SAMKO TIMBER LIMITED
Company Registration Number: 200517815M

Unaudited First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 2017

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		
	2017	**2016**	**Change**
	Rp'million	*Rp'million*	*%*
Revenue	845,715	883,298	(4)
Cost of sales	(737,897)	(808,651)	(9)
Gross profit	107,818	74,647	44
Other items of income			
Interest income	149	145	3
Other income	1,613	11,560	(86)
Other items of expenses			
Selling expenses	(22,357)	(41,220)	(46)
General & administrative expenses	(67,262)	(84,126)	(20)
Finance expenses	(20,420)	(25,462)	(20)
Other expenses	(17,333)	(6,150)	182
Loss before tax	(17,792)	(70,606)	(75)
Taxation	2,351	3,496	(33)
Net loss for the year	(15,441)	(67,110)	(77)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Net actuarial loss on post-employment benefits	(788)	(1,413)	(44)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain	1,685	6,738	(75)
Total comprehensive income for the year	**(14,544)**	**(61,785)**	**(76)**
Net loss attributable to:			
Owners of the Company	(14,089)	(66,330)	(79)
Non-controlling interests	(1,352)	(780)	73
	(15,441)	**(67,110)**	**(77)**
Total comprehensive income attributable to:			
Owners of the Company	(13,187)	(61,007)	(78)
Non-controlling interests	(1,357)	(778)	74
	(14,544)	**(61,785)**	**(76)**

n.m : not meaningful

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

	Group		
	2017	**2016**	**Change**
	Rp'million	*Rp'million*	*%*
Depreciation of property, plant and equipment	(26,873)	(28,195)	(5)
Interest expense	(18,880)	(23,831)	(21)
Workers separation expenses *)	(2,423)	(4,074)	(41)
Post employment benefits expenses	(11,152)	(13,489)	(17)
Expense for the Group's re-organisation exercise *)	(15,534)	-	n.m
Amortisation of land use rights	(850)	(996)	(15)
Allowance for doubtful receivables	(29)	(41)	(29)
Foreign exchange gain, net	1,351	8,963	(85)
Gain on disposal of property, plant and equipment	262	146	79
Interest income	149	145	3

*) Included in "Other expenses"
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 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
	Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
Non-current assets				
Property, plant and equipment	**538,764**	558,243	**25**	32
Investment in subsidiary companies (2)	**-**	-	**437,486**	126,076
Investment in an associate (1)	**-**	-	**-**	-
Biological assets	**50,043**	49,971	**-**	-
Land use rights	**60,522**	61,372	**-**	-
Deferred tax assets	**47,236**	40,755	**-**	-
Other non-current assets	**15,149**	7,322	**-**	311,410 (2)
	711,714	717,663	**437,511**	437,518
Current assets				
Inventories	**490,339**	510,436	**-**	-
Trade and other receivables	**225,520**	175,196	**31,823**	32,670
Prepaid operating expenses	**30,168**	47,442	**453**	410
Advances to suppliers	**33,699**	17,870	**-**	-
Restricted deposits	**11,533**	12,555	**-**	-
Cash and cash equivalents	**28,968**	58,724	**839**	4,543
	820,227	822,223	**33,115**	37,623
Assets classified as held for sale	**26,865**	**26,865**	**-**	**-**
	847,092	849,088	**33,115**	37,623
Current liabilities				
Trade and other payables	**236,308**	277,723	**13,887**	12,844
Other liabilities	**145,502**	147,352	**1,706**	6,327
Advances from customers	**9,069**	12,439	**63**	-
Provision for taxation	**16,673**	10,963	**-**	-
Loans and borrowings	**580,576**	502,499	**-**	-
	988,128	950,976	**15,656**	19,171
Net current (liabilities) assets	**(141,036)**	(101,888)	**17,459**	18,452
Non-current liabilities				
Loans and borrowings	**296,607**	329,033	**-**	-
Post-employment benefits	**219,385**	215,845	**-**	-
Deferred tax liabilities	**-**	1,667	**-**	-
	515,992	546,545	**-**	-
Net assets	**54,686**	69,230	**454,970**	455,970
Equity attributable to owners of the Company				
Share capital	**2,501,056**	2,501,056	**2,501,056**	2,501,056
Accumulated losses	**(2,780,656)**	(2,765,786)	**(2,045,939)**	(2,045,086)
Other reserves	**328,887**	327,204	**(147)**	-
	49,287	62,474	**454,970**	455,970
Non-controlling interests	**5,399**	6,756	**-**	-
	54,686	69,230	**454,970**	455,970

Notes:

(1) Represents the Group's 24.6% investment in PT SLJ Global Tbk, a company quoted in Indonesia Stock Exchange (IDX). In 4Q 2016, the Group successfully divested the entire investment for a total consideration of Rp96 billion.

(2) Included in the Company's balance in 2016 is a quasi capital loan granted to a subsidiary amounted to Rp311 billion. This loan has been capitalised into the share capital of the subsidiary in 1Q 2017.

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2017		As at 31 Dec 2016	
Secured	**Unsecured**	**Secured**	**Unsecured**
Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
552,086	28,490	502,499	-

Amount repayable after one year

As at 31 Mar 2017		As at 31 Dec 2016	
Secured	**Unsecured**	**Secured**	**Unsecured**
Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
296,607	-	329,033	-

Details of collaterals

As at 31 March 2017, 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 quarter 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 is subject to approval of this lender.

In 2016, 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. In 1Q 2017, the Company has increased 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	3-month ended	
	2017	2016
	Rp'million	*Rp'million*
Cash flows from operating activities		
Loss before tax	(17,792)	(70,606)
Adjustments:		
Depreciation of property, plant and equipment	26,873	28,195
Interest expense	18,880	23,831
Expense for the Group's re-organisation exercise	15,534	-
Post-employment benefits expense	11,152	13,489
Amortisation of land use rights	850	996
Allowance for doubtful receivables	29	41
Interest income	(149)	(145)
Gain on disposal of property, plant and equipment	(262)	(146)
Foreign exchange gain	(2,543)	(14,112)
Operating cash flow before changes in working capital	52,572	(18,457)
Changes in working capital :		
Inventories	20,097	(6,085)
Trade and other receivables	(50,353)	16,169
Prepaid operating expenses	(8,730)	(515)
Advances to suppliers	(15,829)	(3,075)
Trade and other payable	(41,415)	13,830
Other liabilities	(3,870)	7,691
Advance from customers	(3,370)	(6,526)
Other assets	(72)	(89)
Cash flow (used in) provided by operations	(50,970)	2,943
Income tax paid	(2,509)	(3,205)
Post-employment benefit paid	(1,657)	-
Net cash flows used in operating activities	(55,136)	(262)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note (i))	(7,486)	(9,415)
Additions of biological assets	(72)	(201)
Proceeds from disposal of property, plant and equipment	451	146
Interest received	149	145
Net cash flows used in investing activities	(6,958)	(9,325)

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Group	3-month ended	
	2017	**2016**
	Rp'million	*Rp'million*
Cash flows from financing activities		
Drawdown of loans and borrowings	518,029	497,885
Repayment of loans and borrowings	(498,393)	(498,589)
Interest paid	(16,522)	(20,918)
Withdrawal of restricted deposits	968	-
Net cash flows provided by (used in) financing activities	4,082	(21,622)
Net decrease in cash and cash equivalents	(58,012)	(31,209)
Effect of exchange rate changes on cash and cash equivalents	(234)	(549)
Cash and cash equivalents at beginning of year	58,724	91,075
Cash and cash equivalents at end of year	478	59,317

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

Cash and cash equivalents	28,968	59,317
Less: Bank overdraft	(28,490)	-
	478	59,317

Notes:

(i) Purchase of property, plant and equipment

Movement in the addition of property, plant and equipment comprises of:		
- Cash payment	7,486	9,415
- Reclassification of advances made for the purpose of property, plant and equipment	92	(1,531)
	7,578	7,884

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 2017	2,501,056	(2,765,786)	309,050	18,154	62,474	6,756	69,230
Loss for the year	-	(14,089)	-	-	(14,089)	(1,352)	(15,441)
Other comprehensive income for the year:							
- Net actuarial loss on post-employment benefits	-	(781)	-	-	(781)	(7)	(788)
- Foreign currency translation gain	-	-	-	1,683	1,683	2	1,685
	-	(781)	-	1,683	902	(5)	897
Total comprehensive income for the year	-	(14,870)	-	1,683	(13,187)	(1,357)	(14,544)
Balance at 31 Mar 2017	**2,501,056**	**(2,780,656)**	**309,050**	**19,837**	**49,287**	**5,399**	**54,686**
Balance at 1 Jan 2016	2,188,645	(2,370,739)	309,050	17,773	144,729	10,847	155,576
Loss for the year	-	(66,330)	-	-	(66,330)	(780)	(67,110)
Other comprehensive income for the year:							
- Net actuarial loss on post-employment benefits	-	(1,407)	-	-	(1,407)	(6)	(1,413)
- Foreign currency translation gain	-	-	-	6,730	6,730	8	6,738
	-	(1,407)	-	6,730	5,323	2	5,325
Total comprehensive income for the year	-	(67,737)	-	6,730	(61,007)	(778)	(61,785)
Balance at 31 Mar 2016	**2,188,645**	**(2,438,476)**	**309,050**	**24,503**	**83,722**	**10,069**	**93,791**

Company

	Attributable to owners of the Company			
	Share capital	Accumulated losses	Foreign currency translation reserve	Total
	Rp'million	*Rp'million*	*Rp'million*	*Rp'million*
Balance at 1 Jan 2017	2,501,056	(2,045,086)	-	455,970
Total comprehensive income for the year	-	(853)	(147)	(1,000)
Balance at 31 Mar 2017	**2,501,056**	**(2,045,939)**	**(147)**	**454,970**
Balance at 1 Jan 2016	2,188,645	(2,033,832)	-	154,813
Total comprehensive income for the year	-	(2,296)	-	(2,296)
Balance at 31 Mar 2016	**2,188,645**	**(2,036,128)**	**-**	**152,517**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial 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 March 2017 and 31 December 2016	2,374,050,505

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at 31 March 2017 and 31 December 2016.

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

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

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

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

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

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 period ended 31 March 2017.

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.

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	
	2017	2016
Weighted average number of ordinary shares for basic earnings per share computation	1,433,421,520	1,433,421,520
Weighted average number of ordinary shares for diluted earnings per share computation	1,433,421,520	1,433,421,520
	Rp (full amount)	Rp (full amount)
Earnings per share attributable to owners of the Company		
Basic and diluted	(10)	(46)

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 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
Net assets for the year attributable to owners of the Company used in computation of net asset valuer per share (Rp'million)	49,287	62,474	454,970	455,970
Number of ordinary shares at the end of the year	1,433,421,520	1,433,421,520	1,433,421,520	1,433,421,520
Net asset value per ordinary share (Rp full amount)	34	44	317	318

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 Rp15 billion in 1Q 2017 as compared to Rp67 billion in 1Q 2016. Our Group's performance significantly improved in 1Q 2017 mainly due to lower unit production costs incurred, lower staff related costs and provision of pension costs, decrease in freight costs and interest expense.

Revenue

	Group		
	2017	**2016**	**Change**
	Rp'million	*Rp'million*	*%*
Domestic sales	569,059	600,271	(5)
Export sales	276,656	283,027	(2)
Total	845,715	883,298	(4)

Our export sales remained relatively stable after posting a 11% increase in sales volume offseted by a 12% decrease in average selling price, while our domestic sales decreased by 5% to Rp569 billion in 1Q 2017. Our domestic sales volume decreased by 4% while the average sales price remained largely flat for the same period ended, mainly owing to the "wait and see" situation of the buyers in view of political conditions of governor's election held in Indonesian capital of Jakarta.

Gross profit

Our gross profit significantly increased by 44% in 1Q 2017. This was due mainly to lower unit production costs incurred as a result of higher production volume in 1Q 2017, lower labour costs mainly driven by the Group's costs cutting exercise in 2016 and followed by lower overhead costs.

The Group managed to improve the gross profit margin from 8% in 1Q 2016 to 13% in 1Q 2017, registered a gross profit of Rp108 billion as compared to Rp75 billion in 1Q 2016.

Other Income

During the period, the Group recorded an exchange gain of Rp1 billion, while in 1Q 2016, the Group's exchange gain was Rp9 billion. The weakening of US Dollar has resulted in mainly unrealised foreign exchange gain from translation of our US Dollar denominated loans.

Selling expenses

In 1Q 2017, the decrease in the selling expenses came mainly from the reduction in the freight costs, mainly due to more customers using the term of delivery of Free on Board (FOB) instead of Cost and Freight (CNF), resulting in freight costs being paid by the customers. Freight costs decreased by Rp16 billion compared to 1Q 2016.

General and administration ("G&A") expenses

The G&A expenses have decreased over that of previous period due mainly to decrease in staff related costs, provision of pension costs, and professional fees totaling Rp13 billion compared to 1Q 2016.

Finance Expenses

Our finance expenses relate mainly to interest expense. In 1Q 2017, our banks borrowings were reduced by the proceeds from the rights issue and the sale of PT SLJ Global Tbk's shares. As a result, our interest expense decreased by Rp5 billion in 1Q 2017.

Other expenses

Included in other expenses for 1Q 2017 was the expense for the Group's re-organisation exercise for Rp15 billion and workers separation expense of Rp2 billion.

Taxation

Our tax expenses comprise the following:

	Group		
	2017	**2016**	**Change**
	Rp'million	*Rp'million*	*%*
Current income tax	(5,586)	(4,926)	13
Deferred income tax	7,937	8,422	(6)
Total	2,351	3,496	(33)

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.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Financial Position

The Group's property, plant and equipment decreased by Rp19 billion. This was due mainly to depreciation charges incurred during the year more than offset the acquisition of new assets amounted to Rp7 billion. In addition, in 4Q 2016, 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 was Rp27 billion.

Deferred tax assets increased by Rp6 billion. This came mainly due to write-down of deferred tax liabilities from a certain subsidiary.

Other non-current assets increased by Rp8 billion. This was mainly due to increase in estimated income tax paid.

In 1Q 2017, our Group's current assets have slightly decreased by Rp2 billion to Rp820 billion.

The decrease was due mainly to:

1. lower inventory level as a result of higher sales near the end of the reporting period;

2. decrease in VAT receivables mainly due to lower spending on capital expenditure and expense for the Group's re-organisation exercise; and

3. lower cash and bank balances – see explanation in cash flows.

the decrease in the above has more than offset the followings:

1. increase in trade receivables. As mentioned above, this also came from higher sales near the end of the reporting period; and

2. higher advance to suppliers for logs and veneer purchases in line with the increase in production volume in 1Q 2017. Total advances increased by Rp16 billion.

As at 31 March 2017, our Group's current liabilities have increased by Rp37 billion to Rp988 billion. This was contributed mainly by the increase in the short-term borrowings as well as long term borrowings due within 12 months totaling Rp78 billion, offseted by the decrease in trade and other payables of Rp41 billion mainly due to timely payment to suppliers compare to previous period.

For the same period ended, the non-current liabilities have decreased by Rp31 billion. This was mainly due to decrease in loans and borrowings - mainly due to reclassification of loans to current liabilities for loans due within 12 months as mentioned above.

Statement of Cash Flow

During the period, the Group generated cash inflow of Rp4 billion from financing activities and incurred cash outflow of Rp55 billion and Rp7 billion from operating and investing activities, respectively. Net cash decreased by Rp58 billion.

Our operating cash flow before changes in working capital was significantly higher than previous period. This is attributable to improved operating margin caused by lower production costs and lower operating expenses incurred. In addition, cash generated was mainly used to support our working capital including paying our trade payables and to support higher trade receivables.

Our cash used in the investing activities was mainly for acquisitions of property, plant and equipment.

Our cash flow from the financing activities related mainly to net drawdown of additional loans. 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 Rp15 billion (Increase)/ decrease
Rp'full amount		Rp'million
14,272	(7.5%)	(30,207)
13,940	(5.0%)	(20,138)
13,608	(2.5%)	(10,069)
12,944	2.5%	10,069
12,612	5.0%	20,138
12,280	7.5%	30,207

Our US$ loans as at 31 March 2017 US$38 million.

Exchange rate:	**Rp/US$1**
- 12 May 2017	Rp13,340
- 31 March 2017	Rp13,321
- 31 December 2016	Rp13,436
- 31 March 2016	Rp13,276

2) We expect the government and private spending on the infrastructure projects in Indonesia will spur the local economy, and hence accelerate local demand.

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 substantially completed our labor rationalisation in 2016. As a result, this has improved our gross profit margin in 1Q 2017, however we will remain cautious of the rising production costs, continue to be discipline in managing costs, and explore opportunities to be more competitive.

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 period ended 31 March 2017 has been declared.

13. Interested person transactions.

The following is the aggregate value of all transactions with interested persons for the period ended 31 March 2017:

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 Sampoerna Land		
Office rental	1,394	-
PT Bank Sahabat Sampoerna		
Interest expense	795	-
PT Pelayaran Nelly Dwi Putri		
Freight expense	160	-

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

The Company has obtained shareholders' mandates under Rule 920 of the Listing Manual of the Singapore Exhange Securities Trading Limited at the Extraordinary General Meeting on 28 April 2017.

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 2017 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer
12 May 2017