SAMKO TIMBER LIMITED
Company Registration Number: 200517815M

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30/06/2011

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND QUARTER RESULTS

1(a) Consolidated statement of comprehensive income, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2nd Qtr 1 Apr 2011 to 30 Jun 2011	2nd Qtr 1 Apr 2010 to 30 Jun 2010	Increase/ (decrease)	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Revenue	586,833	522,547	12%	1,183,088	1,196,796	-1%
Cost of sales	(487,294)	(455,368)	7%	(1,006,553)	(1,060,212)	-5%
Gross profit	99,539	67,179	48%	176,535	136,584	29%
Other items of income						
Interest income	904	236	283%	1,184	1,010	17%
Other income	4,849	21,699	-78%	13,847	76,271	-82%
Other items of expenses						
Selling expenses	(23,545)	(20,251)	16%	(42,475)	(49,867)	-15%
General & administrative expenses	(39,788)	(30,992)	28%	(78,681)	(73,891)	6%
Financial expenses	(7,902)	(8,490)	-7%	(17,186)	(40,670)	-58%
Other expenses	(4,495)	(26,016)	-83%	(6,374)	(27,948)	-77%
Share of result of an associate	-	(114,138)	-100%	-	(114,138)	-100%
Profit/ (loss) before tax	29,562	(110,773)	n.m	46,850	(92,649)	n.m
Tax expenses	(10,549)	(4,236)	149%	(16,484)	(11,688)	41%
Net income/ (loss) for the period	19,013	(115,009)	n.m	30,366	(104,337)	n.m
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**19,013**	**(115,009)**	**n.m**	**30,366**	**(104,337)**	**n.m**
Profit/ (loss) attributable to:						
Owners of the Company	19,469	(114,921)	n.m	30,261	(103,180)	n.m
Non-controlling interests	(456)	(88)	418%	105	(1,157)	n.m
	19,013	**(115,009)**	**n.m**	**30,366**	**(104,337)**	**n.m**
Total comprehensive income attributable to:						
Owners of the Company	19,469	(114,921)	n.m	30,261	(103,180)	n.m
Non-controlling interests	(456)	(88)	418%	105	(1,157)	n.m
	19,013	**(115,009)**	**n.m**	**30,366**	**(104,337)**	**n.m**

n.m : not meaningful

The following items have been included in arriving at profit/ (loss) before tax:

	Group			Group		
	2nd Qtr 1 Apr 2011 to 30 Jun 2011	2nd Qtr 1 Apr 2010 to 30 Jun 2010	Increase/ (decrease)	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Gain on foreign exchange, net	4,196	1,258	234%	13,453	50,620	-73%
Gain on sale of property, plant and equipment, net	203	166	22%	203	90	126%
Amortisation of land use rights	(1,072)	(1,086)	-1%	(2,136)	(2,812)	-24%
Depreciation of property, plant and equipment	(22,594)	(23,730)	-5%	(44,180)	(84,542)	-48%
Gain on change in fair value of biological assets	-	-	-	-	5,286	-100%
Property, plant and equipment written-off due to fire incident	-	(2,883)	-100%	-	(2,883)	-100%
Estimated claim income	-	20,275	-100%	-	20,275	-100%
Inventories written-off due to fire incident	-	(18,720)	-100%	-	(18,720)	-100%
Impairment of investment in an associate	-	(96,969)	-100%	-	(96,969)	-100%
Amortisation of intangible assets	-	-	-	-	(456)	-100%

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	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
	Rp'million	Rp'million	Rp'million	Rp'million
Non-current assets				
Property, plant and equipment	**626,749**	649,418	**324**	517
Investment in subsidiary companies	**-**	-	**587,234**	587,234
Investment in an associate*	**-**	-	**-**	-
Biological assets	**5,249**	2,450	**-**	-
Land use rights	**60,921**	62,682	**-**	-
Deferred tax assets	**5,743**	5,476	**-**	-
Other non-current assets	**7,306**	14,419	**188**	188
	705,968	734,445	**587,746**	587,939
Current assets				
Inventories	**238,115**	167,910	**-**	-
Trade and other receivables	**91,500**	72,005	**73,924**	61,070
Prepaid operating expenses	**36,899**	27,453	**237**	107
Advances to suppliers	**91,716**	90,301	**-**	-
Cash and cash equivalents	**56,336**	74,945	**1,796**	23,852
Restricted time deposits	**13,320**	20,499	**-**	-
	527,886	453,113	**75,957**	85,029
Current liabilities				
Trade and other payables	**178,408**	166,742	**27**	27
Other liabilities	**102,120**	56,630	**1,710**	2,221
Advance from customers	**66,184**	64,535	**-**	-
Provision for taxation	**19,612**	12,398	**-**	-
Short term bank borrowings	**23,398**	23,284	**-**	-
Long term borrowings (current portion)	**102,387**	158,276	**-**	-
	492,109	481,865	**1,737**	2,248
Net current assets/ (liabilities)	**35,777**	(28,752)	**74,220**	82,781
Non-current liabilities				
Long term borrowings	**179,295**	185,008	**-**	-
Post-employment benefits	**63,234**	53,116	**-**	-
Deferred tax liabilities	**7,599**	6,318	**-**	-
	250,128	244,442	**-**	-
Net assets	**491,617**	461,251	**661,966**	670,720
Equity attributable to owners of the Company				
Share capital	**2,134,271**	2,134,271	**2,134,271**	2,134,271
Reserves	**(1,645,851)**	(1,676,112)	**(1,472,305)**	(1,463,551)
	488,420	458,159	**661,966**	670,720
Non-controlling interests	**3,197**	3,092	**-**	-
	491,617	461,251	**661,966**	670,720

*) Represents the Company's 31.25% investment in PT Sumalindo Lestari Jaya Tbk. A full provision of impairment has been provided for this investment in 1Q 2010.

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

Amount repayable in one year or less, or on demand

As at 30 June 2011		As at 31 December 2010	
Secured Rp'million	**Unsecured** Rp'million	**Secured** Rp'million	**Unsecured** Rp'million
125,785	-	181,560	-

Amount repayable after one year

As at 30 June 2011		As at 31 December 2010	
Secured Rp'million	**Unsecured** Rp'million	**Secured** Rp'million	**Unsecured** Rp'million
179,295	-	185,008	-

Details of any collateral

As at 30 June 2011, our bank borrowings are secured and guaranteed by the following:

(1) Short term working capital facilities: time deposits, account receivables and inventories of subsidiaries, and a deposit and personal guarantee from a director;

(2) Long term bank borrowings: corporate guarantee from the Company and certain subsidiaries, land use rights, buildings, machinery, inventories, account receivables, time deposit, and shares of certain subsidiaries and an associate company; and

(3) All assets acquired under finance leases are secured against the assets under lease.

As mentioned in 2010, a subsidiary of the Group did not comply with certain financial ratio covenants as set out in the lending contracts with a lender. In 2011, the subsidiary has obtained the waiver from complying with the covenants from the said lender for the year ended 31 December 2010. However, the lender has yet to issue the waiver to the subsidiary for the breach of the same covenants in the current period (related to one of our loans amounting to US$22 million). Notwithstanding this, the lender has continued to support the subsidiary. The subsidiary has also been servicing the repayments of the principal and interest of the said loans as and when they fall due.

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	
	2011	**2010**
	Rp'million	**Rp'million**
Cash flows from operating activities		
Profit/ (loss) before tax	46,850	(92,649)
Adjustments:		
Depreciation of property, plant and equipment	44,180	84,542
Interest expense & financial charges	17,186	40,670
Post employment benefits expense	10,118	9,427
Amortisation of land use rights	2,136	2,812
Gain on sales of property, plant and equipment	(203)	(90)
Interest income	(1,184)	(1,010)
Foreign exchange gain	(9,111)	(46,958)
Share of result of an associate	-	114,138
Inventories written-off due to fire incident	-	18,720
Property, plant and equipment written-off	-	2,883
Amortisation of intangible assets	-	456
Gain on change in fair value of biological assets	-	(5,286)
Operating cash flow before changes in working capital	109,972	127,655
Changes in working capital		
Inventories	(70,205)	(72,969)
Trade and other receivables	(19,495)	(3,307)
Prepaid operating expenses	(9,446)	27,000
Advance to suppliers	(1,495)	(43,336)
Trade and other payable	11,666	20,696
Other liabilities	45,640	(4,610)
Advance from customers	1,649	55,418
Other non-current assets	7,107	(12,289)
Cash flow provided by operations	75,393	94,258
Income tax paid	(8,256)	(15,829)
Net cash provided by operating activities	67,137	78,429
Cash flows from investing activities		
Purchase of property, plant, and equipment	(20,889)	(21,234)
Interest received	1,184	1,010
Additions to land use rights	(375)	-
Additions of biological assets	(2,799)	(753)
Proceeds from disposal of property, plant and equipment	-	2,700
Addition of intangible assets	-	(1,072)
Subscription of associate company's rights issue	-	(12,814)
Net cash outflows arising from the dilution of a subsidiary	-	(17,037)
Net cash used in investing activities	(22,879)	(49,200)

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Consolidated Statement of Cash Flows
For the period ended 30 June 2011 (cont'd)

	Group	
	2011	**2010**
	Rp'million	**Rp'million**
Cash flows from financing activities		
Drawdown of short term bank borrowings	69,965	71,098
Repayment of short term bank borrowings	(69,851)	(122,233)
Proceed from sale and lease back transactions - finance lease arrangements	25,102	-
Repayments of long-term borrowings	(77,574)	(161,616)
Interest expense paid	(17,336)	(29,874)
Placement of restricted deposits	(173)	-
Proceeds from issuance of ordinary shares, net	-	190,270
Withdrawal of restricted deposits	7,000	94,744
Repayment of short term borrowing from a company related to a substantial shareholder	-	(94,744)
Net cash used in financing activities	(62,867)	(52,355)
Net decrease in cash and cash equivalents	(18,609)	(23,126)
Cash and cash equivalents at beginning of period	74,945	110,868
Cash and cash equivalents at end of period	56,336	87,742

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
	Equity, total	Share capital	Accumulated losses	Restructuring reserves	Total	
	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million
Balance at 1 January 2011	461,251	2,134,271	(1,985,162)	309,050	458,159	3,092
Total comprehensive income for the period	30,366	-	30,261	-	30,261	105
Balance at 30 June 2011	**491,617**	**2,134,271**	**(1,954,901)**	**309,050**	**488,420**	**3,197**
Balance at 1 January 2010	602,441	1,943,866	(1,760,182)	309,050	492,734	109,707
Issuance of ordinary shares, net	190,270	190,270	-	-	190,270	-
Effect of deconsolidated subsidiary	(103,570)	-	-	-	-	(103,570)
Total comprehensive income for the period	(104,337)	-	(103,180)	-	(103,180)	(1,157)
Balance at 30 June 2010	**584,804**	**2,134,136**	**(1,863,362)**	**309,050**	**579,824**	**4,980**

Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1 January 2011	2,134,271	(1,463,551)	670,720
Total comprehensive income for the period - loss	-	(8,754)	(8,754)
Balance at 30 June 2011	**2,134,271**	**(1,472,305)**	**661,966**
Balance at 1 January 2010	1,943,866	(1,451,009)	492,857
Issuance of ordinary shares	190,270	-	190,270
Total comprehensive income for the period - loss	-	(5,780)	(5,780)
Balance at 30 June 2010	**2,134,136**	**(1,456,789)**	**677,347**

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 is no change in the Company's shares during the period ended 30 June 2011.

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 30 June 2011 and 31 December 2010	1,347,243,843

There were no shares held as treasury shares as at 30 June 2011 and 31 December 2010.

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 30 June 2011 and 31 December 2010.

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

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

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

Not applicable.

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

Except for the adoption of accounting standards (including its consequential amendments) and its interpretations which applicable with effect from our financial period beginning 1 January 2011, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 2010. The adoption of these new and revised accounting standards has no material impact on the financial statements of the Group and the Company for the period ended 30 June 2011.

With effect from 1Q 2011, the Group will only appraise the fair value of its biological assets at the end of the financial year. This is because the Group is of the view that there is no practical benefit in fair valuing the biological assets on regular basis (quarterly). As at 30 June 2011 and 31 December 2010, the Group had no significant biological assets.

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.

Plese 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		Group	
	2nd Qtr 1 Apr 2011 to 30 Jun 2011	2nd Qtr 1 Apr 2010 to 30 Jun 2010	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010
Weighted average number of ordinary shares for basic earnings per share computation	1,347,243,843	1,347,243,843	1,347,243,843	1,289,169,226
Weighted average number of ordinary shares for diluted earnings per share computation	1,347,243,843	1,347,243,843	1,347,243,843	1,289,169,226
	Rp (full amount)	Rp (full amount)	Rp (full amount)	Rp (full amount)
Profit/ (loss) per share attributable to owners of the Company				
Basic	14	(85)	22	(80)
Diluted	14	(85)	22	(80)

Basic and diluted loss per share for the period ended 30 June 2010 was computed based on the weighted average number of shares after adjusting for effect of the Company's rights issue in January 2010.

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	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
Net assets for the year attributable to owners of the Company used in computation of net asset valuer per share (Rp'million)	488,420	458,159	661,966	670,720
Number of ordinary shares at the end of the period	1,347,243,843	1,347,243,843	1,347,243,843	1,347,243,843
Net asset value per ordinary share (Rp full amount)	363	340	491	498

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

On the back of higher export sales and the absence of share of losses of our associate, PT Sumalindo Lestari Jaya Tbk ("Sumalindo"), our results improved from a loss of Rp115 billion in 2Q 2010 to a profit of Rp19 billion in this quarter.

For the half year ended, had we excluded the results of Sumalindo (we diluted our interest in Sumalindo (former subsidiary) at the end of 1Q 2010, our revenue and gross profit would have improved by 12% and 32% respectively. These were spurred mainly by better export sales volume and better overall pricing achieved in 1H 2011 as compared to 1H 2010. For the same period ended, we reported a net profit of Rp30 billion versus loss of Rp104 billion in 1H 2010. The turnaround was attributable mainly to better gross profit achieved in 1H 2011 and not having to account for the impairment of investment in Sumalindo (impairment made in 2010 amounted to Rp97 billion) and its adverse results in 1H 2011.

Revenue

	Group			Group		
	2nd Qtr 1 Apr 2011 to 30 Jun 2011	2nd Qtr 1 Apr 2010 to 30 Jun 2010	Increase/ (decrease)	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Domestic sales	425,183	450,437	-6%	926,789	1,001,293	-7%
Export sales	161,650	72,110	124%	256,299	195,503	31%
Total	586,833	522,547	12%	1,183,088	1,196,796	-1%

Our revenue in 2Q 2011 increased by 12% as compared to 2Q 2010, derived mainly from the export sales. Backed by demands from Japan and Middle East, our export sales volume more than double that of 2Q 2010. Our domestic sales were affected as we shift our production allocation to export. On the overall basis, our sales volume reported a net increase of 6%. Our overall average selling price has also improved as compared to 2Q 2010.

On a half year basis, our revenue appears to be relatively unchanged. Had we excluded the revenue of Sumalindo in 1Q 2010 (comparable basis), our revenue would have been increased by Rp127billion or 12%, anchored mainly by better export sales. At 1H 2011, our overall sales volume and average pricing generally improved.

Cost of sales

	Group			Group		
	2nd Qtr 1 Apr 2011 to 30 Jun 2011	2nd Qtr 1 Apr 2010 to 30 Jun 2010	Increase/ (decrease)	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Raw material used	287,454	210,821	36%	570,518	520,059	10%
Labour costs	98,831	78,838	25%	194,751	182,109	7%
Factory overhead	123,620	110,228	12%	241,044	311,820	-23%
Movement in finished goods	(22,611)	55,481	n.m	240	46,224	-99%
Total	**487,294**	**455,368**	**7%**	**1,006,553**	**1,060,212**	**-5%**

For 2Q 2011, our cost of sales increased by 7% as compared to 2Q 2010. The increase is proportionately lower than that of 12% increase in our revenue for the same period ended. On a six-month comparable basis (exclude Sumalindo), our cost of sales increased 9%, slightly lower than the 12% increase in our revenue. The movement in costs was generally lower than that of the movement in revenue was because our pricing outpaced our costs.

Raw materials used, labor costs and factory overheads

Our raw materials used comprise of cost of logs purchased from third parties, which typically includes logging costs, cost of transportation to our processing plants, reforestation fees and costs of veneer purchased from third parties.

Our factory overheads consist of chemical glues (including cost of production of chemical glues at our factory and third party purchases), energy costs for operation of our processing plants, ancillary raw materials, depreciation of our production facilities, spare parts and other costs relating to production.

Gross profit

Our gross profit (exclude Sumalindo) improved by 48% and 32% over 2Q 2010 and 1H 2010 respectively. This increase was attributable primarily to higher revenue following the increase in sales volume and selling price, particularly from the increase in the export sales where the sales margin is higher.

Other income

For 2Q 2011, our other income decreased to Rp5 billion as compared to Rp22 billion in 2Q 2010. Over six-month basis, the income was down by Rp62 billion to Rp14 billion. The decrease for the first half of the year was mainly due to deconsolidation effect of Sumalindo (Rp41 billion) and an insurance claim recognised as income in 2Q 2010.

Selling expenses

In line with the improvement in sales (particularly export), our selling expenses surged 16% over 2Q 2010. Over the six-month period, the expenses were lower by 15%. This was due mainly to the deconsolidation effect of Sumalindo and lower promotional costs incurred during the period.

General and administration ("G&A") Expenses

Our G&A expenses have increased by 28% over both 2Q 2010 and 1H 2010 (exclude Sumalindo). This was mainly due to increase in staff salary and benefits following an increase in headcount and travelling activities as we gradually expand our business activities in particular, in our downstream business and export markets. In addition, we had made adjustments on staff salary and benefits in line with the improved business sentiments.

Finance expenses

Our finance expenses have decreased as compared to 2Q 2010 but increased marginally over six-month period (exclude Sumalindo). Our interest expense has decreased as we gradually pay down our loans. However, due to one off finance charges of Rp0.8 billion in 1Q 2011 and higher combination of Rupiah loan which attract higher interest as compared to last year (as a result of hedging swap of certain US Dollar loan to Rupiah denominated loan), our finance cost was slightly up over the six-month period.

Taxation

Our tax expenses comprise the following:

	Group			Group		
	2nd Qtr 1 Apr 2011 to 30 Jun 2011	2nd Qtr 1 Apr 2010 to 30 Jun 2010	Increase/ (decrease)	1 Jan 2011 to 30 Jun 2011	1 Jan 2010 to 30 Jun 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Current income tax	(8,912)	(1,266)	604%	(15,470)	(5,166)	199%
Deferred income tax	(1,637)	(2,475)	-34%	(1,014)	(6,028)	-83%
Under provision of prior years taxes	-	(495)	-100%	-	(494)	-100%
Total	(10,549)	(4,236)	149%	(16,484)	(11,688)	41%

Indonesia adopts individual company income tax system.

Our effective tax rate was higher in 2Q 2011 and 1H 2011, caused mainly by certain expenses not deductible for tax purposes and losses by certain subsidiaries cannot be offset against the profits of other subsidiaries.

(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 non-current assets decreased slightly by 4% as compared to 31 December 2010. This was due mainly to recurring depreciation of assets. For the same period, the current assets increased by Rp75 billion to Rp528 billion. The increase was due mainly to higher inventories and trade receivables as our exports grew and a delay in shipment of goods at end of 2Q 2011.

Our Group current liabilities increased by Rp10 billion to Rp492 billion as at 2Q 2011. Overall, our Group net working capital position improved by Rp65 billion due to our operating income, pay down of loans and better working capital management.

Our Group non-current portion of long term borrowings decreased by Rp6 billion to Rp179 billion as at 2Q 2011. This was attributed mainly due to the repayments of borrowings, and stronger Rupiah exchange rate versus US Dollar.

Statement of Cash Flow

During the period, we generated Rp67 billion from our operations and incurred net cash outflow of Rp23 billion and Rp63 billion from our investing and financing activities respectively. Net cash used for the period was Rp19 billion versus Rp23 billion for 1H 2010.

Our cash generated from operating activities decreased by Rp11 billion as compared to 1H 2010. This was due mainly to the effect of deconsolidation of Sumalindo, higher working capital requirement in 2011 (as activities increased) and timing differences in the collection of trade receivables.

Our cash outflow in the investing activities has reduced as compared to the previous period. This was due to deconsolidation effect of Sumalindo and our subscription of the Sumalindo's rights issue in 1H 2010.

In 1H 2011, our cash outflow in the financing activities relate mainly to payments of bank borrowings and its interests.

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 significant 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.

We expect our Group's results to be affected by the following:-

1) Our Group's borrowings are mostly in US dollar.

The impact of the FX movements on our profitability is dependent on, *inter alia,* the sensitivity of our loans denominated in US dollar. As at the balance sheet date, we have entered into a contract to convert part of our US Dollar loans totaling US$4.9 million to Indonesian Rupiah denomination loan of Rp44 billion based on the exchange rate of Rp9,030 to US$1.

Taken this into consideration, assuming all other variables held constant and tax rate of 25%, the following table illustrates the sensitivity impact of our US dollar borrowings to our net profit arising from the possible change in the US dollar exchange rate:

	Group
Exchange rate 1 US$ is equal to:	2011 Rp'million
Actual	Profit after tax for the period ended 30 June attributable to owners of the Company
8,597	30,261
Test rate	Increase/ (decrease)
8,900	(5,598)
8,800	(3,751)
8,700	(1,903)
8,600	(55)
8,500	1,792
8,400	3,640
8,300	5,487

Note:
- Exchange rate of Indonesian Rupiah ("Rp") to 1 US$ at 30 June 2011 was Rp8,597
- Exchange rate of Rp to 1US$ at 31 December 2010 was Rp8,991
- Exchange rate of Rp to 1US$ at 10 August 2011 was Rp8,530
- Our US$ borrowings as of 30 June 2011 amounts to US$24.64 million (excluded the converted amount as mentioned above).

2) Our export sales continued to improve in 2011. We expect the trend to continue in the short-term but we caution on the sustainability as keen competition between suppliers (local and regional) to meet the demand (particularly from Japan) may dampen the export pricing. In addition, our export sales income may be affected by the current weakening of the US Dollar. Our ability to meet the demand will also depend on supply of log which may be affected by the weather conditions and various regulations on natural forest log.

We will continue to explore new markets and new products to enhance our revenue.

3) In 2011, the Group will have higher amount of bank loan repayment obligations as compared to 2010 (certain loans are maturing in 2011). In addition, the Group may require additional working capital to implement its strategies to generate more revenue and improved its margin. As mentioned previously, the Group has started discussions with lenders on its financing needs. We have yet to finalise any terms as at the date of this report. We will update the shareholders of any material developments as and when appropriate.

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 30 June 2011 has been declared.

13. Interested persons transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year 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 year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	2011	
	Rp'million	Rp'million
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense	8,992	-
PT Bioforest Indonesia Installments for the purchase of trees	2,436	-

The above transactions have been approved by the shareholders.

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 third quarter ended 30 June 2011 to be false or misleading in any material respects.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
10 August 2011