

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30/06/2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND 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			Group		
	2nd Qtr 1 Apr 2012 to 30 Jun 2012	2nd Qtr 1 Apr 2011 to 30 Jun 2011	Increase/ (decrease)	1 Jan 2012 to 30 Jun 2012	1 Jan 2011 to 30 Jun 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Revenue	673,146	586,833	15%	1,359,896	1,183,088	15%
Cost of sales	(556,837)	(487,294)	14%	(1,109,051)	(1,006,553)	10%
Gross profit	116,309	99,539	17%	250,845	176,535	42%
Other items of income						
Interest income	251	904	-72%	535	1,184	-55%
Other income	7,142	4,849	47%	7,142	13,847	-48%
Other items of expenses						
Selling expenses	(25,049)	(23,545)	6%	(50,213)	(42,475)	18%
General & administrative expenses	(46,103)	(39,788)	16%	(97,802)	(78,681)	24%
Financial expenses	(12,276)	(7,902)	55%	(22,982)	(17,186)	34%
Other expenses	(9,790)	(4,495)	118%	(17,237)	(6,374)	170%
Profit before tax	30,484	29,562	3%	70,288	46,850	50%
Tax expenses	(6,740)	(10,549)	-36%	(19,337)	(16,484)	17%
Net profit for the period	23,744	19,013	25%	50,951	30,366	68%
Other comprehensive income:						
Foreign currency translation gain/ (loss)	89	-	n.m	(148)	-	n.m
Total comprehensive income for the period	23,833	19,013	25%	50,803	30,366	67%
Net profit attributable to:						
Owners of the Company	24,400	19,469	25%	51,942	30,261	72%
Non-controlling interests	(656)	(456)	44%	(991)	105	n.m
	23,744	19,013	25%	50,951	30,366	68%
Total comprehensive income attributable to:						
Owners of the Company	24,489	19,469	26%	51,794	30,261	71%
Non-controlling interests	(656)	(456)	44%	(991)	105	n.m
	23,833	19,013	25%	50,803	30,366	67%

n.m : not meaningful

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

	Group			Group		
	2nd Qtr 1 Apr 2012 to 30 Jun	2nd Qtr 1 Apr 2011 to 30 Jun	Increase/ (decrease)	1 Jan 2012 to 30 Jun 2012	1 Jan 2011 to 30 Jun 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
(Loss)/ gain on foreign exchange, net	(7,252)	4,196	n.m	(10,914)	13,453	n.m
Amortisation of land use rights	(1,158)	(1,072)	8%	(2,400)	(2,136)	12%
Interest expenses	(11,825)	(7,902)	50%	(22,982)	(17,186)	34%
Depreciation of property, plant and equipment	(25,009)	(22,594)	11%	(49,003)	(44,180)	11%
Insurance claim	7,070	-	n.m	7,070	-	n.m
Write-off irrecoverable receivables	(1,104)	-	n.m	(2,923)	-	n.m
Acquisition costs of new subsidiaries	(109)	-	n.m	(709)	-	n.m
Gain on sale of property, plant and equipment, net	-	203	-100%	-	203	-100%

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	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
	Rp'million	Rp'million	Rp'million	Rp'million
Non-current assets				
Property, plant and equipment	645,119	639,465	38	123
Intangible assets	33,757	-	-	-
Investment in subsidiary companies	-	-	642,071	587,698
Investment in an associate*	-	-	-	-
Biological assets	42,323	9,170	-	-
Land use rights	58,094	59,951	-	-
Deferred tax assets	16,002	12,230	-	-
Other non-current assets	16,692	16,841	188	188
	811,987	737,657	642,297	588,009
Current assets				
Inventories	298,594	210,297	-	-
Trade and other receivables	121,864	85,728	64,553	71,868
Prepaid operating expenses	30,130	29,086	242	72
Advances to suppliers	100,632	121,256	-	-
Restricted time deposits	15,621	15,312	-	-
Cash and cash equivalents	82,251	95,028	1,037	756
	649,092	556,707	65,832	72,696
Current liabilities				
Trade and other payables	198,206	174,623	26	27
Other liabilities	91,107	65,649	1,674	4,429
Advances from customers	47,197	63,834	-	-
Provision for taxation	20,395	31,002	-	-
Loans and borrowings (current portion)	113,437	66,889	-	-
	470,342	401,997	1,700	4,456
Net current assets	178,750	154,710	64,132	68,240
Non-current liabilities				
Loans and borrowings	286,031	304,561	-	-
Post-employment benefits	80,650	68,249	-	-
Deferred tax liabilities	5,465	6,109	-	-
	372,146	378,919	-	-
Net assets	618,591	513,448	706,429	656,249
Equity attributable to owners of the Company				
Share capital	2,188,645	2,134,271	2,188,645	2,134,271
Accumulated losses	(1,881,985)	(1,933,927)	(1,482,216)	(1,478,022)
Other reserves	309,139	309,287	-	-
	615,799	509,631	706,429	656,249
Non-controlling interests	2,792	3,817	-	-
	618,591	513,448	706,429	656,249

*) Represents the Company's 31% investment in PT Sumalindo Lestari Jaya Tbk. Full provision of impairment has been made for this investment.

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(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 2012		As at 31 December 2011	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
113,437	-	66,889	-

Amount repayable after one year

As at 30 June 2012		As at 31 December 2011	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
286,031*	-	304,561*	-

*) Includes a loan facility of up to S\$3,000,000 and the facility carries an option which allow the lender to subscribe for new shares in a subsidiary if the subsidiary is unable to meet its obligation and or when the entity is undertaking a public offering or the Company undertakes to sell the subsidiary's shares.

Details of any collateral

As at 30 June 2012, our bank borrowings are secured and guaranteed by the following:

- (1) Short term working capital facilities: secure over the land use rights, buildings, machinery, inventories and account receivables of certain subsidiaries;
- (2) Long term bank borrowings:
 - Guarantee undertaking from two major shareholders of the Company, the Company and certain subsidiaries;
 - Secured over the land use rights, buildings, machinery, inventories, account receivables, bank balances of certain subsidiaries. All other assets of these subsidiaries are on negative pledge to the financial institution and some restriction on dividend payment is imposed on them; and
- (3) All assets acquired under finance leases are secured against the assets under lease.

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1(c) Consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1 Jan 2012 to 30 Jun 2012	1 Jan 2011 to 30 Jun 2011
	Rp'million	Rp'million
Cash flows from operating activities		
Profit before tax	70,288	46,850
Adjustments:		
Depreciation of property, plant and equipment	49,003	44,180
Interest expenses	22,982	17,186
Post employment benefits expense	12,250	10,118
Foreign exchange loss/ (gain)	7,551	(9,111)
Writte-off irrecoverable receivables	2,923	-
Amortisation of land use rights	2,400	2,136
Interest income	(535)	(1,184)
Gain on disposal of property, plant and equipment	-	(203)
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Operating cash flow before changes in working capital	166,862	109,972
Changes in working capital		
Inventories	(88,202)	(70,205)
Trade and other receivables	(33,072)	(19,495)
Prepaid operating expenses	969	(9,446)
Advance to suppliers	16,273	(1,495)
Trade and other payable	23,583	11,666
Other liabilities	23,819	45,640
Advances from customers	(39,784)	1,649
Other non-current assets	149	7,107
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Cash flow provided by operations	70,597	75,393
Income tax paid	(36,253)	(8,256)
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Net cash provided by operating activities	34,344	67,137
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant, and equipment ¹	(51,834)	(20,889)
Additions of biological assets	(14,502)	(2,799)
Interest received	535	1,184
Additions of land use rights	(543)	(375)
Net cash inflow on acquisition of subsidiaries ²	21,688	-
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Net cash used in investing activities	(44,656)	(22,879)
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Cash flows from financing activities		
Drawdown of loans and borrowings	67,150	69,965
Repayment of loans and borrowings	(50,337)	(147,425)
Interest paid	(19,278)	(17,336)
Proceed from sale and lease back transactions - finance lease arrangements	-	25,102
Placement of restricted deposits	-	(173)
Withdrawal of restricted deposits	-	7,000
	<hr/>	<hr/>
Net cash used in financing activities	(2,465)	(62,867)
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Net decrease in cash and cash equivalents	(12,777)	(18,609)
Cash and cash equivalents at beginning of period	95,028	74,945
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Cash and cash equivalents at end of period	82,251	56,336
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Notes:

- 1) Net of the advance payments made in prior period for the purchase of assets
- 2) Net cash inflow on acquisition of subsidiaries consisted of the followings:

	<u>Recognised on the dates of acquisitions</u>		
	Bioforest Pte Ltd Rp'million	PT Cipta Graha Kreasindo Rp'million	Total Rp'million
Property, plant and equipment	332	-	332
Intangible assets	2,652	-	2,652
Biological assets	18,651	-	18,651
Inventories	95	-	95
Receivables and prepayments	3,212	-	3,212
Cash and cash equivalents	21,652	103	21,755
	<u>46,594</u>	<u>103</u>	<u>46,697</u>
Other liabilities	(85)	-	(85)
Advance from customer	(23,147)	-	(23,147)
Provision for taxation	(28)	-	(28)
Post-employment benefits	(151)	-	(151)
Minority Interests	86	-	86
	<u>(23,325)</u>	<u>-</u>	<u>(23,325)</u>
Net identifiable assets	<u>23,269</u>	<u>103</u>	<u>23,372</u>
Portion acquired by the Group	<u>100%</u>	<u>65%</u>	
Net identifiable assets allocated to the Group	23,269	67	23,336
Intangible assets arising on acquisition	31,105	-	31,105
Total consideration	<u>54,374</u>	<u>67</u>	<u>54,441</u>
Consideration for acquisitions:			
Issued 54,201,621 ordinary shares of the Company	54,374	-	54,374
Cash paid	-	67	67
Less: non cash transaction	<u>(54,374)</u>	<u>-</u>	<u>(54,374)</u>
Consideration settle in cash	-	67	67
Less: cash and cash equivalent of subsidiaries acquired	<u>(21,652)</u>	<u>(103)</u>	<u>(21,755)</u>
Net cash inflow on acquisitions	<u>21,652</u>	<u>36</u>	<u>21,688</u>

Provisional accounting of the acquisition of Bioforest Private Limited

During the period, the Group completed its acquisition of the entire equity of Bioforest Private Limited for the consideration of Rp21.7 billion. The purchase consideration was satisfied by the issuance of new shares of the Company totalling 54,201,621. As at the date of this reporting, the amount of assets and liabilities of Bioforest Private Limited have been consolidated with the Group but they were provisional as the Group is in the process of determining its fair value on each component basis. Relevant adjustments will be made to these components retrospectively as if those adjustments have been made at the acquisition date when the fair values of the respective items are established.

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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	
	Equity, total	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve		Total
	Rp'million	Rp'million	Rp'million	Rp'million	Rp million		Rp'million
Balance at 1 January 2012	513,448	2,134,271	(1,933,927)	309,050	237	509,631	3,817
Issued of new shares during the period	54,374	54,374	-	-	-	54,374	-
Acquisition of new subsidiaries	(49)	-	-	-	-	-	(49)
Portion on foreign currency translation gain allocated to NCI	15	-	-	-	-	-	15
Total comprehensive income for the period	50,803	-	51,942	-	(148)	51,794	(991)
Balance at 30 June 2012	618,591	2,188,645	(1,881,985)	309,050	89	615,799	2,792
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

Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1 January 2012	2,134,271	(1,478,022)	656,249
Issued of new shares during the period	54,374	-	54,374
Total comprehensive income for the period - loss	-	(4,194)	(4,194)
Balance at 30 June 2012	2,188,645	(1,482,216)	706,429
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

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

Except as disclosed in point 1(d)(iii) below, there is no change in the Company's shares during the period ended 30 June 2012.

- 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 2011	1,347,243,843
Addition:	
Issue of shares as consideration for acquisition of Bioforest Private Limited	54,201,621
At 30 June 2012	<u>1,401,445,464</u>

There were no shares held as treasury shares as at 30 June 2012 and 31 December 2011.

- 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 2012 and 31 December 2011.

- 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.

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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 the new and revised accounting standards which came into effect from the financial period beginning 1 January 2012, 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 financial year ended 31 December 2011. 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 30 June 2012.

Consistent with the prior period's accounting policy, the Group appraises the fair value of its biological assets only at the end of the financial year.

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		Group	
	2nd Qtr 1 Apr 2012 to 30 Jun 2012	2nd Qtr 1 Apr 2011 to 30 Jun 2011	1 Jan 2012 to 30 Jun 2012	1 Jan 2011 to 30 Jun 2011
Weighted average number of ordinary shares for basic earnings per share computation	1,390,605,140	1,347,243,843	1,396,055,248	1,347,243,843
Weighted average number of ordinary shares for diluted earnings per share computation	1,396,055,248	1,347,243,843	1,396,055,248	1,347,243,843
	Rp (full amount)	Rp (full amount)	Rp (full amount)	Rp (full amount)
Earnings per share attributable to owners of the Company				
Basic	18	14	37	22
Diluted	17	14	37	22

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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 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
Net assets for the year attributable to owners of the Company used in computation of net asset value per share (Rp'million)	615,799	509,631	706,429	656,249
Number of ordinary shares at the end of the period	1,401,445,464	1,347,243,843	1,401,445,464	1,347,243,843
Net asset value per ordinary share (Rp full amount)	439	378	504	487

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

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

Our Group's quarter to quarter net profit improved by 25% from Rp19 billion to Rp24 billion. This was driven mainly by higher sales achieved in 2Q 2012 compared to 2Q 2011. Our revenue and gross profit grew by 15% and 17% respectively compared to 2Q 2011, spurred mainly by better overall selling prices achieved for domestic and export products and increased in the domestic sales volume.

On half year basis, our performance has also improved. The net profit surged 68% compared to the corresponding period. This attributes mainly to better sales attained for both domestic and exports sales and improved in the margin owing mainly to better prices achieved.

Revenue

	Group			Group		
	2nd Qtr 1 Apr 2012 to 30 Jun 2012	2nd Qtr 1 Apr 2011 to 30 Jun 2011	Increase/ (decrease)	1 Jan 2012 to 30 Jun 2012	1 Jan 2011 to 30 Jun 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Domestic sales	511,936	425,183	20%	1,049,031	926,789	13%
Export sales	161,210	161,650	0%	310,865	256,299	21%
Total	673,146	586,833	15%	1,359,896	1,183,088	15%

Quarter vs. Quarter

The surge in sales revenue came mainly from the domestic sales in which the volume and overall selling prices pick up 8% and 11% respectively as compared to 2Q 2011. The improvement in the domestic demand was the result of growth in local housing and construction projects.

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On the export front, the sales volume decreased by 21% in 2Q 2012 as compared 2Q 2011. This owed mainly to the effect of immediate surged in the demand from Japan, soon after the Tsunami in the prior period. The demand has since tapered off but remains stable since 3rd quarter last year. Nevertheless, due to better products mixed and stronger US\$ exchange rate, the export overall selling prices have improved as compared to 2Q 2011 and this has cushioned the impact from the lower sales volume.

Half year vs. Half year

Both domestic and export sales reported improvement over that of the previous period. Overall sales volume increased by 2% while the selling prices improved by 12%. Particularly, the export pricing has improved over that of last year owing mainly to better mixed of products and strong US\$ exchange rate.

Cost of sales

	Group			Group		
	2nd Qtr 1 Apr 2012 to 30 Jun 2012	2nd Qtr 1 Apr 2011 to 30 Jun 2011	Increase/ (decrease)	1 Jan 2012 to 30 Jun 2012	1 Jan 2011 to 30 Jun 2011	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Raw material used	293,799	287,454	2%	600,114	570,518	5%
Labour costs	114,400	98,831	16%	230,644	194,751	18%
Factory overhead	154,293	123,620	25%	303,748	241,044	26%
Movement in finished goods	(5,655)	(22,611)	-75%	(25,455)	240	n.m
Total	556,837	487,294	14%	1,109,051	1,006,553	10%

Our raw materials used comprise of cost of logs and veneer purchased and its incidental costs. The factory overheads consist of cost of chemical glues (production and outright purchases) and costs related directly and indirectly to production.

Our cost of sales has increased in this quarter (14%) and as of half year ended 30 June (10%) but they were at slower pace compared to our sales revenue (increased by 15%). This was mainly due to 1) increase in the overall pricing of our products outpaced the increase in the costs of sales and 2) lower average production costs as production volume increased.

Gross profit

Our gross profit has improved by 17% and 42% over that of 2Q 2011 and first half of last year respectively. The increase was attributable mainly to higher sales revenue, spurred mainly from the increase in domestic sales volume and overall selling prices of our products. Export sales generally has higher margin.

Other income

The Group reported foreign exchange loss of Rp7.2 billion in 2Q 2012 (see other charges), while it incurred exchange gain of Rp4.2 billion in 2Q 2011. Likewise, the Group reported exchange loss of Rp10.9 billion in first half of this year versus that of a gain of Rp13.5 billion last year. Rupiah has weakened against US dollars in 2012 whereas it was the reverse in 2011. The weakening of Rupiah will generally result in the Group incurring exchange loss due to the translation of its US dollars denominated loans.

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However, the net other income in this quarter was higher than that of the previous period and this was mainly due to a one off fire insurance claim of Rp7 billion for our factory in Jambi.

Selling expenses

Over that of 2Q 2011 and first half last year, our selling expenses have increased by 6% and 18 % respectively. The increase was mainly due to increase in freight and other related expenses particularly for the export sales.

General and administration (“G&A”) Expenses

Our G&A expenses have also increased by 16% and 24% respectively over that of the previous periods. The Group’s business activities expanded therefore expenses have generally increased. In addition, the Group incurred one off expenses in relation to the acquisition of Bioforest Private Limited as announced on 2 April 2012.

Finance expenses

Our finance expenses have increased compared to that of the previous periods. The increase was mainly due to the Group having a higher component of Rupiah denominated loans (versus US dollars loans) compared to last year (The Group refinanced the loans in last quarter of 2011) and new working capital loan being draw down in 2Q 2012. Rupiah denominated loans attract higher interest rate compared to US dollars loans.

Other Expenses

Our other expenses were higher compared to that of the previous periods. This was mainly due to foreign exchange losses explained above and provision of irrecoverable debts in these periods of Rp1.1 billion and Rp2.9 billion respectively.

Taxation

Our tax expenses comprise the following:

	Group			Group		
	2nd Qtr 1 Apr 2012 to 30 Jun 2012 Rp'million	2nd Qtr 1 Apr 2011 to 30 Jun 2011 Rp'million	Increase/ (decrease) %	1 Jan 2012 to 30 Jun 2012 Rp'million	1 Jan 2011 to 30 Jun 2011 Rp'million	Increase/ (decrease) %
Current income tax	(10,384)	(8,912)	17%	(23,524)	(15,470)	52%
Deferred income tax	3,872	(1,637)	-337%	4,416	(1,014)	n.m
Under provision of prior years taxes	(228)	-	n.m	(229)	-	n.m
Total	(6,740)	(10,549)	-36%	(19,337)	(16,484)	17%

Indonesia adopts individual company income tax system.

Our effective tax rate was lower for the period ended 30 June 2012. This was mainly due to higher contribution from our Singapore subsidiary and the absence of the effect of certain expenses not deductible for tax purposes and losses by certain subsidiaries which cannot be offset against the profits of other subsidiaries as reported in the prior period.

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(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 non-current assets have increased by Rp74 billion compared to that in 31 December 2011. This was due mainly to 1) increase in the purchase of fixed assets of Rp55 billion more than offset the depreciation expense of Rp49 billion, 2) spending on trees plantation (upstream activities) of Rp15 billion and 3) the completion of acquisition of Bioforest Private Limited where it contributed non-current assets of Rp53 billion (mainly biological and intangible assets).

For the period ended, our current assets have increased by Rp92 billion to Rp649 billion. The increase was due mainly to 1) relative higher inventories level for raw material and finished goods as our production and sales volume grew, 2) higher receivables in line with higher sales revenue in 2Q 2012 and 3) cash retained from the acquisition of Bioforest Private Limited of Rp22 billion.

Our Group's current liabilities have increased by Rp68 billion to Rp470 billion as at 2Q 2012. This was contributed mainly by 1) higher proportionate long-term loans due for payment within the next 12 months versus those in 31 December 2011 and 2) increase in trade and other payables as a result of increased in operating activities. Other liabilities comprise mainly accrual of operating expenses and value added tax ("VAT") payable. The increase in other liabilities was attributed mainly to accrual of staff salary, wages and freight.

Overall, our Group net working capital position has improved by Rp24 billion due mainly to our operating income and better working capital management.

Statement of Cash Flow

During the period, we generated Rp34 billion from our operations and incurred net cash outflow of Rp45 billion and Rp2 billion from our investing and financing activities respectively. Net cash deficit for the period was Rp13 billion.

Our cash generated from operating activities decreased by Rp33 billion over that in 2Q 2011. This was due mainly to the higher working capital required for operations such as stocking the raw materials in view of increasing sales activities and timing differences in the payment of income tax.

Our cash used in the investing activities has increased due mainly to higher acquisitions of fixed assets and expenditure on trees planting for our upstream activities. For the period ended 30 June 2012, our capital expenditure have more than doubled of that in 2Q 2011.

During the period, our cash outflow in the financing activities relates mainly to repayments of bank borrowings and its interests, offset against additional drawdown of loans.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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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.

On the local front (Indonesia), we expect the local sales to improve slightly mainly due to the growth in local housing and construction industries. However, we caution that any prolong uncertainty in global economy may also impact the Indonesian economy thus affecting the demand for our products.

Our current export market is mainly to North Asia. We caution that the export selling prices and volume may be softening owing to keen competition and the uncertainties in the global economy affected by the European debts crisis and the political situation. The fragile global economy and the possible softening of demand from Japan may also have an adverse effect on the rate of growth.

Barring any unforeseen circumstances, we expect the performance in 2012 to be better than that in 2011.

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/recommendeded, a statement to that effect.

No dividend for financial period ended 30 June 2012 has been declared.

SAMKO TIMBER LIMITED

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13. Interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	1 Jan – 30 Jun 2012	
	Rp'million	Rp'million
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense (Transactions entered into pursuant to contract approved by shareholders on 10 August 2010)	11,384	-
Bioforest Privatete Limited * Installments for the purchase of trees (Transaction was entered into between parties prior to the IPO of the Company's shares)	2,030	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	5,969	-
PT Buana Sakti Office rental	1,509	-
Bioforest Private Limited Acquisition of Bioforest Private Limited for the consideration of S\$7.4 million as announced on 2 April 2012.	17,541	-

*) Following the completion of our acquisition on Bioforest Private Limited on 12 June 2012, this entity is no regarded as an Interested Person to the Group with effect from the completion date.

12. 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 second quarter ended 30 June 2012 to be false or misleading in any material respects.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
6 August 2012