

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31/12/2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR 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	3,281,792	3,048,823	8
Cost of sales	(2,750,106)	(2,559,097)	7
Gross profit	531,686	489,726	9
Other items of income			
Interest income	651	920	(29)
Other income	17,844	13,778	30
Other items of expenses			
Selling expenses	(145,596)	(119,517)	22
General & administrative expenses	(271,384)	(228,508)	19
Finance expenses	(66,336)	(48,824)	36
Other expenses	(50,292)	(76,163)	(34)
Income before tax	16,573	31,412	(47)
Taxation	(13,898)	(12,663)	10
Net income for the year	2,675	18,749	(86)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net actuarial (loss) gain on post-employment benefits	(33,650)	32,765	n.m
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain (loss)	3,805	(2,951)	n.m
Total comprehensive income for the year	(27,170)	48,563	n.m
Net profit (loss) attributable to:			
Owners of the Company	4,863	12,866	(62)
Non-controlling interests	(2,188)	5,883	n.m
	2,675	18,749	(86)
Total comprehensive income attributable to:			
Owners of the Company	(24,744)	42,868	n.m
Non-controlling interests	(2,426)	5,695	n.m
	(27,170)	48,563	n.m

n.m : not meaningful

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

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Loss on foreign exchange, net	(28,049)	(53,962)	(48)
Gain on sales of other non-current assets	-	2,103	(100)
Gain (loss) on disposal of property, plant and equipment	5,413	(2,722)	n.m
Allowance for doubtful receivables	(4,108)	(1,826)	125
Allowance for doubtful advance to suppliers	(188)	(2,777)	(93)
Amortisation of intangible assets	(1,309)	(1,273)	3
Amortisation of land use rights	(4,252)	(3,109)	37
Workers voluntarily separation expenses*)	(5,526)	-	n.m
Post employment benefits expenses	(36,016)	(29,535)	22
Interest expense	(62,376)	(44,756)	39
Depreciation of property, plant and equipment	(114,387)	(105,229)	9
Insurance claim	1,107	10,377	(89)
Inventories written-down	(1,165)	(1,545)	(25)
Gain (loss) on change in fair value of biological assets	5,530	(1,542)	n.m

*) Included in "Other expenses" on page 11 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 Dec 2014 Rp'million	31 Dec 2013 Rp'million	31 Dec 2014 Rp'million	31 Dec 2013 Rp'million
Non-current assets				
Property, plant and equipment	679,537	641,103	236	327
Intangible assets ⁽¹⁾	35,825	37,199	-	-
Investment in subsidiary companies	-	-	620,449	672,822
Investment in an associate ⁽²⁾	-	-	-	-
Biological assets	55,500	59,782	-	-
Land use rights	67,806	60,582	-	-
Deferred tax assets	93,241	60,390	-	1,437
Other non-current assets ⁽³⁾	43,222	25,380	9	41
	975,131	884,436	620,694	674,627
Current assets				
Inventories	596,073	412,464	-	-
Trade and other receivables	234,526	165,487	45,986	37,961
Prepaid operating expenses	55,865	38,248	484	2,015
Advances to suppliers ⁽³⁾	65,332	71,461	361	-
Restricted deposits	7,589	27,814	-	-
Cash and cash equivalents	107,073	102,841	7,276	6,864
	1,066,458	818,315	54,107	46,840
Current liabilities				
Trade and other payables	258,152	207,914	14,685	3,236
Other liabilities	136,227	127,084	3,807	3,311
Advances from customers	15,045	29,565	995	-
Provision for taxation	21,317	19,397	-	-
Loans and borrowings	367,385	249,068	-	-
	798,126	633,028	19,487	6,547
Net current assets	268,332	185,287	34,620	40,293
Non-current liabilities				
Loans and borrowings	410,026	275,111	-	-
Post-employment benefits	217,544	147,565	-	-
Deferred tax liabilities	2,392	6,376	-	-
	629,962	429,052	-	-
Net assets	613,501	640,671	655,314	714,920
Equity attributable to owners of the Company				
Share capital	2,188,645	2,188,645	2,188,645	2,188,645
Accumulated losses	(1,896,810)	(1,868,263)	(1,533,331)	(1,473,725)
Other reserves	312,248	308,445	-	-
	604,083	628,827	655,314	714,920
Non-controlling interests	9,418	11,844	-	-
	613,501	640,671	655,314	714,920

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Notes:

- (1) Included in the intangible assets 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 for accounting purposes.
- (3) During the financial year, comparatives advances to suppliers amounted to Rp10,983 has been classified to other non-current assets to conform with current year's presentation.

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

Amount repayable in one year or less, or on demand

As at 31 December 2014		As at 31 December 2013	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
367,385	-	249,068	-

Amount repayable after one year

As at 31 December 2014		As at 31 December 2013	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
410,026	-	275,111	-

Details of any collateral

As at 31 December 2014, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, account receivables, collection and restricted deposits of certain subsidiaries, and corporate guarantees from the Company and certain subsidiaries of the Company. The loan facilities from our major lenders also include a clause demanding mandatory repayment of all the loan facilities if (i) there is any reduction in direct and/or indirect shareholding interests of PT Sumber Graha Sejahtera ("PT SGS") by Sampoerna Strategic Group, or (ii) the representatives appointed by Sampoerna Strategic Group are no longer present in PT SGS; or (iii) Mr Putera Sampoerna and his family is directly or indirectly no longer the controlling ultimate beneficiary owner of PT SGS and the Company. 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 year.

	Group	
	2014	2013
	Rp'million	Rp'million
Cash flows from operating activities		
Income before tax	16,573	31,412
Adjustments:		
Depreciation of property, plant and equipment	114,387	105,229
Interest expense	62,376	44,756
Post-employment benefits expense	36,016	29,535
Foreign exchange loss	8,456	42,752
Amortisation of land use rights	4,252	3,109
Allowance for doubtful receivables	4,108	1,826
Inventories written-down	1,165	1,545
Amortisation of intangible assets	1,309	1,273
Allowance for doubtful advance to suppliers	188	2,777
Interest income	(651)	(920)
(Gain) loss on disposal of property, plant and equipment	(5,413)	2,722
(Gain) loss on change in fair value of biological assets	(5,530)	1,542
Gain on sales of other non-current assets	-	(2,103)
	<hr/>	<hr/>
Operating cash flow before changes in working capital	237,236	265,455
Changes in working capital :		
Inventories	(184,774)	(71,931)
Trade and other receivables	(73,147)	(39,773)
Prepaid operating expenses	(30,568)	(7,367)
Advances to suppliers	5,941	(21,883)
Trade and other payable	50,238	12,270
Other liabilities	9,854	25,020
Advance from customers	(14,520)	(2,243)
Other non-current assets	799	5,694
	<hr/>	<hr/>
Cash flow provided by operations	1,059	165,242
Income tax paid, net of refund	(24,550)	(44,884)
Post-employment benefit paid	(9,283)	(6,781)
	<hr/>	<hr/>
Net cash flows (used in) provided by operating activities	(32,774)	113,577
Cash flows from investing activities		
Purchase of property, plant and equipment (Note (i))	(183,098)	(81,096)
Additions of land use rights	(1,040)	(3,830)
Deduction (additions) of biological assets	9,812	(4,448)
Interest received	651	920
Proceeds from disposal of property, plant and equipment	9,160	4,584
	<hr/>	<hr/>
Net cash flows used in investing activities	(164,515)	(83,870)

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	Group	
	2014	2013
	Rp'million	Rp'million
Cash flows from financing activities		
Drawdown of loans and borrowings	2,061,606	679,187
Repayment of loans and borrowings	(1,822,801)	(668,999)
Proceed from sale and lease back transactions - finance lease arrangements	-	14,031
Interest paid	(57,952)	(42,064)
Withdrawal of restricted deposits	20,421	-
Placement of restricted deposits	(300)	(9,526)
	<u>200,974</u>	<u>(27,371)</u>
Net cash flows provided by (used in) financing activities		
Net increase in cash and cash equivalents	3,685	2,336
Effect of exchange rate changes on cash and cash equivalent	547	10,155
Cash and cash equivalents at beginning of year	<u>102,841</u>	<u>90,350</u>
	<u>107,073</u>	<u>102,841</u>
(i) Purchase of property, plant and equipment *)		
Property, plant and equipment were purchased by:		
- Cash payment	183,098	81,096
- Advances for property, plant and equipment	(29,077)	9,402
- Finance lease	<u>2,540</u>	<u>19,416</u>
	<u>156,561</u>	<u>109,914</u>
*) The acquisitions above were made in the ordinary course of business and they were mainly machinery and equipment for use in the operations.		
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					Non-controlling interests	Total equity
	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve	Total		
	Rp'million	Rp'million	Rp'million	Rp million	Rp'million		
Balance at 1 January 2014	2,188,645	(1,868,263)	309,050	(605)	628,827	11,844	640,671
Profit (loss) for the year	-	4,863	-	-	4,863	(2,188)	2,675
Net actuarial loss on post-employment benefits	-	(33,410)	-	-	(33,410)	(240)	(33,650)
Foreign currency translation gain	-	-	-	3,803	3,803	2	3,805
Other comprehensive income for the year	-	(33,410)	-	3,803	(29,607)	(238)	(29,845)
Balance at 31 December 2014	2,188,645	(1,896,810)	309,050	3,198	604,083	9,418	613,501
Balance at 1 January 2013	2,188,645	(1,914,121)	309,050	2,385	585,959	6,149	592,108
Profit for the year	-	12,866	-	-	12,866	5,883	18,749
Net actuarial gain (loss) on post-employment benefits	-	32,992	-	-	32,992	(227)	32,765
Foreign currency translation gain (loss)	-	-	-	(2,990)	(2,990)	39	(2,951)
Other comprehensive income for the year	-	32,992	-	(2,990)	30,002	(188)	29,814
Balance at 31 December 2013	2,188,645	(1,868,263)	309,050	(605)	628,827	11,844	640,671

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 year	-	(59,606)	(59,606)
Balance at 31 December 2014	2,188,645	(1,533,331)	655,314
Balance at 1 January 2013	2,188,645	(1,479,275)	709,370
Total comprehensive income for the year	-	5,550	5,550
Balance at 31 December 2013	2,188,645	(1,473,725)	714,920

- 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 year ended 31 December 2014.

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- 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 2014 and 31 December 2013	1,401,445,464

There were no shares held as treasury shares as at 31 December 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 December 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 year ended 31 December 2014.

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.**

Please refer to point 4.

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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	
	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)
Earnings per share attributable to owners of the Company		
Basic and diluted	3	9

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 Dec 2014	31 Dec 2013	31 Dec 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)	604,083	628,827	655,314	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)	431	449	468	510

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 Rp3 billion in 2014 as compared to Rp19 billion in 2013.

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The decrease in the profit was attributable mainly to higher operating and finance costs incurred, exceptional workers' voluntarily separation expenses paid amounted to Rp6 billion and foreign exchange loss incurred in 2014 of Rp28 billion, albeit a lower foreign exchange loss as compared to 2013. Our domestic and export sales remain strong, our sales was Rp3,282 billion in 2014, increased by 8% as compared to 2013. Our gross profit has increased by Rp42 billion for the same year then ended.

Revenue

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Domestic sales	2,343,452	2,263,843	4
Export sales	938,340	784,980	20
Total	3,281,792	3,048,823	8

Our export sales continued to perform well. Both export price and sales volume registered an increase of 5% and 14% respectively for 2014. The composition of our export sales to overall sales rose from 26% to 29% in 2014.

Our domestic sales increased by 4% for 2014. Though the domestic selling price has increased as compared to last year by 10%, the sales volume did not follow; the volume decreased by 9% in 2014. The sales volume was affected by the parliamentary and the presidential election events in 2014, which have somewhat slowed down the local business activities as a whole.

Cost of sales

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Raw material	1,275,970	1,307,872	(2)
Labour costs	725,257	600,239	21
Factory overhead	836,640	687,750	22
Movement in finished goods	(87,761)	(36,764)	139
Total	2,750,106	2,559,097	7

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 of sales was mainly due to increase in sales, higher labour costs (a result of the increase in minimum wage in Indonesia) and other production costs (consequences of reduction in fuel subsidy by the Indonesian government).

Gross profit

Our gross profit increased by 9% in 2014. This was mainly due to higher revenue generated particularly from the export sales.

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Other Income

Other income in 2013 comprises mainly an insurance claim on damaged equipment of Rp10 billion. In this reporting year, it comprises mainly of gain on sales of property, plant and equipment of Rp5 billion, gain in the valuation of biological assets of Rp6 billion, insurance claim for damaged stock amounted to Rp1 billion, and other miscellaneous income.

Selling expenses

The increase in the selling expenses came mainly from freight costs (increased by Rp23 billion), which is in line with the increase in the export activities.

General and administration (“G&A”) expenses

Our G&A expenses have increased over that of previous year due mainly to increase in staff costs, training expenses, research and development costs of products which is expensed, professional fees, and corporate travelling and transportation expenses.

Finance Expenses

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

Other expenses

Other expenses in 2014 comprises mainly workers' voluntarily separation expenses of Rp6 billion and foreign exchange loss of Rp28 billion.

The workers' 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. The strengthening of US dollar has resulted in the foreign exchange loss, mainly because of translation of our US dollar denominated loans.

Taxation

Our tax expenses comprise the following:

	Group		
	2014	2013	Increase/ (decrease)
	Rp'million	Rp'million	%
Current income tax	(36,488)	(33,230)	10
Deferred income tax	25,523	25,598	(0)
Under provision of prior years taxes	(2,933)	(5,031)	(42)
Total	<u>(13,898)</u>	<u>(12,663)</u>	<u>10</u>

Indonesia adopts individual company income tax system.

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Our effective tax rate was not aligned with statutory tax rate 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 increased by Rp38 billion. This is due mainly to addition of fixed assets for production facilities (excluding advance payment for fixed assets) offsetted by the depreciation charges incurred during the year.

Our trees planting program continued and we have incurred Rp4 billion in various estates in 2014. Besides, we reported a gain in the fair value of the biological assets of Rp6 billion offset by reversal of the biological assets value of Rp14 billion as trees were harvested.

For the year ended, the Group has successfully obtained the tree plantation land use rights for its upstream activities. The total land use rights cost is Rp11 billion of which Rp10 billion was prepaid in previous years. The prepaid amount was reclassified from other non-current assets (prepayment) to land use rights account during the year.

The deferred tax assets have also increased by Rp33 billion mainly due to accrual of tax benefits arising from the provision for post-employment benefits and unutilised tax losses.

In 2014, our Group's current assets have increased by Rp248 billion to Rp1,066 billion. The increase was due mainly to:

- 1) higher inventories level for work in progress stocks and finished goods as production grow. The increase in finished goods and work in progress was Rp166 billion;
- 2) higher trade receivables. This came from higher domestic sales during fourth quarter of 2014 and traditionally has longer trade credit period as compared to export sales.
- 3) increase in VAT receivables as well as prepayment for income tax and insurance. The increase in VAT receivables was mainly due to spending on capital expenditure and the recovery normally takes longer period under the current tax system. Taxation was prepaid based on preceding year performance which the Group reported higher profit as compared to 2014;
- 4) higher cash generated owing mainly to net new loan obtained (as explained below).

As at 31 December 2014, our Group's current liabilities have increased by Rp165 billion to Rp798 billion. This contributed mainly by the:

- 1) increase in the trade payables of Rp50 billion as a results of increase in business activities;
- 2) increase in the accrual of salaries, bonuses and its related benefits costs; the increase was due mainly to salary adjustments;
- 3) increase in VAT payables and accrual of freight costs; The increase in VAT payables is in line with the increase in domestic sales in the fourth quarter of 2014. Fright costs accrual was mainly due to timing differences in payment and;

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- 4) increase in the short-term borrowings as well as long-term borrowings due within 12 months by Rp118 billion.

For the same year ended, the non-current liabilities have increased by Rp201 billion. This was mainly due to provision for retirement benefits made during the year (increased by Rp70 billion) and drawdown of new loans (net increased by Rp135 billion).

Statement of Cash Flow

During the year, the Group incurred net cash outflow of Rp32 billion and Rp165 billion from the operating and investing activities respectively, and reported an inflow of Rp201 billion for financing activities. Net cash increased by Rp4 billion.

Cash outflow from operating activities was due mainly to higher cash used to reinvest in the production of goods and purchase of materials. In addition, domestic sales was the highest in the fourth quarter during 2014, hence the realization of the sales to cash will normally be in the first quarter of 2015 because of the normal trade credit period.

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 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. In June 2014, the Group has successfully refinanced its existing loans and also managed to obtain additional funding for its capital expenditure. During the year, the Group has drawdown new long-term loan facilities to finance its investment activities and operations.

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 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 dollar borrowings to our net profit 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	Profit after tax for the year
(Weakened) / strengthened	Rp2,675 million
	Increase/ (decrease)
	Rp'million
(9%)	(31,984)
(6%)	(21,323)
(3%)	(10,661)
3%	10,661
6%	21,323
9%	31,984

Exchange rates:

	<u>US\$1</u>
- 26 February 2015	Rp12,862
- 31 December 2014	Rp12,440
- 31 December 2013	Rp12,189

- 2) We experienced significant increase in the minimum wage and other overheads in the last two years. However, owing to falling oil prices, we may expect a more moderate increase in these costs this year, hence the production costs and overheads may be more stable in 2015. We caution that the inflationary costs pressure remains and we will monitor the situation and take further actions to mitigate the costs pressure and strive to remain competitive.
- 3) We continue to face keen competition in domestic markets particularly from the smaller set up manufacturers. To overcome these challenges, we strive to penetrate new market segments in Indonesia such as outside Java and emphasize on products quality. Overall, we expect the sales momentum for domestic market to remain stable although we could see a dip in first quarter of 2015 owing to flood situation in the country, Lunar New Year holiday and, the "wait and see" situation of the buyers because of falling and unstable oil prices. On the export front, barring any unforeseen circumstances, we expect our export sales to improve and our decking products sales to pick up and overall margin to improve. However, we caution that the weakening of Japanese Yen may affect our export to our key market, Japan. To overcome these challenges, we strive to expand to other markets and we have a positive start as we have secured some contracts from new buyers outside North Asia.
- 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 strategy of carrying out own tree planting remains and we believe it will benefit us in the longer term.

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11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend will be declared in the current 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 31 December 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 January – 31 December 2014	
	Rp'million	Rp'million
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense	25,109	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	1,774	-
PT Sampoerna Land (formerly PT Buana Sakti) Office rental	4,104	-

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently unaudited annual financial statements, with comparative information for the immediately preceding year.

Year end	SGS division	ST division	Elimination	Total
31 December 2014	Rp Million	Rp Million	Rp Million	Rp Million
Revenue:				
Sales to external customers	1,913,341	1,368,451	-	3,281,792
Inter-segment sales	1,252,756	-	(1,252,756)	-
Total revenue	3,166,097	1,368,451	(1,252,756)	3,281,792
Results:				
Finance income	589	62	-	651
Finance expense	(50,492)	(15,844)	-	(66,336)
Depreciation	(111,295)	(3,092)	-	(114,387)
Amortisation of land use rights	(4,252)	-	-	(4,252)
Amortisation of intangible assets	(1,309)	-	-	(1,309)
Gain on change in fair value of biological assets	5,530	-	-	5,530
Post employment benefits expenses	(34,434)	(1,582)	-	(36,016)
Tax expenses	(9,080)	(4,818)	-	(13,898)
Segment profit (loss)	3,721	(1,046)	-	2,675
Year end				
31 December 2013				
	SGS division	ST division	Elimination	Total
	Rp Million	Rp Million	Rp Million	Rp Million
Revenue:				
Sales to external customers	1,925,297	1,123,526	-	3,048,823
Inter-segment sales	1,015,746	-	(1,015,746)	-
Total revenue	2,941,043	1,123,526	(1,015,746)	3,048,823
Results:				
Finance income	852	68	-	920
Finance expense	(36,719)	(12,105)	-	(48,824)
Depreciation	(102,461)	(2,768)	-	(105,229)
Amortisation of land use rights	(3,109)	-	-	(3,109)
Amortisation of intangible assets	(1,273)	-	-	(1,273)
Loss on change in fair value of biological assets	(1,542)	-	-	(1,542)
Post-employment benefits expenses	(28,245)	(1,290)	-	(29,535)
Tax expenses	(8,671)	(4,141)	149	(12,663)
Segment profit (loss)	(9,064)	28,968	(1,155)	18,749

SGS division – Refers to the operations of PT Sumber Graha Sejahtera group of entities. This division principally in the business of manufacturing and sales of 1) primary processed timber products (main) such as general plywood and laminated veneer lumber and 2) secondary processed timber products such as truck, piano body parts and decking.

ST division – Refers to the operations of Samko Trading group of entities. This division principally trade in all types of timber products manufactured by the division, SGS division and third parties. This division produces mainly secondary timber products such as doors and windows.

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Geographical segments

The following table presents revenue information regarding our Group's geographical segments for years ended 31 December

Region	Group	
	2014 Rp'million	2013 Rp'million
Indonesia	2,156,341	2,210,379
North Asia	641,369	619,187
Malaysia	235,945	65,209
Singapore	123,570	49,919
Middle East	48,667	34,163
Europe	21,491	15,296
United States of America	20,996	35,736
South East Asia	17,406	11,448
Others	16,007	7,486
	<u>3,281,792</u>	<u>3,048,823</u>

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to section 8

16. **A breakdown of sales.**

	Group		
	2014 Rp'million	2013 Rp'million	Increase/ (decrease) %
Revenue:			
- First quarter	810,678	718,905	13%
- Second quarter	777,903	742,810	5%
- Third quarter	743,371	729,670	2%
- Fourth quarter	949,841	857,438	11%
	<u>3,281,792</u>	<u>3,048,823</u>	<u>8%</u>
Operating profit (loss) after tax before deducting non-controlling interest:			
- First quarter	24,436	16,583	47%
- Second quarter	(11,063)	10,039	n.m
- Third quarter	(24,363)	(41,190)	-41%
- Fourth quarter	13,665	33,317	-59%
	<u>2,675</u>	<u>18,749</u>	<u>-86%</u>

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

No dividend has been declared.

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18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11).

The Board of Directors of Samko Timber Limited ("the Company") wishes to confirm that there are no persons occupying managerial positions in the Company or any of its principal subsidiaries during the financial year ended 31 December 2014 who are related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
26 February 2015