SAMKO TIMBER LIMITED
Company Registration Number: 200517815M

Unaudited Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2016

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		
	2016	**2015**	**Change**
	Rp'million	*Rp'million*	*%*
Revenue	3,116,088	3,463,008	(10)
Cost of sales	(2,855,731)	(3,119,201)	(8)
Gross profit	260,357	343,807	(24)
Other items of income			
Interest income	671	544	23
Other income	104,058	5,019	1,973
Other items of expenses			
Selling expenses	(118,126)	(162,236)	(27)
General & administrative expenses	(340,278)	(319,210)	7
Finance expenses	(100,114)	(91,442)	9
Other expenses	(140,391)	(227,256)	(38)
Loss before tax	(333,823)	(450,774)	(26)
Taxation	(73,556)	(27,636)	166
Net loss for the year	(407,379)	(478,410)	(15)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net actuarial gain on post-employment benefits	8,235	3,890	112
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain	387	14,576	(97)
Total comprehensive income for the year	**(398,757)**	**(459,944)**	**(13)**
Net loss attributable to:			
Owners of the Company	(403,364)	(477,723)	(16)
Non-controlling interests	(4,015)	(687)	484
	(407,379)	**(478,410)**	**(15)**
Total comprehensive income attributable to:			
Owners of the Company	(394,666)	(459,354)	(14)
Non-controlling interests	(4,091)	(590)	593
	(398,757)	**(459,944)**	**(13)**

n.m : not meaningful

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

	Group		
	2016	**2015**	**Change**
	Rp'million	*Rp'million*	*%*
Depreciation of property, plant and equipment	(110,584)	(131,986)	(16)
Interest expense	(94,221)	(84,742)	11
Workers separation expenses *)	(86,917)	-	n.m
Post employment benefits expenses	(41,543)	(48,077)	(14)
Net VAT receivable written-off	(40,740)	-	n.m
Loss on change in fair value of biological assets	(5,853)	(2,589)	126
Amortisation of land use rights	(3,776)	(3,905)	(3)
Allowance for doubtful receivables	(3,224)	(10,409)	(69)
Impairment of fixed assets	(1,244)	-	n.m
Allowance for irrecoverable advance to suppliers	(528)	(18,710)	(97)
Inventories written-down	(445)	(54,609)	(99)
Net fair value gain on available for sale investment **)	95,689	-	n.m
Foreign exchange gain (loss), net	6,040	(90,036)	n.m
Gain on disposal of property, plant and equipment	2,329	3,351	(30)
Interest income	671	544	23
Impairment of intangible assets	-	(34,915)	(100)
Amortisation of intangible assets	-	(992)	(100)
Insurance claim	-	1,226	(100)

*) Included in "Other expenses"
**) Included in "Other income"
n.m : not meaningful

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	
	2016	2015	2016	2015
	Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
Non-current assets				
Property, plant and equipment	**558,243**	662,542	**32**	149
Investment in subsidiary companies	**-**	-	**126,076**	126,076
Investment in an associate [(1)]	**-**	-	**-**	-
Available for sale investment [(1)]	-	-	**-**	-
Biological assets	**49,971**	55,603	**-**	-
Land use rights	**61,372**	66,874	**-**	-
Deferred tax assets	**40,755**	65,316	**-**	-
Other non-current assets [(2)]	**7,322**	31,986	**311,410**	9
	717,663	882,321	**437,518**	126,234
Current assets				
Inventories	**510,436**	567,975	**-**	-
Trade and other receivables	**175,196**	238,709	**32,670**	37,620
Prepaid operating expenses	**47,442**	74,849	**410**	447
Advances to suppliers	**17,870**	30,880	**-**	-
Restricted deposits	**12,555**	7,525	**-**	-
Cash and cash equivalents	**58,724**	91,075	**4,543**	2,411
	822,223	1,011,013	**37,623**	40,478
Assets classified as held for sale	**26,865**	**-**	**-**	**-**
	849,088	1,011,013	**37,623**	40,478
Current liabilities				
Trade and other payables	**277,723**	339,414	**12,844**	7,540
Other liabilities	**147,352**	125,719	**6,327**	3,636
Advances from customers	**12,439**	27,497	**-**	723
Provision for taxation	**10,963**	11,401	**-**	-
Loans and borrowings	**502,499**	536,239	**-**	-
	950,976	1,040,270	**19,171**	11,899
Net current (liabilities) assets	**(101,888)**	(29,257)	**18,452**	28,579
Non-current liabilities				
Loans and borrowings	**329,033**	456,644	**-**	-
Post-employment benefits	**215,845**	240,275	**-**	-
Deferred tax liabilities	**1,667**	569	**-**	-
	546,545	697,488	**-**	-
Net assets	**69,230**	155,576	**455,970**	154,813
Equity attributable to owners of the Company				
Share capital	**2,501,056**	2,188,645	**2,501,056**	2,188,645
Accumulated losses	**(2,765,786)**	(2,370,739)	**(2,045,086)**	(2,033,832)
Other reserves	**327,204**	326,823	**-**	-
	62,474	144,729	**455,970**	154,813
Non-controlling interests	**6,756**	10,847	**-**	-
	69,230	155,576	**455,970**	154,813

Notes:

(1) Represents the Group's 24.6% investment in PT SLJ Global Tbk, a company quoted in Indonesia Stock Exchange (IDX). During the year, the Group re-designated its investment in this associate as available for sale investment as the Group no longer has significant influence over the associate's financial and operating policies. Subsequently, the Group successfully divested the entire investment for a total consideration of Rp96 billion in 4Q 2016.

(2) Included in the Company's balance is a quasi capital loan granted to a subsidiary amounted to Rp311 billion. This loan will be capitalised into the share capital of the subsidiary after year end.

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

Amount repayable in one year or less, or on demand

As at 2016		As at 2015	
Secured	**Unsecured**	**Secured**	**Unsecured**
Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
496,431	6,068	536,239	-

Amount repayable after one year

As at 2016		As at 2015	
Secured	**Unsecured**	**Secured**	**Unsecured**
Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
329,033	-	456,644	-

Details of collaterals

As at 31 December 2016, our bank borrowings are secured by the following:

(1) Land use rights, buildings, machinery and equipment, inventories, account receivables, collection and restricted deposits of a subsidiary, 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.

As mentioned previously, a subsidiary of the Company has not met certain financial covenant ratios as set out in the loan agreement with one of its lenders. The subsidiary continues to breach such financial covenants in this year but it did not default on any loan principal and interest repayments as of to-date.

As at the date of this announcement, the lender has granted the subsidiary a temporary relief of having to comply with such covenants and continued to support the subsidiary. At this moment, any declaration of dividends and any drawdown of new loan from the existing loan facilities is subject to approval of this lender.

During the year, the Group secured a new Rp60 billion bank loan facility from a new lender. The existing lenders had given their consent for the Group to use this bank loan facility on the condition that if there is no improvement in the results of the subsidiary by 3rd quarter 2016, the Group will increase the equity capital of the relevant subsidiary. Subsequent to the year end, the Company will increase the equity of the said subsidiary by subscribing new shares in this subsidiary amounting to Rp311 billion.

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	12-month ended	
	2016	2015
	Rp'million	*Rp'million*
Cash flows from operating activities		
Loss before tax	(333,823)	(450,774)
Adjustments:		
Depreciation of property, plant and equipment	110,584	131,986
Interest expense	94,221	84,742
Post-employment benefits expense	41,543	48,077
Net VAT receivable written-off	40,740	-
Loss on change in fair value of biological assets	5,853	2,589
Amortisation of land use rights	3,776	3,905
Allowance for doubtful receivables	3,224	10,409
Impairment of property, plant and equipment	1,244	-
Allowance for advance to suppliers	528	18,710
Inventories written-down	445	54,609
Interest income	(671)	(544)
Gain on disposal of property, plant and equipment	(2,329)	(3,351)
Foreign exchange (gain) loss	(13,708)	70,795
Net fair value gain on available for sale investment	(95,689)	-
Impairment of intangible assets	-	34,915
Amortisation of intangible assets	-	992
Operating cash flow before changes in working capital	(144,062)	7,060
Changes in working capital :		
Inventories	57,094	(26,511)
Trade and other receivables	60,289	(14,592)
Prepaid operating expenses	(51,031)	(2,928)
Advances to suppliers	4,451	15,742
Trade and other payable	(61,691)	84,290
Other liabilities	20,389	(15,750)
Advance from customers	(15,058)	12,452
Other assets	230	(22,433)
Cash flow (used in) provided by operations	(129,389)	37,330
Income tax refunded (paid)	10,355	(38,196)
Post-employment benefit paid	(57,460)	(5,578)
Net cash flows used in operating activities	(176,494)	(6,444)

Group	**12-month ended**	
	2016	**2015**
	Rp'million	*Rp'million*
Cash flows from investing activities		
Purchase of property, plant and equipment (Note (i))	(24,155)	(91,677)
Additions of biological assets	(220)	(2,692)
Proceeds from disposal of property, plant and equipment	7,209	9,553
Interest received	671	544
Proceeds from disposal of available for sale investment	95,689	-
Capital injection from controlling interest in a subsidiary	-	2,019
Additions of land use rights	-	(2,178)
Investment in a subsidiary	-	(3,028)
Net cash flows provided by (used in) investing activities	79,194	(87,459)
Cash flows from financing activities		
Drawdown of loans and borrowings	1,999,702	2,134,138
Repayment of loans and borrowings	(2,162,969)	(1,984,829)
Interest paid	(84,778)	(75,043)
(Placement) withdrawal of restricted deposits	(5,065)	330
Proceeds from issuance of new shares, net of expenses of Rp5 billion	312,411	-
Net cash flows provided by financing activities	59,301	74,596
Net decrease in cash and cash equivalents	(37,999)	(19,307)
Effect of exchange rate changes on cash and cash equivalents	(420)	3,309
Cash and cash equivalents at beginning of year	91,075	107,073
Cash and cash equivalents at end of year	52,656	91,075

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

Cash and cash equivalents	58,724	91,075
Less: Bank overdraft	(6,068)	-
	52,656	91,075

Notes:

(i) Purchase of property, plant and equipment

Movement in the addition of property, plant and equipment comprises of:		
- Cash payment	24,155	91,677
- Reclassification of advances made for the purpose of property, plant and equipment	13,026	33,669
- Addition through finance lease	324	754
	37,505	126,100

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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*	*Rp'million*	*Rp'million*
Balance at 1 Jan 2016	2,188,645	(2,370,739)	309,050	17,773	144,729	10,847	155,576
Issuance of new shares during the year	312,411	-	-	-	312,411	-	312,411
Loss for the year	-	(403,364)	-	-	(403,364)	(4,015)	(407,379)
Other comprehensive income for the year:							
- Net actuarial gain (loss) on post-employment benefits	-	8,317	-	-	8,317	(82)	8,235
- Foreign currency translation gain	-	-	-	381	381	6	387
	-	8,317	-	381	8,698	(76)	8,622
Total comprehensive income for the year	-	(395,047)	-	381	(394,666)	(4,091)	(398,757)
Balance at 31 Dec 2016	**2,501,056**	**(2,765,786)**	**309,050**	**18,154**	**62,474**	**6,756**	**69,230**
Balance at 1 Jan 2015	2,188,645	(1,896,810)	309,050	3,198	604,083	9,418	613,501
Acquisition of a subsidiary	-	-	-	-	-	2,019	2,019
Loss for the year	-	(477,723)	-	-	(477,723)	(687)	(478,410)
Other comprehensive income for the year:							
- Net actuarial gain on post-employment benefits	-	3,794	-	-	3,794	96	3,890
- Foreign currency translation gain	-	-	-	14,575	14,575	1	14,576
	-	3,794	-	14,575	18,369	97	18,466
Total comprehensive income for the year	-	(473,929)	-	14,575	(459,354)	(590)	(459,944)
Balance at 31 Dec 2015	**2,188,645**	**(2,370,739)**	**309,050**	**17,773**	**144,729**	**10,847**	**155,576**

Company	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	*Rp'million*	*Rp'million*
Balance at 1 Jan 2016	2,188,645	(2,033,832)	154,813
Issuance of new shares during the year	312,411	-	312,411
Total comprehensive income for the year	-	(11,254)	(11,254)
Balance at 31 Dec 2016	**2,501,056**	**(2,045,086)**	**455,970**
Balance at 1 Jan 2015	2,188,645	(1,533,331)	655,314
Total comprehensive income for the year	-	(3,895)	(3,895)
Balance at 31 Dec 2015	**2,188,645**	**(1,537,226)**	**651,419**

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.

Please see point 1(d)(iii) below.

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 2015	1,401,445,464
Addition:	
Issuance of new shares during the year	972,605,041
At 31 December 2016	2,374,050,505

There were no shares held as treasury shares as at 31 December 2016 and 2015.

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 2016 and 2015.

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 2016 and has applied the same accounting policies and methods of computation as those of the previous financial year ended 31 December 2015, save as disclosed below. The adoption of the new and revised accounting standards has no material impact on the financial statements of the Group and the Company for the year ended 31 December 2016. 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.

During the year, the Group re-designated its investment in this associate as available for sale investment as the Group no longer has significant influence over the associate's financial and operating policies. Subsequently, the Group successfully divested the entire investment for a total consideration of Rp96 billion in 4Q 2016.

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	
	2016	**2015**
Weighted average number of ordinary shares for basic earnings per share computation	1,433,421,520	1,401,445,464
Weighted average number of ordinary shares for diluted earnings per share computation	1,433,421,520	1,401,445,464
	Rp (full amount)	Rp (full amount)
Earnings per share attributable to owners of the Company		
Basic and diluted	(281)	(341)

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	
	2016	**2015**	**2016**	**2015**
Net assets for the year attributable to owners of the Company used in computation of net asset valuer per share (Rp'million)	62,474	144,729	455,970	154,813
Number of ordinary shares at the end of the year	2,374,050,505	1,401,445,464	2,374,050,505	1,401,445,464
Net asset value per ordinary share (Rp full amount)	26	103	192	110

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

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

Our Group reported a net loss of Rp407 billion in 2016 as compared to Rp478 billion in 2015.

Our Group's performance significantly improved in 4Q 2016, registering a gross profit of Rp99 billion and attained a gross profit margin of 13% as compared to the corresponding period in 2015 and the previous 3 quarters in 2016.

Despite this improvement, our overall performance in 2016 has been affected by lower sales volume and lower selling prices achieved, higher unit production costs incurred as a result of lower production volume and increased in raw material costs, particularly in the first 3 quarters of the year. Besides, our results for 2016 were also affected mainly by higher interest expense and non routine re-organisation expenses and impairment charges incurred.

Revenue

	Group		
	2016	**2015**	**Change**
	Rp'million	*Rp'million*	*%*
Domestic sales	2,122,933	2,204,530	(4)
Export sales	993,155	1,258,478	(21)
Total	3,116,088	3,463,008	(10)

Our sales decreased by 10% to Rp3,116 billion amid a slowdown in export sales as a whole and slight decrease in domestic sales volume. Selling price for domestic market remained largely flat for 2016 and 2015.

Gross profit

Our gross profit decreased by 24% in 2016. This was due mainly to lower sales and yet higher unit production costs incurred. In 4Q 2016, however, the Group managed to improve the gross profit margin from 6% in 3Q 2016 to 13%, registering Rp99 billion gross profit as compared to Rp44 billion and Rp19 billion in 3Q 2016 and 4Q 2015 respectively.

Other Income

Other income came mainly from:

1. realised gain on divestment of available for sale investment in PT SLJ Global Tbk of Rp96 billion.

2. exchange gain of Rp6 billion - the weakening of US dollar has resulted in mainly unrealised foreign exchange gain from translation of our US dollar denominated loans;

3. gain on disposal of property, plant and equipment of Rp2 billion;

Selling expenses

In 2016, the decrease in the selling expenses came mainly from the decrease in the freight costs, due mainly to lower export sales. Freight costs decreased by Rp39 billion compared to 2015.

General and administration ("G&A") expenses

The G&A expenses have increased over that of previous year due mainly to increase in staff costs and professional fees incurred for the re-organisation.

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

Included in other expenses for 2016 were mainly workers separation expenses (Rp87 billion) and one off VAT receivables written off in 2016 – Rp41 billion (owing to re-organisation of the Group exercise).

In 2015, the Group incurred exchange loss of Rp90 billion. The strengthening of US dollar has resulted in mainly unrealised foreign exchange loss from translation of our US dollar denominated loans. For the same year ended, due to deteriorating market outlooks, the Group made one-off impairment of certain assets totalling Rp119 billion.

Taxation

Our tax expenses comprise the following:

	Group		
	2016	**2015**	**Change**
	Rp'million	*Rp'million*	*%*
Current income tax:			
- Current income tax	(10,742)	(11,044)	(3)
- Impairment of prepaid taxes	(36,359)	-	n.m
- Under provision of prior year taxes	757	(1,180)	n.m
	(46,344)	(12,224)	279
Deferred income tax:			
- Current year addition	(593)	(15,412)	(96)
- Impairment during the year	(26,619)	-	n.m
- Current year addition	(27,212)	(15,412)	77
Total	(73,556)	(27,636)	166

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 and losses of certain subsidiaries not recognised as deferred tax assets due to the uncertainty of its recovery.

During 2016, the Group impaired prepaid taxes and deferred tax assets amounted to Rp36 billion and Rp27 billion respectively. The one off impairment was made following the review of the recovery of tax assets as part of the Group re-organisation exercise.

(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 Rp104 billion. This was due mainly to depreciation charges incurred during the year more than offset the acquisition of new assets amounted to Rp22 billion. In addition, during the year, the Group re-designated its land and building as assets classified as held for sale as the Group plans to sell its factory and land in one of the subsidiaries. The net book value of these assets as at 31 December 2016 was Rp27 billion.

Deferred tax assets decreased by Rp24 billion. This came mainly from impairment of deferred tax assets from certain loss making subsidiaries.

Other non-current assets decreased by Rp25 billion. This was mainly due to impairment made in prepaid taxes. See paragraph (a) Taxation.

In 2016, our Group's current assets have decreased by Rp162 billion to Rp849 billion.

The decrease was due mainly to:

1) lower trade receivables. This came mainly from lower domestic trade receivables;

2) lower inventory level as production volume decreased; and

3) decrease in VAT receivables and prepayment of corporate income tax. The decrease in VAT receivables was mainly due to one off VAT receivables written off amounting to Rp41 billion in 2016 (owing to re-organisation of the Group exercise). Prepayment of corporate income tax reduced because of lower taxable income in certain subsidiaries.

As at 31 December 2016, our Group's current liabilities have decreased by Rp89 billion to Rp951 billion. This contributed mainly by the decrease in trade and other payables of Rp62 billion, decrease in advances from customers of Rp15 billion, decrease in the short-term borrowings as well as long-term borrowings due within 12 months totaling Rp34 billion, offseted by higher other liabilities due to higher accruals for professional fees.

For the same year ended, the non-current liabilities have decreased by Rp151 billion. This was mainly due to decrease in loans and borrowings - mainly due to foreign exchange translation gain effect and reclassification of loans to current liabilities for loans due within 12 months.

Statement of Cash Flow

During the year, the Group generated cash inflow of Rp79 billion and Rp59 billion from investing and financing activities and incurred cash outflow of Rp176 billion from operating activities. Net cash decreased by Rp38 billion.

Our cash from operations was affected by lower sales and lower gross profit attained as well as re-organisation expenses incurred such as workers separation expenses and post retirement benefits paid.

Our cash used in the investing activities were mainly for acquisitions of property, plant and equipment, offseted by the receipts from sale of investment in PT SLJ Global Tbk.

Our cash flow in the financing activities relates mainly to net repayment of loans interests And proceeds from issuance of ordinary shares. 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:

Indonesia Rupiah to US Dollar exchange rates	(Weakened) / strenghtened	Loss after tax for the period Rp407 billion (Increase)/ decrease
Rp'full amount		Rp'million
14,444	(7.5%)	(30,051)
14,108	(5.0%)	(20,034)
13,772	(2.5%)	(10,017)
13,100	2.5%	10,017
12,764	5.0%	20,034
12,428	7.5%	30,051

Our US$ loans as at 31 December 2016 US$40 million.

Exchange rate:	**Rp/US$1**
- 27 February 2017	Rp13,339
- 31 December 2016	Rp13,436
- 31 December 2015	Rp13,795

2) We expect the government and private spending on the infrastructure projects in Indonesia will spur the local economy, and hence accelerate local demand. Our export sales, however, may be adversely affected due to uncertainty in global economy and depreciation of currencies in some of our export markets.

3) As we are increasing our production volume to meet demand, we face the risk of interupted supplies of raw materials due to extreme weather condition in some parts of Indonesia.

4) To improve our liquidity, in 4Q 2016, we have succesfully completed the disposal of a non-core asset, the shares in PT SLJ Global Tbk, and raised additional funding through a right issue. We have raised a total Rp408 billion through these exercises. In 2017, we will continue divesting our investment in non-core assets. One of the assets available for sale are factory and land located in Balaraja, Tangerang, West Java. Although these actions may somewhat allay some of our liquidity pressures, the Group will continue to monitor the situation and undertake to dispose of other non-core assets and to raise debt funding as and when necessary.

5) We have finished the labor rationalisation in 2016. We believe this will improve our gross margin in 2017 and we will remain cautious of the rising production costs, continue to be discipline in managing costs, and explore opportunities to be more competitive.

6) We are also putting in place a new ERP/SAP infrastructures in 2017 which we expect to go-live in the first quarter of 2018. This innitiative might potentially disrupt some of our operations during the implementation period. However we believe in the future this will benefit the Group and by giving us better information about the operations and allowing us to improve our business process and hence, better profitability.

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 year 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 year ended 31 December 2016 has been declared.

13. Interested person transactions.

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exhange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the year ended 31 December 2016:

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)*
	Rp'million	*Rp'million*
PT Pelayaran Nelly Dwi Putri		
Freight expenses	6,280	-
PT Sampoerna Land		
Office rental	5,242	-
PT Wahana Sekar Agro		
Cooperation for cultivation of trees	420	-
PT Bank Sahabat Sampoerna		
Interest expenses	3,515	-

Certain Sunarko family members are substantial shareholders of PT Pelayaran Nelly Dwi Putri Tbk (a listed company in Indonesia). They are also substantial shareholders and directors of the Company.

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

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. 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	**Group**			
31 December 2016	**SGS division**	**ST division**	**Elimination**	**Total**
	Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
Revenue:				
Sales to external customers	1,826,713	1,289,376	-	3,116,088
Inter-segment sales	1,205,351	1,495	(1,206,847)	-
Total revenue	3,032,064	1,290,871	(1,206,847)	3,116,088
Results:				
Interest income	648	23	-	671
Finance expense	(84,413)	(15,701)	-	(100,114)
Depreciation of property, plant and equipment	(108,678)	(1,906)	-	(110,584)
Amortisation of land use rights	(3,966)	189	-	(3,776)
Loss on change in fair value of biological assets	(5,853)	-	-	(5,853)
Post employment benefits expenses	(41,543)	-	-	(41,543)
Net fair value gain on available for sale investment	95,689	-	-	95,689
Workers separation expenses	(85,267)	(1,650)	-	(86,917)
Allowance for doubtful receivables	(1,824)	(1,400)	-	(3,224)
Tax expenses	(69,026)	(4,531)	-	(73,556)
Segment loss	(376,013)	(31,366)	-	(407,379)

Year end	**Group**			
31 December 2015	**SGS division**	**ST division**	**Elimination**	**Total**
	Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
Revenue:				
Sales to external customers	1,981,991	1,481,017	-	3,463,008
Inter-segment sales	1,376,513	-	(1,376,513)	-
Total revenue	3,358,504	1,481,017	(1,376,513)	3,463,008
Results:				
Finance income	494	51	-	544
Finance expense	(75,211)	(16,231)	-	(91,442)
Depreciation	(129,186)	(2,800)	-	(131,986)
Amortisation of land use rights	(3,905)	-	-	(3,905)
Amortisation of intangible assets	(263)	(729)	-	(992)
Loss on change in fair value of biological assets	(2,589)	-	-	(2,589)
Post employment benefits expenses	(47,135)	(942)	-	(48,077)
Impairment of goodwill	(3,723)	(31,192)	-	(34,915)
Inventory written-down	(54,609)	-	-	(54,609)
Tax expenses	(29,056)	1,420	-	(27,636)
Segment loss	(435,575)	(42,835)	-	(478,410)

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.

Geographical segments

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

	Group	
	2016	**2015**
	Rp'million	*Rp'million*
Indonesia	1,677,680	2,015,968
North Asia	683,896	772,947
Malaysia	402,053	306,000
Singapore	168,354	176,004
Middle East	57,524	23,771
Europe	35,673	35,393
North East Asia	28,845	5,488
United Stated of America	23,325	100,283
South East Asia	21,774	10,006
Australia	10,162	14,662
Others	6,802	2,486
	3,116,088	3,463,008

16. 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.

17. A breakdown of sales.

	Group		
	2016	**2015**	**Change**
	Rp'million	*Rp'million*	*%*
Revenue:			
- First quarter	883,298	805,533	10%
- Second quarter	783,537	843,475	-7%
- Third quarter	681,521	824,929	-17%
- Fourth quarter	767,732	989,071	-22%
	3,116,088	3,463,008	-10%

	Group		
	2016	**2015**	**Change**
	Rp'million	*Rp'million*	*%*
Operating loss after tax before deducting non-controlling interest:			
- First quarter	(67,110)	(49,078)	37%
- Second quarter	(55,776)	(64,546)	-14%
- Third quarter	(104,227)	(157,948)	-34%
- Fourth quarter	(180,266)	(206,838)	-13%
	(407,379)	(478,410)	-15%

18. 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.

19. 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 2016 who are related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer
27 February 2017