

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

SAMKO TIMBER LIMITED

Securities

SAMKO TIMBER LIMITED - SG1W64939547 - E6R

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Announcement Details

Announcement Title

Financial Statements and Related Announcement

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Submitted By (Co./ Ind. Name)

Riko Setyabudhy Handoko

Designation

Executive Director and Chief Executive Officer

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attachment.

Additional Details

For Financial Period Ended

31/03/2019

Attachments

[Samko%20Results%201Q%202019 FINAL.pdf](#)

Total size =92K MB

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST 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 period.

	Group		
	31 Mar 2019	31 Mar 2018	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Revenue	1,131,282	1,024,653	10
Cost of sales	(951,949)	(809,038)	18
Gross profit	179,333	215,615	(17)
Other items of income			
Interest income	75	166	(55)
Other income	7,671	170	4,412
Other items of expenses			
Selling expenses	(41,274)	(34,517)	20
General and administrative expenses	(89,332)	(111,355)	(20)
Finance expenses	(25,162)	(19,840)	27
Other expenses	(4,456)	(4,078)	9
Profit before tax	26,855	46,161	(42)
Taxation	(8,151)	(15,824)	(48)
Net profit for the period	18,704	30,337	(38)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net actuarial loss on post-employment benefits	(1,025)	(1,238)	(17)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain (loss)	4,520	(2,884)	n.m
Total comprehensive income for the period	22,199	26,215	(15)
Net profit attributable to:			
Owners of the Company	18,524	31,131	(40)
Non-controlling interests	180	(794)	n.m
	18,704	30,337	(38)
Total comprehensive income attributable to:			
Owners of the Company	22,017	27,019	(19)
Non-controlling interests	182	(804)	n.m
	22,199	26,215	(15)

n.m : not meaningful

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

	Group		
	31 Mar 2019	31 Mar 2018	Change
	<i>Rp'million</i>	<i>Rp'million</i>	<i>%</i>
Depreciation of property, plant and equipment	(26,910)	(21,727)	24
Interest expenses	(23,829)	(18,388)	30
Post-employment benefits expense	(15,013)	(11,846)	27
Workers separation expenses	(3,540)	(469)	655
Grant of equity-settled performance share plan	(945)	-	n.m
Amortisation of land use rights	(874)	(875)	(0)
Net foreign exchange gain (loss)	5,459	(2,075)	n.m
Net gain (loss) on disposal of property, plant and equipment	356	(1)	n.m
Interest income	75	166	(55)
Allowance for doubtful receivables	-	(650)	(100)

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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 period.

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Non-current assets				
Property, plant and equipment	524,723	506,869	-	-
Investment in subsidiary companies	-	-	824,998	824,998
Biological assets	44,560	44,294	-	-
Land use rights	53,605	54,379	-	-
Deferred tax assets	59,517	62,025	-	-
Other non-current assets	65,996	45,854	-	-
	748,401	713,421	824,998	824,998
Current assets				
Inventories	766,655	740,995	-	-
Trade and other receivables	494,647	348,603	49,187	21,621
Prepaid operating expenses	79,493	58,856	775	397
Advances to suppliers	141,438	171,395	-	-
Restricted deposits	6,891	16,138	-	-
Cash and cash equivalents	29,854	29,806	3,786	2,097
	1,518,978	1,365,793	53,748	24,115
Current liabilities				
Trade and other payables	419,989	363,116	46,797	18,929
Other liabilities	84,263	73,006	2,755	3,640
Advances from customers	6,849	7,736	164	-
Provision for taxation	19,365	14,495	-	-
Loans and borrowings	1,135,749	1,030,081	-	-
	1,666,215	1,488,434	49,716	22,569
Net current (liabilities) assets	(147,237)	(122,641)	4,032	1,546
Non-current liabilities				
Loans and borrowings	131,033	146,415	-	-
Post-employment benefits	220,994	218,500	-	-
Deferred tax liabilities	219	91	-	-
Other liabilities	19,674	19,674	278,250	278,492
	371,920	384,680	278,250	278,492
Net assets	229,244	206,100	550,780	548,052
Equity attributable to owners of the Company				
Share capital	2,502,305	2,502,305	2,502,305	2,502,305
Accumulated losses	(2,622,884)	(2,640,392)	(1,967,461)	(1,964,702)
Other reserves	345,959	340,505	15,936	10,449
	225,380	202,418	550,780	548,052
Non-controlling interests	3,864	3,682	-	-
	229,244	206,100	550,780	548,052

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(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 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
1,127,614	8,135	1,003,895	26,186

Amount repayable after one year

As at 31 Mar 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
131,033	-	146,415	-

Details of collaterals

As at 31 March 2019, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, account receivables, and bank balances of a subsidiary. All other assets of the subsidiaries are on negative pledge to the financial institution and some restriction on dividend payment is imposed; and
- (2) All assets acquired under finance leases are secured against the assets under lease.

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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 period.

	Group	
	31 Mar 19	31 Mar 18
	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from operating activities		
Profit before tax	26,855	46,161
Adjustments:		
Depreciation of property, plant and equipment	26,910	21,727
Interest expenses	23,829	18,388
Post-employment benefits expense	15,013	11,846
Grant of equity-settled performance share plan	945	-
Amortisation of land use rights	874	875
Interest income	(75)	(166)
Net (gain) loss on disposal of property, plant and equipment	(356)	1
Net foreign exchange (gain) loss	(3,356)	3,802
Allowance for doubtful receivables	-	650
Operating cash flow before changes in working capital	90,639	103,284
Changes in working capital :		
Inventories	(25,660)	(56,556)
Trade and other receivables	(51,088)	(95,975)
Prepaid operating expenses	(31,289)	1,004
Advances to suppliers	(64,848)	(332)
Trade and other payable	56,873	91,460
Other liabilities	21,450	7,859
Advance from customers	(887)	(46,186)
Other non-current assets	(2,059)	464
Cash flow (used in) provided by operations	(6,869)	5,022
Income tax paid	(72)	(2,616)
Post-employment benefits paid	(13,777)	(174)
Net cash flows (used in) provided by operating activities	(20,718)	2,232
Cash flows from investing activities		
Purchase of property, plant and equipment	(45,745)	(8,210)
Proceeds from disposal of property, plant and equipment	366	7
Additions of biological assets	(417)	(16)
Interest received	75	166
Additions of land use rights	(100)	-
Net cash flows used in investing activities	(45,821)	(8,053)

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	Group	
	31 Mar 19	31 Mar 18
	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from financing activities		
Drawdown of loans and borrowings	1,077,663	574,374
Repayment of loans and borrowings	(1,006,838)	(572,860)
Interest paid	(21,240)	(18,500)
Withdrawal (placement) of restricted deposits	9,051	(14)
	<hr/>	<hr/>
Net cash flows provided by (used in) financing activities	58,636	(17,000)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(7,903)	(22,821)
Effect of exchange rate changes on cash and cash equivalents	(184)	205
Cash and cash equivalents at beginning of period	29,806	33,905
	<hr/>	<hr/>
Cash and cash equivalents at end of period	21,719	11,289
	<hr/> <hr/>	<hr/> <hr/>

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

Cash and cash equivalents	29,854	37,168
Less: Bank overdraft	(8,135)	(25,879)
	<hr/>	<hr/>
	21,719	11,289
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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 period.

Group	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Accumulated losses	Restructuring reserves	Premium paid on acquisition of non-controlling interest	Performance share plan reserve	Foreign currency translation reserves	Total		
	Rp'million	Rp'million	Rp'million	Rp million	Rp million	Rp million	Rp'million		
Balance at 1 Jan 2019	2,502,305	(2,640,392)	309,050	(3,037)	1,078	33,414	202,418	3,682	206,100
Profit for the period	-	18,524	-	-	-	-	18,524	180	18,704
Other comprehensive income for the period:									
- Net actuarial loss on post-employment benefits	-	(1,016)	-	-	-	-	(1,016)	(9)	(1,025)
- Foreign currency translation gain	-	-	-	-	-	4,509	4,509	11	4,520
Other comprehensive income for the period, net of tax	-	(1,016)	-	-	-	4,509	3,493	2	3,495
Total comprehensive income for the period	-	17,508	-	-	-	4,509	22,017	182	22,199
Contribution by and distribution to owners:									
- Grant of equity-settled performance share plan	-	-	-	-	945	-	945	-	945
Total contribution by and distribution to owners	-	-	-	-	945	-	945	-	945
Balance at 31 Mar 2019	2,502,305	(2,622,884)	309,050	(3,037)	2,023	37,923	225,380	3,864	229,244
Balance at 1 Jan 2018	2,501,056	(2,739,797)	309,050	(3,037)	-	14,482	81,754	4,817	86,571
Profit (loss) for the period	-	31,131	-	-	-	-	31,131	(794)	30,337
Other comprehensive income for the period:									
- Net actuarial loss on post-employment benefits	-	(1,231)	-	-	-	-	(1,231)	(7)	(1,238)
- Foreign currency translation loss	-	-	-	-	-	(2,881)	(2,881)	(3)	(2,884)
Other comprehensive income for the period, net of tax	-	(1,231)	-	-	-	(2,881)	(4,112)	(10)	(4,122)
Total comprehensive income for the period	-	29,900	-	-	-	(2,881)	27,019	(804)	26,215
Balance at 31 Mar 2018	2,501,056	(2,709,897)	309,050	(3,037)	-	11,601	108,773	4,013	112,786

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Company	Attributable to owners of the Company				
	Share capital	Accumulated losses	Performance share plan reserve	Foreign currency translation reserves	Total
	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
Balance at 1 Jan 2019	2,502,305	(1,964,702)	1,078	9,371	548,052
Total comprehensive income for the period	-	(2,759)	-	4,542	1,783
Grant of equity-settled performance share plan	-	-	945	-	945
Balance at 31 Mar 2019	2,502,305	(1,967,461)	2,023	13,913	550,780
Balance at 1 Jan 2018	2,501,056	(2,049,117)	-	102	452,041
Total comprehensive income for the period	-	908	-	241	1,149
Balance at 31 Mar 2018	2,501,056	(2,048,209)	-	343	453,190

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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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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 period. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 period.**

There was no change in the Company's issued capital during the period from 31 December 2018 to 31 March 2019. Please see point 1(d)(iii) below.

Samko Timber Performance Share Plan (the "Samko PSP")

As at 29 August 2018, the Company has granted 21,653,058 share awards ("Shares Awards") to an Executive Director of the Company pursuant to the Samko PSP.

Share Awards granted, vested and released during the financial year of 2018, and Share Awards outstanding as at 31 March 2019, were set out as follows:-

Total Number of Issued Shares Excluding Treasury Shares and subsidiary holdings		Shares Award Granted and Outstanding Awards	
No. of Shares		No. of Shares Awards	
Before release	2,374,050,505	Before release	21,653,058
Add: Issuance of shares pursuant to release	3,100,000	Less: Release of Shares Awards	(3,100,000)
After release	2,377,150,505	Shares Awards outstanding	18,553,058

As at 31 March 2019, there were 18,553,058 outstanding Share Awards under the Samko PSP that may be vested and released into 18,553,058 new shares, which representing 0.78% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, in the capital of the Company (31 March 2018: Nil).

Save as disclosed above, the Company did not have any treasury shares, subsidiary holdings or other convertibles as at 31 March 2019 and 31 March 2018.

- 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 period.**

	Group and Company
	Number of shares
As at 31 March 2019 and 31 December 2018	2,377,150,505

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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.

Except as disclosed in point 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2018.

Consistent with the prior year'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.

The Group has adopted new Singapore Financial Reporting Standards (International) (SFRS(I)) for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 is effective for annual financial period beginning on or after 1 January 2019.

SFRS(I) 16 has resulted in almost all leases being recognised in the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased term) and a financial liability to pay rentals are recognised. The only exceptions are short term leases and leases of low value assets. The accounting for lessor has not changed significantly.

Right of use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 did not have any material effect on the Group's and Company's financial statements and, therefore, will not restate comparative amounts for the year prior to first adoption.

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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	
	31 Mar 2019	31 Mar 2018
Weighted average number of ordinary shares for basic earnings per share computation	2,377,150,505	2,374,050,505
Weighted average number of ordinary shares for diluted earnings per share computation	2,395,703,563	2,374,050,505
	Rp (full amount)	Rp (full amount)
Earnings per share attributable to owners of the Company		
Basic	8	13
Diluted	8	13

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 period.

	Group		Company	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Net assets for the period attributable to owners of the Company used in computation of net asset value per share (Rp'million)	225,380	202,418	550,780	548,052
Number of ordinary shares at the end of the period	2,377,150,505	2,374,050,505	2,377,150,505	2,374,050,505
Net asset value per ordinary share (Rp full amount)	95	85	232	231

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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

Certain comparative figures in 2018 have been reclassified to conform with the presentation adopted in the current period.

Our Group reported a net profit of Rp19 billion in 1Q 2019 as compared to Rp30 billion in 1Q 2018. This was due mainly to lower gross profit attained as a result of higher production costs. Our sales revenue, however, improved compare to those in 1Q 2018.

Revenue

	Group		
	31 Mar 2019	31 Mar 2018	Change
	<i>Rp'million</i>	<i>Rp'million</i>	<i>%</i>
Domestic sales	611,816	525,674	16
Export sales	519,466	498,979	4
Total	<u>1,131,282</u>	<u>1,024,653</u>	<u>10</u>

In 1Q 2019, our total sales increased by 10% as compared to 1Q 2018, mainly due to the increase in local sales by 16% compare to 1Q 2018, while our export sales increased by 4% during the period.

The increase in local sales was mainly due to the increase in sales volume by 7% in 1Q 2019, and the increase in the average selling price by 6% in 1Q 2019, while for the volume and selling price for export market remained stable for 1Q 2019.

The composition of our local sales to overall sales increase from 51% in 1Q 2018 to 54% in 1Q 2019.

Gross profit

Our gross profit decreased by 17% in 1Q 2019 due mainly to higher unit production costs incurred. Production costs have increased owing mainly to higher log prices in 1Q 2019 over 1Q 2018, and increases in labour and overhead costs.

Other Income

In 1Q 2019, other income of Rp8 billion came mainly from the foreign exchange gain of Rp5 billion. The weakening of US Dollar has resulted in mainly unrealised foreign exchange gain due to translation of our US Dollar denominated loans.

Selling expenses

Our selling expenses has increased by 20% in 1Q 2019 as compared to 1Q 2018. The increase in the selling expenses came mainly from freight costs which were in line with the increase in the export sales activities, and higher staff related costs.

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General and administrative expenses

The general and administrative expenses have decreased over that of previous period due mainly to decrease in staff related costs and professional fees, offset by increase in depreciation expenses and provision for pension costs.

Finance Expenses

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

Other expenses

In 1Q 2019, other expenses were derived mainly from workers separation expenses.

Taxation

Our taxation comprise the following:

	Group		
	31 Mar 2019	31 Mar 2018	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%
Current income tax	(5,175)	(2,554)	103
Deferred tax expense	(2,976)	(13,270)	(78)
Total	<u>(8,151)</u>	<u>(15,824)</u>	<u>(48)</u>

Indonesia adopts individual company income tax system.

Our effective tax rate was not aligned with statutory tax rate due mainly to certain expenses not deductible for tax purposes.

During the period, we recognised deferred tax expense arising from utilisation of tax losses.

(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 property, plant and equipment increased by Rp18 billion. This was due mainly to the addition of assets amounted to Rp46 billion, primarily for machineries and production facilities (due to increase in production volume), offset by depreciation charges during the period.

Other non-current assets increased by Rp20 billion. This was mainly due to increase in advance for purchase of property, plant and equipment.

In 1Q 2019, our Group's current assets have increased to Rp1,519 billion. The increase was mainly due to:

1. higher inventory level as a result of higher production volume and higher sales;
2. increase in trade receivables which is in line with the increase in sales;

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3. higher prepaid operating expenses. Prepayments were made in the ordinary course of business mainly for VAT receivables, insurance, rental and performance bonus amortised until end of the year; and
4. offset by decrease in advance to suppliers for spare parts and lower restricted deposits.

As at 31 March 2019, our Group's current and non-current liabilities have increased by Rp165 billion to Rp2,038 billion. This was contributed mainly by:

1. increase in trade and other payables of Rp57 billion as a result of increase in production and business activities;
2. increase in loans and borrowings totaling Rp90 billion;
3. increase in other liabilities by Rp11 billion mainly due to accruals for bonus;
4. increase in provision for income tax of Rp5 billion; and
5. increase in provision for post-employment benefits of Rp2 billion.

Statement of Cash Flow

During the period, the Group generated cash inflow of Rp59 billion from financing activities, and incurred cash outflow of Rp21 billion and Rp46 billion from operating and investing activities, respectively. Net cash decreased by Rp8 billion.

The Group incurred net cash outflow from operating activities mainly due to higher inventory and receivables, and offset by lower advances to suppliers.

Cash outflow from investing activities was mainly derived from the addition of plant, machinery and equipment.

Cash inflow from financing activities was mainly to net drawdown of loans offset by interest payments. The repayments of bank borrowings and its interests were in accordance with the repayments schedule.

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

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Indonesia Rupiah to US Dollar exchange rates	(Weakened) / strengthened	Profit after tax for the period Rp19 billion (Increase)/ decrease
<i>Rp'full amount</i>		<i>Rp'million</i>
15,312	(7.5%)	(44,017)
14,956	(5.0%)	(29,345)
14,600	(2.5%)	(14,672)
13,888	2.5%	14,672
13,532	5.0%	29,345
13,176	7.5%	44,017

Our US\$ loans as at 31 March 2019 and 31 December 2018 were US\$54 million for both periods.

Exchange rate:	<u>Rp/US\$1</u>
- 13 May 2019	Rp14,362
- 31 March 2019	Rp14,244
- 31 December 2018	Rp14,481
- 31 March 2018	Rp13,756

- 2) Our export sales performance will be challenging in the near future as the uncertainty in global economy starts to affect our export sales thus we are experiencing a slow-down in the demand of our export products. Our domestic sales volume is expected to grow due to our increased market penetration and supported by better Indonesian economic growth and government's continuous spending on infrastructure projects.
- 3) As we are increasing our production volume to meet demand, we may face the risk of higher log prices. During the period, the Group has taken steps to lower production costs by increasing the productivity and efficiency of our plywood manufacturing process, as the escalation of production and operation costs is a key factor affecting the profitability of our business.

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 Period

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

No.

(c) Date payable

Not applicable.

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(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 2019 has been declared because of the accumulated losses.

13. Interested person transactions.

The following is the aggregate value of all transactions with interested persons for the period ended 31 March 2019:

<i>Name of interested person</i>	<i>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</i>	<i>Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</i>
	<i>Rp'million</i>	<i>Rp'million</i>
PT Sampoerna Land		
<i>Office rental</i>	1,452	-
PT Bank Sahabat Sampoerna		
<i>Finance expense</i>	824	-
PT Sampoerna Agro Tbk		
<i>Purchase of palm logs</i>	-	-

PT Sampoerna Land and PT Bank Sahabat Sampoerna are controlled by the Sampoerna family, who are substantial shareholders of the Company.

The Company has obtained shareholders' mandates for the above interested party transactions under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited at the Extraordinary General Meeting on 26 April 2019.

14. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer
13 May 2019