,093)	10,232	n.m	(20,058)	62,174	n.m
Non-controlling interests	5,903	(72)	n.m	5,490	(1,062)	n.m
	<b>(41,190)</b>	<b>10,160</b>	<b>n.m</b>	<b>(14,568)</b>	<b>61,112</b>	<b>n.m</b>
<b>Total comprehensive income - (loss) attributable to:</b>						
Owners of the Company	(41,316)	5,924	n.m	(16,526)	45,262	n.m
Non-controlling interests	5,903	(72)	n.m	5,490	(1,062)	n.m
	<b>(35,413)</b>	<b>5,852</b>	<b>n.m</b>	<b>(11,036)</b>	<b>44,200</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:

	Group			Group		
	3rd Qtr 1 Jul 2013 to 30 Sep 2013	3rd Qtr 1 Jul 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)	1 Jan 2013 to 30 Sep 2013	1 Jan 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Depreciation of property, plant and equipment	(27,380)	(24,567)	11	(78,315)	(73,571)	6
Interest expense	(11,342)	(9,878)	15	(32,286)	(32,085)	1
Property, plant and equipment written-off due to fire incident	-	-	-	(1,702)	-	n.m
Loss on foreign exchange, net	(44,490)	(4,386)	914	(45,623)	(15,300)	198
Amortisation of land use rights	(740)	(1,184)	(38)	(2,306)	(3,584)	(36)
Amortisation of intangible assets	(320)	(649)	(51)	(949)	(649)	46
Inventories written-down	-	-	-	(360)	-	n.m
Acquisition costs incurred on new subsidiaries	-	-	-	-	(709)	(100)
Allowance for doubtful receivables	(917)	-	n.m	(4,683)	(2,923)	60
Gain on sale of property, plant and equipment, net	71	708	(90)	463	708	(35)
Insurance claim	-	-	-	9,536	7,070	35

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	
	30 Sep 2013 Rp'million	31 Dec 2012 (Restated) Rp'million	30 Sep 2013 Rp'million	31 Dec 2012 Rp'million
<b>Non-current assets</b>				
Property, plant and equipment	643,886	663,142	165	14
Intangible assets <sup>(1)</sup>	37,444	38,315	-	-
Investment in subsidiary companies	-	-	672,822	642,072
Investment in an associate <sup>(2)</sup>	-	-	-	-
Biological assets	60,046	56,876	-	-
Land use rights	55,660	57,966	-	-
Deferred tax assets	72,923	50,846	1,000	3,661
Other non-current assets	17,244	17,988	41	40
	<b>887,203</b>	<b>885,133</b>	<b>674,028</b>	<b>645,787</b>
<b>Current assets</b>				
Inventories	387,913	342,078	-	-
Trade and other receivables	164,664	127,539	35,725	67,784
Prepaid operating expenses	54,597	35,027	527	76
Advances to suppliers	77,715	72,741	-	-
Restricted time deposits	22,117	15,763	-	-
Cash and cash equivalents	90,380	90,350	2,146	1,487
	<b>797,386</b>	<b>683,498</b>	<b>38,398</b>	<b>69,347</b>
<b>Current liabilities</b>				
Trade and other payables	215,937	195,644	19	3,380
Other liabilities	90,432	94,548	1,848	2,384
Advances from customers	34,688	31,808	-	-
Provision for taxation	17,875	30,166	-	-
Loans and borrowings	245,842	153,367	-	-
	<b>604,774</b>	<b>505,533</b>	<b>1,867</b>	<b>5,764</b>
<b>Net current assets</b>	<b>192,612</b>	<b>177,965</b>	<b>36,531</b>	<b>63,583</b>
<b>Non-current liabilities</b>				
Loans and borrowings	281,995	283,929	-	-
Post-employment benefits	206,591	175,678	-	-
Deferred tax liabilities	10,157	11,383	-	-
	<b>498,743</b>	<b>470,990</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>581,072</b>	<b>592,108</b>	<b>710,559</b>	<b>709,370</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	2,188,645	2,188,645	2,188,645	2,188,645
Accumulated losses	(1,937,758)	(1,911,825)	(1,478,086)	(1,479,275)
Other reserves	318,546	309,139	-	-
	<b>569,433</b>	<b>585,959</b>	<b>710,559</b>	<b>709,370</b>
<b>Non-controlling interests</b>	<b>11,639</b>	<b>6,149</b>	<b>-</b>	<b>-</b>
	<b>581,072</b>	<b>592,108</b>	<b>710,559</b>	<b>709,370</b>

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Notes:

- (1) Included in the intangibles is goodwill arising from the acquisition of subsidiaries of Rp25,992 million.
- (2) Represents the Company's 24.6% investment in PT Sumalindo Lestari Jaya Tbk. Full provision of impairment has been made for this investment previously.

### (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 2013		As at 31 December 2012	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
245,842*	-	153,367	-

#### Amount repayable after one year

As at 30 September 2013		As at 31 December 2012	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
281,995*	-	283,929*	-

\*) Includes a loan facility of S\$10,000,000 (2012: S\$5,000,000) and it has 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 subsidiary is undertaking a public offering or the Company undertakes to sell the subsidiary's shares.

#### Details of any collateral

As at 30 September 2013, 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.

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**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 2013 to 30 Sep 2013 Rp'million	1 Jan 2012 to 30 Sep 2012 Rp'million
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	(12,295)	84,994
Adjustments:		
Depreciation of property, plant and equipment	78,315	73,571
Interest expense	32,286	32,085
Post-employment benefits expense	27,133	18,260
Allowance for doubtful receivables	4,683	2,923
Foreign exchange loss	43,945	12,850
Property, plant and equipment written-off	1,702	-
Amortisation of land use rights	2,306	3,584
Amortisation of intangible assets	949	649
Inventories written-down	360	-
Interest income	(743)	(844)
Gain on disposal of property, plant and equipment	(463)	(708)
<b>Operating cash flow before changes in working capital</b>	178,178	227,364
<b>Changes in working capital :</b>		
Inventories	(46,195)	(111,242)
Trade and other receivables	(38,146)	(26,377)
Prepaid operating expenses	(12,683)	(6,253)
Advance to suppliers	(5,111)	26,159
Trade and other payable	20,293	14,717
Other liabilities	(5,909)	15,072
Advance from customers	2,880	(44,491)
Other non-current assets	744	(71)
<b>Cash flow provided by operations</b>	94,051	94,878
Income tax paid	(43,151)	(44,133)
Post-employment benefit paid	(993)	-
<b>Net cash flows from operating activities</b>	49,907	50,745
<b>Cash flows from investing activities</b>		
Purchase of property, plant, and equipment	(64,238)	(83,633)
Additions of biological assets	(3,170)	(16,817)
Interest received	743	844
Additions of land use rights	-	(2,707)
Proceeds from disposal of property, plant and equipment	2,279	485
Net cash inflow on acquisition of subsidiaries	-	21,688
Capital contribution from NCI	-	1,750
<b>Net cash flows used in investing activities</b>	(64,386)	(78,390)

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	Group	
	1 Jan 2013 to 30 Sep 2013 Rp'million	1 Jan 2012 to 30 Sep 2012 Rp'million
<b>Cash flows from financing activities</b>		
Drawdown of loans and borrowings	494,088	169,099
Repayment of loans and borrowings	(467,856)	(125,364)
Proceed from sale and lease back transactions - finance lease arrangements	14,031	9,925
Interest paid	(28,108)	(26,583)
Placement of restricted deposits	(4,402)	-
<b>Net cash flows from financing activities</b>	<b>7,753</b>	<b>27,077</b>
Net decrease in cash and cash equivalents	(6,726)	(568)
Effect of exchange rate changes on cash and cash equivalent	6,756	1,006
Cash and cash equivalents at beginning of period	90,350	95,028
Cash and cash equivalents at end of period	90,380	95,466

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				Total	Non-controlling interests	Total equity
	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve			
	Rp'million	Rp'million	Rp'million	Rp million	Rp'million	Rp'million	Rp'million
<b>Balance at 1 January 2013 (As previously stated)</b>	2,188,645	(1,850,868)	309,050	2,385	649,212	6,149	655,361
Cumulative effect of adopting FRS 19 - Revised	-	(63,253)	-	-	(63,253)	-	(63,253)
<b>Balance at 1 January 2013 (As restated)</b>	2,188,645	(1,914,121)	309,050	2,385	585,959	6,149	592,108
Total comprehensive income for the period - loss	-	(23,637)	-	7,111	(16,526)	5,490	(11,036)
<b>Balance at 30 September 2013</b>	<b>2,188,645</b>	<b>(1,937,758)</b>	<b>309,050</b>	<b>9,496</b>	<b>569,433</b>	<b>11,639</b>	<b>581,072</b>
<b>Balance at 1 January 2012 (As previously stated)</b>	2,134,271	(1,933,927)	309,050	237	509,631	3,817	513,448
Cumulative effect of adopting FRS 19 - Revised	-	(38,324)	-	-	(38,324)	-	(38,324)
<b>Balance at 1 January 2012 (As restated)</b>	2,134,271	(1,972,251)	309,050	237	471,307	3,817	475,124
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 allocated to NCI	-	-	-	-	-	16	16
Total comprehensive income for the period	-	43,482	-	1,780	45,262	(1,062)	44,200
<b>Balance at 30 September 2012</b>	<b>2,188,645</b>	<b>(1,928,769)</b>	<b>309,050</b>	<b>2,017</b>	<b>570,943</b>	<b>4,382</b>	<b>575,325</b>

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## Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1 January 2013	2,188,645	(1,479,275)	709,370
Total comprehensive income for the period	-	1,189	1,189
<b>Balance at 30 September 2013</b>	<b>2,188,645</b>	<b>(1,478,086)</b>	<b>710,559</b>
Balance at 1 January 2012	2,134,271	(1,478,022)	656,249
Issue of new shares during the period	54,374	-	54,374
Total comprehensive income for the period - loss	-	(5,490)	(5,490)
<b>Balance at 30 September 2012</b>	<b>2,188,645</b>	<b>(1,483,512)</b>	<b>705,133</b>

- 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 was no change in the Company's shares during the period ended 30 September 2013.

- 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 30 September 2013 and 31 December 2012	1,401,445,464

There were no shares held as treasury shares as at 30 September 2013 and 31 December 2012.

- 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 2013 and 31 December 2012.

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**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.

**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 adopted the new and revised accounting standards which came into effect for the financial year beginning 1 January 2013 and has applied the same accounting policies and methods of computation as those of the previous financial year ended 31 December 2012. Save as disclosed in paragraph 5 below, 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 2013.

**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.**

In accordance with Financial Reporting Standard (FRS) 19, Employee Benefits which took effect from 1 January 2013, all actuarial gains and losses arising from ascertaining the provision for post-employment benefits are now required to be recognised in other comprehensive income. Following the adoption of this revised FRS 19, the Group restated the comparatives equity as shown in paragraph 1(d)(i) above.

**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 2013 to 30 Sep 2013	3rd Qtr 1 Jul 2012 to 30 Sep 2012 (Restated)	1 Jan 2013 to 30 Sep 2013	1 Jan 2012 to 30 Sep 2012 (Restated)
Weighted average number of ordinary shares for basic earnings per share computation	1,401,445,464	1,401,445,464	1,401,445,464	1,379,605,983
Weighted average number of ordinary shares for diluted earnings per share computation	1,401,445,464	1,401,445,464	1,401,445,464	1,379,605,983
	Rp (full amount)	Rp (full amount)	Rp (full amount)	Rp (full amount)
<b>(Loss) / earnings per share attributable to owners of the Company</b>				
Basic	(34)	7	(14)	45
Diluted	(34)	7	(14)	45



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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	
	30 Sep 2013	31 Dec 2012 (Restated)	30 Sep 2013	31 Dec 2012
Net assets for the year attributable to owners of the Company used in computation of net asset value per share (Rp'million)	569,433	585,959	710,559	709,370
Number of ordinary shares at the end of the period	1,401,445,464	1,401,445,464	1,401,445,464	1,401,445,464
Net asset value per ordinary share (Rp full amount)	406	418	507	506

**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 loss of Rp41 billion in 3Q 2013. This attributable mainly to foreign exchange loss incurred of Rp44 billion and general increase in production and operating costs because of rising wages and raw material costs. Our domestic and export sales remain strong, our sales was Rp730 billion in 3Q 2013, increased by 13% as compared to 3Q 2012.

On 9-month basis, we incurred a loss of Rp15 billion. The loss was mainly attributable to the factors mentioned above. For the same period ended, our sales increased by 9% to Rp2,191 billion.

### Revenue

	Group			Group		
	3rd Qtr 1 Jul 2013 to 30 Sep 2013	3rd Qtr 1 Jul 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)	1 Jan 2013 to 30 Sep 2013	1 Jan 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Domestic sales	538,115	497,874	8	1,639,694	1,546,905	6
Export sales	191,555	147,277	30	551,691	458,142	20
Total	729,670	645,151	13	2,191,385	2,005,047	9

The local housing and construction projects continued to support our growth in 3Q 2013 and 9-month 2013. Our local sales volume improved by 2% and 4% respectively while the price of the products increased 6% in 3Q 2013. The domestic sales price remains stable over a 9-month period compared to those in 2012. On the export front, the increase in the revenue was attributable mainly to improvement in

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the sales volume. The export products prices were stable but the export volume grew by 28% and 20% in 3Q 2013 and 9-month 2013 respectively.

### Cost of sales

	Group			Group		
	3rd Qtr 1 Jul 2013 to 30 Sep 2013	3rd Qtr 1 Jul 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)	1 Jan 2013 to 30 Sep 2013	1 Jan 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Raw material used	310,850	295,660	5	956,418	895,774	7
Labour costs	148,977	111,439	34	443,046	342,083	30
Factory overhead	157,128	143,942	9	479,629	447,690	7
Movement in finished goods	15,566	(11,125)	n.m	(15,661)	(36,580)	(57)
<b>Total</b>	<b>632,521</b>	<b>539,916</b>	<b>17</b>	<b>1,863,432</b>	<b>1,648,967</b>	<b>13</b>

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.

The increase in the costs in 3Q 2013 and that of 9-month 2013 was mainly due to higher labour costs incurred as a result of the increase in minimum wage in Indonesia and rising raw material costs and overhead, consequences of reduction in fuel subsidy by the Indonesian government and the effect of the rising wages .

### Gross profit

Despite higher sales reported, our gross profit for both 3Q 2013 and 9-month 2013 decreased by 8% owing mainly to rising costs as mentioned above.

### Other Income

The other income for the 9-month 2013 includes a one-off insurance claim of Rp10 billion (2012: Rp7 billion) for damaged machineries.

### Selling expenses

As sales improved, our selling expenses have also increased. The expense increased by 29% and 14% in 3Q 2013 and 9-month 2013 respectively and this was mainly due to the increase in freight charges.

### General and administration (“G&A”) expenses

Our G&A expenses have increased over that of the previous periods. This is due mainly to salary and its related staff benefits adjustments.

### Other expenses

Our other expenses were higher in 3Q 2013 due mainly to higher foreign exchange loss of Rp40 billion. The weakening of Rupiah will generally result in the Group incurring exchange loss due to the translation of US dollars denominated loans. On 9-month basis, the impact was due to the said foreign exchange loss and higher provision for doubtful debts made (higher by Rp2 billion) for the same period.

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### Taxation

Our tax expenses comprise the following:

	Group			Group		
	3rd Qtr 1 Jul 2013 to 30 Sep 2013	3rd Qtr 1 Jul 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)	1 Jan 2013 to 30 Sep 2013	1 Jan 2012 to 30 Sep 2012 (Restated)	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Current income tax	(988)	(8,852)	(89)	(23,060)	(32,377)	(29)
Deferred income tax	13,063	4,307	203	21,700	8,723	149
Under provision of prior years taxes	(209)	-	n.m	(913)	(228)	300
Total	11,866	(4,545)	n.m	(2,273)	(23,882)	(90)

Indonesia adopts individual company income tax system.

Our effective tax rate was higher due mainly to certain expenses not deductible for tax purposes and losses of certain subsidiaries which cannot be offset with the profits of the other profit making entities.

**(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 property, plant and equipment decreased by Rp19 billion due mainly to depreciation charges, offset by the addition of property, plant and equipment during period. Trees planting program continued and we have incurred Rp3 billion in various estates. The deferred tax assets has also increased by Rp22 billion mainly owing to accrual for the tax benefits arising from the provision for post-employment benefits as mentioned in paragraph 5 above and unutilized tax losses.

For the period ended, our current assets have increased by Rp114 billion to Rp797 billion. The increase was due mainly to:

- 1) higher inventories level for raw material, work-in progress stocks and finished goods as our production and sales volume grew;
- 2) higher trade receivables as we have higher sales;
- 3) higher restricted deposits (as explained below); and
- 4) higher advances to suppliers

Our Group's current liabilities have increased by Rp99 billion to Rp605 billion as at 30 September 2013. This is contributed mainly by draw-down of additional short term loan as well as reclassification of loan due within 12 months and higher trade payables.

For the same period ended, the non-current liabilities have increased by Rp28 billion. This was mainly due to the provision for retirement benefits made during the period.

## SAMKO TIMBER LIMITED

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### *Statement of Cash Flow*

During the period, we generated Rp50 billion from our operations, incurred net cash outflow of Rp64 billion from our investing activities and inflow of Rp8 billion for financing activities. Net cash decreased by Rp7 billion.

Despite lower profit in the period, our cash generated from operating activities approximates those of the previous period. This was due mainly to higher cash used to reinvest in inventories and lower advances received in the previous period.

Our cash used in the investing activities were mainly for acquisitions of property, plant and equipment and expenditure on trees planting for our upstream activities.

Our cash outflow in the financing activities relates mainly to repayments of bank borrowings and its interests, offset against additional drawdown of loans as well as placement of deposits as security for the borrowings.

**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 trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

- 1) The Group has US and SG dollar borrowings, where the risk of foreign exchange fluctuation may materially affect the Group's results (positively or negatively depending on, inter alia, the direction of the fluctuation). Although, the risk may be mitigated by the US dollar expected to receive from our increasing export sales (thus providing the natural hedging to the foreign currency fluctuation exposure), we illustrate below the sensitivity impact of our US and SG dollar borrowings to our net profit arising from the possible change in the US and SG dollar exchange rate, assuming all other variables are held constant with tax rates of 17% and 25%:

Indonesia Rupiah and Singapore Dollar to US Dollar exchange rates	Loss after tax for the period ended 30 September 2013
(Weakened) / strengthened	Rp14,568 million
	Increase/ (decrease)
	Rp'million
(9%)	(26,974)
(6%)	(17,845)
(3%)	(8,854)
3%	8,716
6%	17,293
9%	25,733

## SAMKO TIMBER LIMITED

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Exchange rates:

	<u>US\$1</u>	<u>S\$1</u>
- 14 November 2013	Rp11,546	Rp9,274
- 30 September 2013	Rp11,613	Rp9,234
- 30 June 2013	Rp9,929	Rp7,841
- 31 December 2012	Rp9,670	Rp7,907

- 2) As informed previously, the significant increase in the minimum wage and the reduction in the fuel subsidy by the Indonesia government will have an impact to our profit margin. The adverse effect of these adjustments was felt in 2013 and is expected to continue in the near term. We are monitoring the situation and will take the necessary actions to mitigate the impact and strive to remain competitive.
- 3) We will continue to explore, develop and be innovative in our product offerings and manage our production efficiently. Our strategies remain that of expanding downstream and embark on our own tree planting activities (upstream) which we believe will benefit us in the long-term.
- 4) Barring any unforeseen circumstances in the volatile global economic condition, we believe our local sales to remain stable and export sales to improve. Our current export market is mainly to North Asia, in particular Japan.

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

No dividend for financial period ended 30 September 2013 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 September 2013	
	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 and ended in September 2013	16,247	-
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense. Contracts effective in September 2013	1,607	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	1,438	-
PT Sampoerna Land (formerly PT Buana Sakti) Office rental	2,525	-

**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 third quarter ended 30 September 2013 to be false or misleading in any material respects.

**BY ORDER OF THE BOARD**

Aris Sunarko @ Ko Tji Kim  
Chief Executive Officer  
14 November 2013