

# SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

## Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31/03/2014

### 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 year.

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Revenue	810,678	718,905	13
Cost of sales	(664,959)	(594,124)	12
<b>Gross profit</b>	<b>145,719</b>	<b>124,781</b>	<b>17</b>
<b>Other items of income</b>			
Interest income	300	171	75
Other income	8,182	484	1,590
<b>Other items of expenses</b>			
Selling expenses	(34,617)	(26,959)	28
General & administrative expenses	(59,635)	(55,606)	7
Finance expenses	(14,317)	(10,728)	33
Other expenses	(7,686)	(6,810)	13
<b>Profit before tax</b>	<b>37,946</b>	<b>25,333</b>	<b>50</b>
<b>Income tax expense</b>	<b>(13,509)</b>	<b>(8,750)</b>	<b>54</b>
<b>Net profit for the period</b>	<b>24,437</b>	<b>16,583</b>	<b>47</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Net actuarial loss on post-employment benefits	(765)	(1,193)	(36)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation gain/ (loss)	9,113	(162)	n.m
<b>Total comprehensive income for the period</b>	<b>32,785</b>	<b>15,228</b>	<b>115</b>
<b>Net profit attributable to:</b>			
Owners of the Company	24,421	16,734	46
Non-controlling interests	16	(151)	n.m
	<b>24,437</b>	<b>16,583</b>	<b>47</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	32,774	15,379	113
Non-controlling interests	11	(151)	n.m
	<b>32,785</b>	<b>15,228</b>	<b>115</b>

n.m : not meaningful

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

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Gain on foreign exchange, net	8,139	401	1,930
Gain on sale of property, plant and equipment	43	-	n.m
Allowance for doubtful receivables	(282)	(3,614)	(92)
Amortisation of intangible assets	(327)	(368)	(11)
Inventories written-down	-	(360)	(100)
Amortisation of land use rights	(674)	(823)	(18)
Workers voluntarily separation expenses*	(5,526)	-	n.m
Post employment benefits expenses	(8,427)	(8,497)	(1)
Interest expense	(13,302)	(10,169)	31
Depreciation of property, plant and equipment	(28,358)	(23,777)	19

\*) Included in "Other expenses" on page 10 of the announcement

n.m : not meaningful

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

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	Rp'million	Rp'million	Rp'million	Rp'million
<b>Non-current assets</b>				
Property, plant and equipment	635,302	641,103	304	327
Intangible assets <sup>(1)</sup>	36,698	37,199	-	-
Investment in subsidiary companies	-	-	672,822	672,822
Investment in an associate <sup>(2)</sup>	-	-	-	-
Biological assets	61,053	59,782	-	-
Land use rights	73,823	60,582	-	-
Deferred tax assets	62,839	60,390	1,247	1,437
Other non-current assets	3,869	14,397	47	41
	<b>873,584</b>	<b>873,453</b>	<b>674,420</b>	<b>674,627</b>
<b>Current assets</b>				
Inventories	505,587	412,464	-	-
Trade and other receivables	165,223	165,487	35,551	37,961
Prepaid operating expenses	39,232	38,248	4,222	2,015
Advances to suppliers	97,512	82,444	-	-
Restricted deposits	21,917	27,814	-	-
Cash and cash equivalents	77,509	102,841	2,812	6,864
	<b>906,980</b>	<b>829,298</b>	<b>42,585</b>	<b>46,840</b>
<b>Current liabilities</b>				
Trade and other payables	222,175	207,914	1,635	3,236
Other liabilities	146,577	127,084	2,694	3,311
Advances from customers	25,379	29,565	-	-
Provision for taxation	28,595	19,397	-	-
Loans and borrowings	242,063	249,068	-	-
	<b>664,789</b>	<b>633,028</b>	<b>4,329</b>	<b>6,547</b>
<b>Net current assets</b>	<b>242,191</b>	<b>196,270</b>	<b>38,256</b>	<b>40,293</b>
<b>Non-current liabilities</b>				
Loans and borrowings	283,420	275,111	-	-
Post-employment benefits	152,665	147,565	-	-
Deferred tax liabilities	6,234	6,376	-	-
	<b>442,319</b>	<b>429,052</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>673,456</b>	<b>640,671</b>	<b>712,676</b>	<b>714,920</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	(1,844,602)	(1,868,263)	(1,475,969)	(1,473,725)
Other reserves	317,558	308,445	-	-
	<b>661,601</b>	<b>628,827</b>	<b>712,676</b>	<b>714,920</b>
<b>Non-controlling interests</b>	<b>11,855</b>	<b>11,844</b>	<b>-</b>	<b>-</b>
	<b>673,456</b>	<b>640,671</b>	<b>712,676</b>	<b>714,920</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 SLJ Global Tbk (formerly 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 31 March 2014		As at 31 December 2013	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
242,063	-	249,068	-

#### Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
283,420	-	275,111	-

Group's borrowings include a loan facility of S\$10,000,000 which has an option allowing 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 31 March 2014, our bank borrowings are secured and guaranteed by the following:

- (1) Guarantee undertaking from two major shareholders of the Company, the Company and certain subsidiaries;
- (2) 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	
	2014	2013
	Rp'million	Rp'million
<b>Cash flows from operating activities</b>		
Profit before tax	37,946	25,333
Adjustments:		
Depreciation of property, plant and equipment	29,436	25,193
Interest expense	13,302	10,169
Post-employment benefits expense	8,427	8,497
Amortisation of land use rights	674	823
Amortisation of intangible assets	327	368
Allowance for doubtful receivables	282	3,614
Gain on disposal of property, plant and equipment	(43)	-
Interest income	(300)	(171)
Foreign exchange (gain)/loss	(5,411)	311
Inventories written-down	-	360
	<hr/>	<hr/>
<b>Operating cash flow before changes in working capital</b>	84,640	74,497
<b>Changes in working capital :</b>		
Inventories	(93,123)	(35,543)
Trade and other receivables	(18)	(35,743)
Prepaid operating expenses	29	(1,185)
Advances to suppliers	11,056	(3,069)
Trade and other payable	14,261	27,798
Other liabilities	14,643	(1,797)
Advance from customers	(4,186)	(382)
Other non-current assets	92	214
	<hr/>	<hr/>
<b>Cash flow provided by operations</b>	27,394	24,790
Income tax paid	(7,676)	(5,428)
Post-employment benefit paid	(1,769)	-
	<hr/>	<hr/>
<b>Net cash flows from operating activities</b>	17,949	19,362
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (Note (i))	(50,167)	(17,449)
Additions of land use rights	(3,479)	-
Additions of biological assets	(1,271)	(2,487)
Interest received	300	171
Proceeds from disposal of property, plant and equipment	147	-
	<hr/>	<hr/>
<b>Net cash flows used in investing activities</b>	(54,470)	(19,765)
<b>Cash flows from financing activities</b>		
Drawdown of loans and borrowings	262,570	94,682
Repayment of loans and borrowings	(240,640)	(94,250)
Interest paid	(12,648)	(9,169)
Withdrawal of restricted deposits	5,111	-
Placement of restricted deposits	-	(4,402)
	<hr/>	<hr/>
<b>Net cash flows provided by/ (used in) financing activities</b>	14,393	(13,139)
Net decrease in cash and cash equivalents	(22,128)	(13,542)
Effect of exchange rate changes on cash and cash equivalent	(3,204)	(171)
Cash and cash equivalents at beginning of period	102,841	90,350
	<hr/>	<hr/>
Cash and cash equivalents at end of period	77,509	76,637
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Group	
2014	2013
Rp'million	Rp'million

## (i) Purchase of property, plant and equipment

Property, plant and equipment were purchased by:

- Cash payment	24,043	17,449
- Advances for property, plant and equipment	26,124	-
	<u>50,167</u>	<u>17,449</u>

## Non-cash transaction:

Reclassification of other non-current assets to land use rights	<u>10,436</u>	<u>-</u>
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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

## Group

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve			
	Rp'million	Rp'million	Rp'million	Rp million			
<b>Balance at 1 January 2014</b>	2,188,645	(1,868,263)	309,050	(605)	628,827	11,844	640,671
Profit for the period	-	24,421	-	-	24,421	16	24,437
Other comprehensive income for the period	-	(760)	-	9,113	8,353	(5)	8,348
<b>Balance at 31 March 2014</b>	<b>2,188,645</b>	<b>(1,844,602)</b>	<b>309,050</b>	<b>8,508</b>	<b>661,601</b>	<b>11,855</b>	<b>673,456</b>
<b>Balance at 1 January 2013</b>	2,188,645	(1,914,121)	309,050	2,385	585,959	6,149	592,108
Profit for the period	-	16,734	-	-	16,734	(151)	16,583
Other comprehensive income for the period	-	(1,193)	-	(162)	(1,355)	-	(1,355)
<b>Balance at 31 March 2013</b>	<b>2,188,645</b>	<b>(1,898,580)</b>	<b>309,050</b>	<b>2,223</b>	<b>601,338</b>	<b>5,998</b>	<b>607,336</b>

## Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1 January 2014	2,188,645	(1,473,725)	714,920
Total comprehensive income for the period	-	(2,244)	(2,244)
<b>Balance at 31 March 2014</b>	<b>2,188,645</b>	<b>(1,475,969)</b>	<b>712,676</b>
Balance at 1 January 2013	2,188,645	(1,479,275)	709,370
Total comprehensive income for the period	-	(1,562)	(1,562)
<b>Balance at 31 March 2013</b>	<b>2,188,645</b>	<b>(1,480,837)</b>	<b>707,808</b>

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

There was no change in the Company's shares during the period ended 31 March 2014.

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

	<b>Group and Company</b>
	Number of shares
At 31 March 2014 and 31 December 2013	1,401,445,464

There were no shares held as treasury shares as at 31 March 2014 and 31 December 2013.

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

Not applicable, as there were no shares held as treasury shares as at 31 March 2014 and 31 December 2013.

- 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 2014 and has applied the same accounting policies and methods of computation as those of the previous financial year ended 31 December 2013. 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 31 March 2014.

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.

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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	
	2014	2013
Weighted average number of ordinary shares for basic earnings per share computation	1,401,445,464	1,401,445,464
Weighted average number of ordinary shares for diluted earnings per share computation	1,401,445,464	1,401,445,464
	Rp (full amount)	Rp (full amount)
<b>Earnings per share attributable to owners of the Company</b>		
Basic	17	12
Diluted	17	12

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Net assets for the year attributable to owners of the Company used in computation of net asset value per share (Rp'million)	661,601	628,827	712,676	714,920
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)	472	449	509	510



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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**

Our Group's net profit increased 47% to Rp24 billion in 1Q 2014. The increase in the profit was attributable mainly to higher revenue generated from both local and export sales as compared to 1Q 2013 and foreign exchange gain recognized of Rp8 billion (2013: Rp0.4 billion) in this quarter.

Our expenses has also generally increased due mainly to marketing and staff costs associated with the increase in the business activities but the improvement in the revenue and higher exchange gain in this quarter have more than offset the increase in these costs in 1Q 2014.

### Revenue

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Domestic sales	577,918	557,996	4
Export sales	232,760	160,909	45
<b>Total</b>	<b>810,678</b>	<b>718,905</b>	<b>13</b>

Our domestic sales improved 4% as compared to 1Q 2013. This was mainly due to increase in the average selling price of 19% while the sales volume decreased 6% as compared to 1Q 2013. The sales volume was affected by the unfavourable wet weather condition and the process of parliamentary and the presidential elections in this year which have somewhat slow down the local business activities as a whole.

On the export front, our average price and sales volume have both registered an increase of 11% and 31% respectively as compared to 1Q 2013. The composition of our export sales to overall sales raised from 22% to 29% in 1Q 2014.

### Cost of sales

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Raw material	334,551	310,144	8
Labour costs	178,513	148,065	21
Factory overhead	223,996	162,371	38
Movement in finished goods	(72,101)	(26,456)	173
<b>Total</b>	<b>664,959</b>	<b>594,124</b>	<b>12</b>

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Our raw materials 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 1Q 2014 as compared to 1Q 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

Our gross profit increased by 17% in 1Q 2014. This was mainly due to higher revenue generated particularly from the export sales.

### Other Income

Other income in 1Q 2014 comprise mainly an exchange gain of Rp8 billion. The strengthening of Rupiah has generally resulted in exchange gain due to the translation of US dollars denominated loans.

### Selling expenses

As sales improved, our selling expenses have also increased. The expense increased by 28% in 1Q 2014 and this was mainly due to the increase in freight charges, advertising and products promotional expenses.

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

Our G&A expenses have increased over that of 1Q 2013 due mainly to increase in staff costs, corporate travelling and transportation expenses and professional fees.

### Other expenses

Other expenses in 1Q 2014 comprises mainly workers voluntarily separation expenses incurred of Rp6 billion. These expenses arose as a result of the Group’s manufacturing plants restructuring and relocation exercise to central Java to improve production efficiency and to stem rising costs in the long-term. Other expenses in 1Q 2014 includes a provision for bad and doubtful debts of Rp0.3 billion (2013:Rp3.6 billion).

### Taxation

Our tax expenses comprise the following:

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Current income tax	(15,861)	(10,846)	46
Deferred income tax	2,352	2,793	(16)
Under provision of prior years taxes	-	(697)	(100)
Total	<u>(13,509)</u>	<u>(8,750)</u>	<u>54</u>

Indonesia adopts individual company income tax system.

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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 Rp6 billion due mainly to the depreciation charges in the period being more than the addition of property, plant and equipment (excluding advance payment for fixed assets) during the period.

Our trees planting program continued and we have incurred Rp1 billion in various estates in 1Q 2014. For the same period ended, the Group has successfully obtained the tree plantation land use right for its upstream activities. The land use right costs Rp13 billion of which Rp10 billion was prepaid in previous years and the prepaid amount was reclassified from other non-current assets (prepayment) to land use rights account.

The deferred tax assets have also increased by Rp2 billion mainly owing to accrual for the tax benefits arising from the provision for post-employment benefits and unutilised tax losses.

For the year ended, our current assets have increased by Rp78 billion to Rp911 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. The increase in finished goods was Rp65 billion over end 2013;
- 2) higher advances to suppliers mainly for the purchase of fixed assets; and
- 3) offset by lower cash generated and restricted deposits (as explained below).

Our Group's current liabilities have increased by Rp32 billion to Rp669 billion as at 31 March 2014. This contributed mainly by the:

- 1) increase in the trade and other payables of Rp14 billion as a results of increase in production;
- 2) increase in the accrual of staff salary, bonuses and its related benefits costs of Rp14 billion; the increase due mainly to the absence of accrual for thirteen month bonus at end 2013 as it was paid by the end of FY 2013 and, yearly ordinary salary adjustments;
- 3) increase in provision for taxes as profitability improved; and
- 4) offset by lower advances from customers and reduction in current portion of borrowings.

For the same period ended, the non-current liabilities have increased by Rp13 billion. This was mainly due to provision for retirement benefits made during the period, as assessed by professional actuary and drawdown of new loan.

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### Statement of Cash Flow

During the period, we generated Rp18 billion from our operations, incurred net cash outflow of Rp54 billion from our investing activities and reported inflow of Rp14 billion for financing activities. Net cash decreased by Rp22 billion.

Our cash generated from operating activities was slightly lower compared to 1Q 2013. This was due mainly to higher cash used to reinvest in the production of goods and purchase of materials.

Our cash used in the investing activities were mainly for acquisitions of property, plant and equipment and expenditure on trees planting and land use rights for our upstream activities. The cash used was higher in 1Q 2014 mainly due to acquisitions of machinery for the production facilities.

Our cash flow in the financing activities relates mainly to repayments of bank borrowings and its interests and drawdown of loans as well as placement of deposits as security for the borrowings. During the period, the Group drawdowns additional loans and withdraws restricted deposit to finance the operation and investment activities.

**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 our increasing US dollar 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 25% and 17% in Indonesia and Singapore respectively:

Indonesia Rupiah and Singapore Dollar to US Dollar exchange rates	Profit after tax for the period ended Rp24,437 million
(Weakened) / strengthened	Increase/ (decrease)
	Rp'million
(9%)	(19,529)
(6%)	(13,020)
(3%)	(6,510)
3%	6,510
6%	13,020
9%	19,529

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Exchange rates:

	<u>US\$1</u>	<u>S\$1</u>
- 12 May 2014	Rp11,536	Rp9,226
- 31 March 2014	Rp11,404	Rp9,050
- 31 December 2013	Rp12,189	Rp9,628
- 31 March 2013	Rp9,719	Rp7,816

- 2) Escalation of production and operation costs is a key factor affecting the profitability of our operation. Although we saw a significant increase in the minimum wage and other overheads last year and a more moderate increase in these costs so far this year, we caution that the inflationary costs pressure remains a challenge in the near term. In this quarter, the Group undertook restructuring exercises which include optimising plywood line of business and relocating some of its manufacturing plants to Central Java. This will result in lower production costs, in particular labour and logistic costs. These exercises are on-going and are expected to complete in the near term. We will continue to monitor the situation and will take further actions to mitigate the costs pressure and strive to remain competitive.
- 3) Volatility in the current global economic condition will affect our sales. In addition, the process and outcome of the general elections in Indonesia in 2014 may also affect the demand of our products domestically. Barring any unforeseen and adverse circumstances, we believe our local sales will be slightly weaker and export sales to improve. Our current export market is mainly to North Asia, in particular Japan.
- 4) The continuing efforts of our products innovation initiative have produced some positive results. We have received positive feedbacks from overseas markets, particularly on our decking products build quality. We anticipate to increase our decking production capacity to cater for potential increase in the demands. Consequent to that, our capital expenditure is expected to increase in the near term. Our recent other initiative includes converting the production of partial truck body parts using environmental friendly (eco) materials to full truck body parts using eco materials. 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.

### 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

## SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

### (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 2014 has been declared.

### 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 – 31 March 2014	
	Rp'million	Rp'million
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense. Contracts effective in September 2013	5,702	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	607	-
PT Sampoerna Land (formerly PT Buana Sakti) Office rental	1,036	-

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

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited financial statements for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

### BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim  
Chief Executive Officer  
12 May 2014