

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

SAMKO TIMBER LIMITED

Securities

SAMKO TIMBER LIMITED - SG1W64939547 - E6R

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

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Announcement Reference

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Submitted By (Co./ Ind. Name)

Riko Setyabudhy Handoko

Designation

Executive Director and Chief Executive Officer

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the attachment.

Additional Details

For Financial Period Ended

31/12/2020

Attachments

[Samko Results Announcement FY2020 1 Mar 21.pdf](#)

Total size = 152K MB

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2020

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 period.

| | Group | | |
|---|-------------------|-------------------|-------------|
| | 2020 | 2019 | Change |
| | <i>Rp'million</i> | <i>Rp'million</i> | % |
| Revenue | 3,194,734 | 3,955,495 | (19) |
| Cost of sales | (2,709,897) | (3,356,982) | (19) |
| Gross profit | 484,837 | 598,513 | (19) |
| Other items of income | | | |
| Interest income | 298 | 279 | 7 |
| Other income | 136,425 | 46,672 | 192 |
| Other items of expenses | | | |
| Selling expenses | (162,340) | (152,185) | 7 |
| General and administrative expenses | (325,661) | (355,180) | (8) |
| Finance expenses | (110,281) | (105,557) | 4 |
| Other expenses | (41,103) | (14,248) | 188 |
| (Loss) profit before tax | (17,825) | 18,294 | n.m |
| Taxation | (19,076) | (12,552) | 52 |
| Net (loss) profit for the year | (36,901) | 5,742 | n.m |
| Other comprehensive income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Net actuarial loss on post-employment benefits | (18,810) | (26,595) | (29) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation (loss) gain | (16,356) | 12,860 | n.m |
| Total comprehensive income for the year | (72,067) | (7,993) | 802 |
| Net profit (loss) attributable to: | | | |
| Owners of the Company | (91,997) | 4,610 | n.m |
| Non-controlling interests | 55,096 | 1,132 | 4,767 |
| | (36,901) | 5,742 | n.m |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | (127,080) | (9,168) | 1,286 |
| Non-controlling interests | 55,013 | 1,175 | 4,582 |
| | (72,067) | (7,993) | 802 |

n.m : not meaningful

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

| | Group | | |
|---|-------------------|-------------------|---------------|
| | 2020 | 2019 | Change |
| | <i>Rp'million</i> | <i>Rp'million</i> | <i>%</i> |
| Depreciation: | | | |
| - property, plant and equipment | (107,555) | (104,437) | 3 |
| - right-of-use assets | (16,147) | (3,310) | 388 |
| Interest expenses: | | | |
| - loans and borrowings | (98,052) | (96,399) | 2 |
| - lease liabilities | (5,247) | (2,189) | 140 |
| Post-employment benefits expense | (45,598) | (50,603) | (10) |
| Net foreign exchange (loss) gain | (18,918) | 10,644 | n.m |
| Worker separation expenses | (11,330) | (8,226) | 38 |
| Amortisation of land use rights | (4,395) | (4,006) | 10 |
| Bad debt written off | (3,845) | - | n.m |
| Grant of equity-settled performance share plan | (1,247) | (4,248) | (71) |
| (Allowance for) reversal of allowance for advances to suppliers | (744) | 2,466 | n.m |
| Impairment of property, plant and equipment | (529) | - | n.m |
| Allowance for impairment losses for financial assets, net | (346) | (516) | (33) |
| Forfeiture of customer's deposits | - | 19,674 | (100) |
| Net gain on change in fair value of biological assets | 127,979 | 6,553 | 1,853 |
| Net gain on disposal of property, plant and equipment | 1,106 | 1,077 | 3 |
| Interest income | 298 | 279 | 7 |

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 period.

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| Non-current assets | | | | |
| Property, plant and equipment | 521,923 | 531,950 | 8 | 8 |
| Investment in subsidiary companies | - | - | 827,279 | 827,279 |
| Biological assets | 414,724 | 52,620 | - | - |
| Land use rights | 62,884 | 51,505 | - | - |
| Deferred tax assets | 110,321 | 78,149 | - | - |
| Other non-current assets | 11,500 | 37,962 | - | - |
| Right-of-use assets | 103,229 | 74,887 | - | - |
| | 1,224,581 | 827,073 | 827,287 | 827,287 |
| Current assets | | | | |
| Inventories | 876,641 | 994,460 | - | - |
| Trade and other receivables | 453,082 | 464,267 | 113,817 | 49,258 |
| Prepaid operating expenses | 93,999 | 76,046 | 505 | 531 |
| Advances to suppliers | 65,425 | 92,597 | - | 1,492 |
| Derivative financial instruments | 5,412 | - | - | - |
| Restricted deposits | 6,196 | 6,274 | - | - |
| Cash and cash equivalents | 30,322 | 13,474 | 770 | 1,564 |
| | 1,531,077 | 1,647,118 | 115,092 | 52,845 |
| Current liabilities | | | | |
| Trade and other payables | 451,855 | 511,193 | 59,273 | 36,699 |
| Other liabilities | 61,416 | 72,966 | 2,631 | 2,421 |
| Advances from customers | 4,361 | 8,135 | 757 | 1,327 |
| Provision for taxation | 8,409 | 6,820 | - | - |
| Loans and borrowings | 1,238,979 | 1,144,276 | - | - |
| Lease liabilities | 58,387 | 57,309 | - | - |
| | 1,823,407 | 1,800,699 | 62,661 | 40,447 |
| Net current (liabilities) assets | (292,330) | (153,581) | 52,431 | 12,398 |
| Non-current liabilities | | | | |
| Loans and borrowings | 196,551 | 28,495 | - | - |
| Post-employment benefits | 296,521 | 261,683 | - | - |
| Deferred tax liabilities | 75,871 | 3,161 | - | - |
| Other liabilities | - | 108,083 | 304,159 | 266,985 |
| Lease liabilities | 32,063 | 69,892 | - | - |
| | 601,006 | 471,314 | 304,159 | 266,985 |
| Net assets | 331,245 | 202,178 | 575,559 | 572,700 |
| Equity attributable to owners of the Company | | | | |
| Share capital ⁽¹⁾ | 539,028 | 537,603 | 539,028 | 537,603 |
| Accumulated losses | (808,664) | (697,868) | 19,488 | 9,443 |
| Other reserves | 341,124 | 357,586 | 17,043 | 25,654 |
| | 71,488 | 197,321 | 575,559 | 572,700 |
| Non-controlling interests | 259,757 | 4,857 | - | - |
| | 331,245 | 202,178 | 575,559 | 572,700 |

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Notes:

- (1) As approved by the Shareholders in the EGM on 21 October 2019, the Company has written-off the accumulated losses by reducing the share capital of the Company. The capital reduction represents merely a change in the composition of equity and does not entail any reduction or distribution of cash or other assets of the Company.

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

Amount repayable in one year or less, or on demand

| As at 2020 | | As at 2019 | |
|-------------------|-------------------|-------------------|-------------------|
| Secured | Unsecured | Secured | Unsecured |
| <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| 1,272,393 | 24,973 | 1,159,465 | 42,120 |

Amount repayable after one year

| As at 2020 | | As at 2019 | |
|-------------------|-------------------|-------------------|-------------------|
| Secured | Unsecured | Secured | Unsecured |
| <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| 228,614 | - | 98,387 | - |

Details of collaterals

As at 31 December 2020, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, account receivables, and bank balances of a subsidiary. 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 at 31 December 2020, a subsidiary of the Company has not met certain financial covenant ratios requirement as set out in the loan agreement with two of its lenders, Bank OCBC and Bank CTBC.

Bank OCBC has granted the subsidiary a waiver of having to comply with such covenant ratios, while the management is in progress of obtaining a waiver from Bank CTBC and is confident to obtain such waiver.

The lenders continue to support the subsidiary as there is no loans repayment default and the breach is technical in nature. The subsidiary has been servicing the repayments of the loan principal and its interest as and when they fall due and the utilization of the borrowing facilities continues as usual as of the date of this announcement.

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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 period.

| | Group | |
|--|-------------------|-------------------|
| | 31 Dec 20 | 31 Dec 19 |
| | <i>Rp'million</i> | <i>Rp'million</i> |
| Cash flows from operating activities | | |
| (Loss) profit before income tax | (17,825) | 18,294 |
| Adjustments: | | |
| Depreciation of property, plant and equipment | 107,555 | 104,437 |
| Interest expenses from loans and borrowings | 98,052 | 96,399 |
| Post-employment benefits expense | 45,598 | 50,603 |
| Amortisation of right-of-use assets | 16,147 | 3,310 |
| Interest expenses from lease liabilities | 5,247 | 2,189 |
| Amortisation of land use rights | 4,395 | 4,006 |
| Bad debt written off | 3,845 | - |
| Grant of equity-settled performance share plan | 1,247 | 4,248 |
| Allowance for (reversal of) advances to suppliers | 744 | (2,466) |
| Impairment of property, plant and equipment | 529 | - |
| Allowance for impairment losses for financial assets, net | 346 | 516 |
| Inventories written-down | 79 | 11 |
| Interest income | (298) | (279) |
| Gain on disposal of land use rights | (931) | - |
| Net gain on disposal of property, plant and equipment | (1,106) | (1,077) |
| Net foreign exchange loss | (17,925) | (28,661) |
| Net gain on change in fair value of biological assets | (127,979) | (6,553) |
| Forfeiture of customer's deposits | - | (19,674) |
| Operating cash flow before changes in working capital | 117,720 | 225,303 |
| Changes in working capital : | | |
| Inventories | 117,740 | (253,476) |
| Trade and other receivables | (3,206) | (90,679) |
| Prepaid operating expenses | (7,781) | (23,853) |
| Advances to suppliers | 6,712 | 86,225 |
| Trade and other payable | (67,586) | 148,077 |
| Other liabilities | (1,595) | (5,075) |
| Advance from customers | (3,774) | 399 |
| Other non-current assets | (2,032) | (1,925) |
| Cash flow provided by operations | 156,198 | 84,996 |
| Income tax paid | (24,535) | (29,376) |
| Post-employment benefits paid | (31,197) | (18,640) |
| Net cash flows provided by operating activities | 100,466 | 36,980 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (50,323) | (136,086) |
| Proceeds from disposal of property, plant and equipment | 1,106 | 1,539 |
| Additions of biological assets | (3,692) | (1,773) |
| Interest received | 298 | 280 |
| Additions of land use rights | (4,126) | (1,132) |
| Proceeds from disposal of land use rights | 935 | - |
| Investment in a subsidiary | (1) | - |
| Net cash flows used in investing activities | (55,803) | (137,172) |

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| | Group | |
|--|-------------------|-------------------|
| | 31 Dec 20 | 31 Dec 19 |
| | <i>Rp'million</i> | <i>Rp'million</i> |
| Cash flows from financing activities | | |
| Drawdown of loans and borrowings | 4,770,996 | 4,668,511 |
| Repayment of loans and borrowings | (4,594,278) | (4,611,517) |
| Interest paid for loans and borrowings | (91,429) | (88,407) |
| Interest paid for lease liabilities | (5,247) | (2,189) |
| (Repayment of) loan from a third party | (98,083) | 98,083 |
| (Repayment of) loan from a customer | (10,000) | 10,000 |
| Withdrawal of restricted deposits | 140 | 9,576 |
| | <hr/> | <hr/> |
| Net cash flows (used in) provided by financing activities | (27,901) | 84,057 |
| | <hr/> | <hr/> |
| Net increase (decrease) in cash and cash equivalents | 16,762 | (16,135) |
| Effect of exchange rate changes on cash and cash equivalents | 86 | (197) |
| Cash and cash equivalents at beginning of year | 13,474 | 29,806 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of year | 30,322 | 13,474 |
| | <hr/> <hr/> | <hr/> <hr/> |

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The following summarises the recognised amounts of assets acquired assumed at the acquisition date.

| | Recognised on the date of acquisition |
|---|--|
| | <i>Rp'million</i> |
| Property, plant and equipment | 34,007 |
| Biological assets | 230,433 |
| Land use rights | 18,651 |
| Cash and cash equivalents | 22 |
| Consideration paid for the acquisition | <u>294,613</u> |
| Net identifiable assets acquired | 577,726 |
| Less: capital contribution of non-controlling interest on assets acquisition (49% share ownership) | <u>(283,113)</u> |
| Total net cash outflow for 51% acquisition | <u><u>294,613</u></u> |

On 12 March 2020, the Group through its indirect wholly-owned subsidiary, PT Sumber Graha Abadi, has completed its acquisition of 51% of the shares in PT Sumber Graha Maluku ('SGM') for a total consideration of Rp294 billion.

As a consequence of the acquisition, SGM becomes a subsidiary of the Group and will provide the Group with the opportunity to enhance its capability in providing a better log source to supply the materials for plywood and new wood business.

The acquisition was accounted for as an acquisition of assets.

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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 period.

| Group | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity |
|---|---------------------------------------|--------------------|------------------------|---|--------------------------------|---------------------------------------|------------------|---------------------------|-----------------|
| | Share capital | Accumulated losses | Restructuring reserves | Premium paid on acquisition of non-controlling interest | Performance share plan reserve | Foreign currency translation reserves | Total | | |
| | Rp'million | Rp'million | Rp'million | Rp million | Rp million | Rp million | Rp'million | | |
| Balance at 1 Jan 2020 | 537,603 | (697,868) | 309,050 | (3,037) | 5,326 | 46,247 | 197,321 | 4,857 | 202,178 |
| (Loss) profit for the year | - | (91,997) | - | - | - | - | (91,997) | 55,096 | (36,901) |
| Other comprehensive income for the year: | | | | | | | | | |
| - Net actuarial loss on post-employment benefits | - | (18,799) | - | - | - | - | (18,799) | (11) | (18,810) |
| - Foreign currency translation loss | - | - | - | - | - | (16,284) | (16,284) | (72) | (16,356) |
| Other comprehensive income for the year, net of tax | - | (18,799) | - | - | - | (16,284) | (35,083) | (83) | (35,166) |
| Total comprehensive income for the year | - | (110,796) | - | - | - | (16,284) | (127,080) | 55,013 | (72,067) |
| Contribution by and distribution to owners: | | | | | | | | | |
| - Increase in equity attributable to non-controlling interest from assets acquisition | - | - | - | - | - | - | - | 199,887 | 199,887 |
| - Issuance of shares under performance share plan | 1,425 | - | - | - | (1,425) | - | - | - | - |
| - Grant of equity-settled performance share plan | - | - | - | - | 1,247 | - | 1,247 | - | 1,247 |
| Total contribution by and distribution to owners | 1,425 | - | - | - | (178) | - | 1,247 | 199,887 | 201,134 |
| Balance at 31 Dec 2020 | 539,028 | (808,664) | 309,050 | (3,037) | 5,148 | 29,963 | 71,488 | 259,757 | 331,245 |
| Balance at 1 Jan 2019 | 2,502,305 | (2,640,392) | 309,050 | (3,037) | 1,078 | 33,414 | 202,418 | 3,682 | 206,100 |
| Effect of the adoption of SFRS(I) | - | (177) | - | - | - | - | (177) | - | (177) |
| Balance at 1 Jan 2019 (SFRS Framework) | 2,502,305 | (2,640,569) | 309,050 | (3,037) | 1,078 | 33,414 | 202,241 | 3,682 | 205,923 |
| Profit for the year | - | 4,610 | - | - | - | - | 4,610 | 1,132 | 5,742 |
| Other comprehensive income for the year: | | | | | | | | | |
| - Net actuarial (loss) gain on post-employment benefits | - | (26,611) | - | - | - | - | (26,611) | 16 | (26,595) |
| - Foreign currency translation gain | - | - | - | - | - | 12,833 | 12,833 | 27 | 12,860 |
| Other comprehensive income for the year, net of tax | - | (26,611) | - | - | - | 12,833 | (13,778) | 43 | (13,735) |
| Total comprehensive income for the year | - | (22,001) | - | - | - | 12,833 | (9,168) | 1,175 | (7,993) |
| Contribution by and distribution to owners: | | | | | | | | | |
| - Grant of equity-settled share options to employees | - | - | - | - | 4,248 | - | 4,248 | - | 4,248 |
| Total contribution by and distribution to owners | - | - | - | - | 4,248 | - | 4,248 | - | 4,248 |
| Others: | | | | | | | | | |
| - Capital reduction to reduce share capital | (1,964,702) | 1,964,702 | - | - | - | - | - | - | - |
| Total Others: | (1,964,702) | 1,964,702 | - | - | - | - | - | - | - |
| Balance at 31 Dec 2019 | 537,603 | (697,868) | 309,050 | (3,037) | 5,326 | 46,247 | 197,321 | 4,857 | 202,178 |

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Company

| | Attributable to owners of the Company | | | | |
|---|--|---------------------------|---------------------------------------|--|-------------------|
| | Share capital | Accumulated losses | Performance share plan reserve | Foreign currency translation reserves | Total |
| | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| Balance at 1 Jan 2020 | 537,603 | 9,443 | 5,326 | 20,328 | 572,700 |
| Total comprehensive income for the year | - | 10,045 | - | (8,433) | 1,612 |
| Issuance of shares under performance share plan | 1,425 | - | (1,425) | - | - |
| Grant of equity-settled performance share plan | - | - | 1,247 | - | 1,247 |
| Balance at 31 Dec 2020 | 539,028 | 19,488 | 5,148 | 11,895 | 575,559 |
| Balance at 1 Jan 2019 | 2,502,305 | (1,964,702) | 1,078 | 9,371 | 548,052 |
| Total comprehensive income for the year | - | 9,443 | - | 10,957 | 20,400 |
| Equity reduction to reduce share capital | (1,964,702) | 1,964,702 | - | - | - |
| Grant of equity-settled performance share plan | - | - | 4,248 | - | 4,248 |
| Balance at 31 Dec 2019 | 537,603 | 9,443 | 5,326 | 20,328 | 572,700 |

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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 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 period. 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 subsidiary 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 period.**

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

Samko Timber Performance Share Plan (the "Samko PSP")

As at 29 August 2018 and 13 September 2019, the Company has granted 21,653,058 and 12,467,532 share awards ("**Shares Awards**") to an Executive Director of the Company pursuant to the Samko PSP.

As at 31 July 2020 and 29 August 2018, the Company has issued 7,685,778 and 3,100,000 ordinary shares in the share capital of the Company to the employee under the scheme of performance share plan.

Share Awards granted, vested and released during the financial period of 2020 and 2019, and Share Awards outstanding as at 31 December 2020 and 2019, were set out as follows:-

| Total Number of Issued Shares Excluding Treasury Shares and Subsidiary Holdings | | | |
|--|---------------|-------------------------|---------------|
| No. of Shares | | No. of Shares | |
| As at 1 Jan 2020 | 2,377,150,505 | As at 1 Jan 2019 | 2,377,150,505 |
| Add: Issuance of shares | 7,685,778 | Add: Issuance of shares | - |
| As at 31 Dec 2020 | 2,384,836,283 | As at 31 Dec 2019 | 2,377,150,505 |

| Shares Awards Granted, Issued and Outstanding Share Awards | | | |
|---|------------|-----------------------------|------------|
| No. of Shares Awards | | No. of Shares Awards | |
| As at 1 Jan 2020 | 31,020,590 | As at 1 Jan 2019 | 18,553,058 |
| Add: Shares Awards Granted | - | Add: Shares Awards Granted | 12,467,532 |
| Less: Shares Awards Issued | 7,685,778 | Less: Shares Awards Issued | - |
| As at 31 Dec 2020 | 23,334,812 | As at 31 Dec 2019 | 31,020,590 |

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As at 31 December 2020, there were 23,334,812 outstanding Share Awards under the Samko PSP that may be vested and released into 23,334,812 new shares, which representing 0.98% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, in the capital of the Company (31 December 2019: 31,020,590 shares).

Save as disclosed above, the Company did not have any treasury shares, subsidiary holdings or other convertibles as at 31 December 2020 and 2019.

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 |
|--|------------------------------|
| | <u>Number of shares</u> |
| At 31 December 2019 | 2,377,150,505 |
| Addition: Issuance of shares under performance share plan | <u>7,685,778</u> |
| At 31 December 2020 | <u><u>2,384,836,283</u></u> |

The Company did not have any treasury shares, subsidiary holdings or other convertibles as at 31 December 2020 and 2019.

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 year 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 year 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.

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3a. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed**

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 as disclosed in point 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those of the audited financial statements for the year ended 31 December 2020.

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.

The Group has adopted the applicable new and revised SFRS(I) 3 *Business Combinations* which became effective for annual periods beginning on or after 1 January 2020.

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted.

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.

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6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| | Group | |
|---|----------------------|----------------------|
| | 2020 | 2019 |
| Weighted average number of ordinary shares for basic earnings per share computation | 2,377,150,505 | 2,377,150,505 |
| Effect of new shares: | | |
| Issuance of shares under performance share plan | 7,685,778 | - |
| Weighted average number of ordinary shares for basic earnings per share computation | <u>2,384,836,283</u> | <u>2,377,150,505</u> |
| Weighted average number of ordinary shares for basic earnings per share computation | 2,389,618,037 | 2,377,150,505 |
| Effect of dilution: | | |
| Grant of equity-settled performance share plan | - | 12,467,532 |
| Weighted average number of ordinary shares for diluted earnings per share computation | <u>2,389,618,037</u> | <u>2,389,618,037</u> |
| | Rp | Rp |
| | <u>(full amount)</u> | <u>(full amount)</u> |
| Earnings per share attributable to owners of the Company | | |
| Basic | <u>(39)</u> | <u>2</u> |
| Diluted | <u>(38)</u> | <u>2</u> |

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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 period.**

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net assets for the year attributable to owners of the Company used in computation of net asset value per share (Rp'million) | 71,488 | 197,321 | 575,559 | 572,700 |
| Number of ordinary shares at the end of the year | 2,384,836,283 | 2,377,150,505 | 2,384,836,283 | 2,377,150,505 |
| Net asset value per ordinary share (Rp full amount) | 30 | 83 | 241 | 241 |
| Weighted average number of ordinary shares at the end of the year | 2,389,618,037 | 2,389,618,037 | 2,389,618,037 | 2,389,618,037 |
| Net asset value per weighted average number of ordinary share (Rp full amount) | 30 | 83 | 241 | 240 |

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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 Rp37 billion in 2020 as compared to a net profit of Rp6 billion in 2019. This was mainly driven by lower gross profit attained as a result of lower sales revenue, higher selling expenses, and foreign exchange loss during the year, offset by the net gain on change in fair value of biological assets, lower staff related costs due to the reduction of manpower, lower pension costs and professional fees.

Revenue

| | Group | | |
|----------------|-------------------|-------------------|--------|
| | 2020 | 2019 | Change |
| | <i>Rp'million</i> | <i>Rp'million</i> | % |
| Domestic sales | 1,396,728 | 2,215,653 | (37) |
| Export sales | 1,798,006 | 1,739,842 | 3 |
| Total | 3,194,734 | 3,955,495 | (19) |

In line with the result above, our sales revenue was weaker by 19% in 2020 compare to 2019 mainly due to the decrease in the sales volume for domestic markets by 28% amid a slowdown in local demand over the year, while the export sales volume was up by 8%. Lower sales were also caused by lower overall average selling price by 4% in 2020 as compared to 2019.

The composition of our export sales to overall sales increase from 44% in 2019 to 56% in 2020.

Gross profit

Our gross profit dropped by 19% in 2020 due mainly to lower sales revenue from domestic markets as mentioned above, offset by lower unit production costs incurred as a result of lower material, labor and overhead costs due to lower production volume.

Other Income

In 2020, other income came mainly from the net gain on change in fair value of biological assets.

Selling expenses

Our selling expenses increased by 7% in 2020 as compared to 2019, due mainly to higher freight expenses in line with the increase in export sales.

General and administrative expenses

In 2020, the general and administrative expenses have decreased over that of previous year due mainly to lower staff related costs along with the travelling expenses, lower pension costs and professional fees.

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Finance Expenses

Our finance expenses relate mainly to interest expense, mainly due to drawdown of additional loans for working capital.

Other expenses

In 2020, other expenses were derived mainly from foreign exchange losses mostly on the back of depreciating IDR, workers separation expenses, and amortisation of land use rights.

The strengthening of US Dollar against Rupiah has resulted in unrealized foreign exchange loss due to translation of our US Dollar denominated loans.

Taxation

Our taxation comprise the following:

| | Group | | |
|--|-------------------|-------------------|-----------|
| | 2020 | 2019 | Change |
| | <i>Rp'million</i> | <i>Rp'million</i> | % |
| Current income tax | (3,934) | (17,893) | (78) |
| Deferred tax (expense) income | (11,148) | 4,180 | n.m |
| (Under) over provision of prior year taxes | (3,994) | 1,161 | n.m |
| Total | <u>(19,076)</u> | <u>(12,552)</u> | <u>52</u> |

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.

During the year, the Group recognised deferred tax expense mainly from the net gain on change in fair value of biological assets, offset by deferred income tax from the recognition of tax losses and post-employment benefits.

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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

Our property, plant and equipment decreased by Rp10 billion. This was due mainly to the addition of assets primarily for machineries and production facilities and the acquisition of SGM, offset by depreciation charges during the year.

Our right-of-use assets increased by Rp28 billion, mainly due to leases of assets primarily for heavy equipment, offset by depreciation charges during the year.

Biological assets increased by Rp362 billion mainly due to the acquisition of SGM and the net gain on change in fair value of biological assets.

In 2020, our Group's current assets have decreased to Rp1,531 billion. The decrease was mainly due to:

1. lower inventory level as a result of the Company was trying to manage the working capital during the outbreak of COVID-19;
2. lower advance to suppliers for log and spare parts;
3. offset by higher prepaid operating expenses. Prepayments were made in the ordinary course of business, mainly for VAT receivables and income taxes, insurance, rental, freight, and bank facility fees from additional loan facilities; and
4. higher cash and cash equivalents.

As at 31 December 2020, our Group's current and non-current liabilities have increased by Rp152 billion to Rp2,424 billion. This was contributed mainly by:

1. increase in loans and borrowings and lease liabilities totaling Rp226 billion;
2. increase in deferred tax liabilities of Rp73 billion;
3. increase in post-employment benefits of Rp38 billion;
4. offset by decrease in non-current other liabilities by Rp108 billion;
5. decrease in trade and other payables of Rp59 billion; and
6. lower current other liabilities by Rp11 billion

Statement of Cash Flow

During the year, the Group generated cash inflow of Rp100 billion from operating activities, and incurred cash outflow of Rp56 billion and Rp28 billion from investing and financing activities, respectively. Net cash increased by Rp16 billion.

Cash inflow from operating activities is mainly due to lower inventories offset by lower payables.

Cash outflow from investing activities was mainly due to the addition of property, plant and equipment.

Cash outflow from financing activities was mainly to net drawdown of loans and leases offset by interest payments and repayments of loan from a third party. The repayments of bank borrowings, lease liabilities, and their interests were in accordance with the repayments schedule.

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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 22% in Indonesia:

| Indonesia Rupiah to US Dollar exchange rates | (Weakened) / strengthened | Loss after tax for the year Rp37 billion (Increase)/ decrease |
|--|------------------------------|---|
| <i>Rp'full amount</i> | | Rp'million |
| 14,951 | (6%) | (33,034) |
| 14,669 | (4%) | (22,022) |
| 14,387 | (2%) | (11,012) |
| 13,823 | 2% | 11,012 |
| 13,541 | 4% | 22,022 |
| 13,259 | 6% | 33,034 |

Our US\$ loans as at 31 December 2020 and 2019 were US\$52 million and US\$51 million.

| Exchange rate: | <u>Rp/US\$1</u> |
|--------------------|-----------------|
| - 1 March 2021 | Rp14,300 |
| - 31 December 2020 | Rp14,105 |
| - 31 December 2019 | Rp13,901 |

- 2) In light of the outbreak of COVID-19, the implementation of the currently ongoing Large and Micro Scale Social Restriction by the Indonesia Government, has caused a significant slow-down in the business activities, thus resulting in a significant slow-down in the demand for our products in the domestic market, however, demand from our export market is expected to grow and has not been adversely affected by the outbreak. The Group is closely monitoring the impact on the Group's business and operations.
- 3) The Group has taken significant steps to lower production costs by reducing the labor costs and increasing the efficiency of our plywood manufacturing process. In addition, the Group is also actively exploring options in securing the log supplies.

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11. Dividend.

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend will be declared in the current year being reviewed.

(b) Corresponding Period of the Immediately Preceding Financial Period

Any dividend declared for the corresponding period of the immediately preceding financial period?

No.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend for financial year ended 31 December 2020 has been declared because of the accumulated losses.

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13. Interested person transactions.

The following is the aggregate value of all transactions with interested persons for the year ended 31 December 2020:

| <i>Name of interested person</i> | <i>Nature of relationship</i> | <i>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)</i> | <i>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)</i> |
|---|---|--|---|
| | | <i>Rp'million</i> | <i>Rp'million</i> |
| PT Sampoerna Land - <i>Office rental</i> | Mr Michael Joseph Sampoerna, a Director of the Company, together with his immediate family, holds more than 30% of the shareholding interests (direct and indirect) | 6,892 | - |
| PT Bank Sahabat Sampoerna - <i>Finance expense</i> | | 6,453 | - |

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

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 year ended 31 December 2020 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.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. **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 31 December 2020 | Group | | | |
|---|-----------------------------------|----------------------------------|----------------------------------|----------------------------|
| | SGS division <i>Rp'million</i> | ST division <i>Rp'million</i> | Elimination <i>Rp'million</i> | Total <i>Rp'million</i> |
| Revenue: | | | | |
| External customers | 1,179,046 | 2,015,688 | - | 3,194,734 |
| Inter-segment | 1,925,508 | - | (1,925,508) | - |
| Total revenue | <u>3,104,554</u> | <u>2,015,688</u> | <u>(1,925,508)</u> | <u>3,194,734</u> |
| Results: | | | | |
| Finance income | 231 | 67 | - | 298 |
| Finance expenses | (90,953) | (19,328) | - | (110,281) |
| Depreciation of property, plant and equipment | (107,026) | (529) | - | (107,555) |
| Depreciation of right-of-use assets | (14,570) | (1,577) | - | (16,147) |
| Amortisation of land use rights | (4,395) | - | - | (4,395) |
| Impairment of property, plant and equipment | (529) | - | - | (529) |
| Net gain on change in fair value of biological assets | 127,979 | - | - | 127,979 |
| Post-employment benefits expenses | (45,805) | 207 | - | (45,598) |
| Allowance for advance to suppliers | (744) | - | - | (744) |
| Allowance for impairment losses for financial assets, net | - | (346) | - | (346) |
| Bad debt written off | (3,845) | - | - | (3,845) |
| Net gain on disposal of property, plant and equipment | 1,070 | 36 | - | 1,106 |
| Gain on disposal of land use rights | 931 | - | - | 931 |
| Workers separation expenses | (10,790) | (540) | - | (11,330) |
| Tax expenses | (17,313) | (1,763) | - | (19,076) |
| Segment loss | <u>(34,653)</u> | <u>(2,248)</u> | - | <u>(36,901)</u> |

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| Year end 31 December 2019 | Group | | | |
|---|-------------------|-------------------|--------------------|-------------------|
| | SGS division | ST division | Elimination | Total |
| | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> | <i>Rp'million</i> |
| Revenue: | | | | |
| External customers | 1,979,132 | 1,976,363 | - | 3,955,495 |
| Inter-segment | 1,894,944 | - | (1,894,944) | - |
| Total revenue | <u>3,874,076</u> | <u>1,976,363</u> | <u>(1,894,944)</u> | <u>3,955,495</u> |
| Results: | | | | |
| Finance income | 265 | 14 | - | 279 |
| Finance expenses | (81,422) | (24,135) | - | (105,557) |
| Depreciation of property, plant and equipment | (103,856) | (581) | - | (104,437) |
| Depreciation of right-of-use assets | (2,713) | (597) | - | (3,310) |
| Amortisation of land use rights | (4,006) | - | - | (4,006) |
| Gain on change in fair value of biological assets | 6,553 | - | - | 6,553 |
| Post-employment benefits expenses | (48,955) | (1,648) | - | (50,603) |
| Reversal of advances to suppliers | 2,466 | - | - | 2,466 |
| Allowance for impairment losses for financial assets, net | - | (516) | - | (516) |
| Workers separation expenses | (8,120) | (106) | - | (8,226) |
| Net gain on disposal of property, plant and equipment | 1,077 | - | - | 1,077 |
| Tax (expenses) benefit | (12,927) | 375 | - | (12,552) |
| Segment profit (loss) | <u>8,522</u> | <u>(2,780)</u> | <u>-</u> | <u>5,742</u> |

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

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

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Geographical segments

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

| | Group | |
|--------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| | <i>Rp'million</i> | <i>Rp'million</i> |
| Indonesia | 1,396,728 | 2,161,290 |
| North Asia | 784,317 | 938,833 |
| United States of America | 510,784 | 152,362 |
| Malaysia | 297,035 | 383,910 |
| Singapore | 141,422 | 215,471 |
| South East Asia | 30,488 | 25,350 |
| Europe | 13,297 | 31,812 |
| Middle East | 10,134 | 24,624 |
| Australia | 5,633 | 17,610 |
| Others | 4,896 | 4,233 |
| | 3,194,734 | 3,955,495 |

17. 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.

18. A breakdown of revenue and net income (loss).

| | Group | | |
|---|-------------------|-------------------|-------------|
| | 2020 | 2019 | Change |
| | <i>Rp'million</i> | <i>Rp'million</i> | % |
| Revenue: | | | |
| - First half | 1,579,727 | 2,053,934 | -23% |
| - Second half | 1,615,007 | 1,901,561 | -15% |
| | 3,194,734 | 3,955,495 | -19% |
| Net income (loss) after tax before deducting non-controlling interest: | | | |
| - First half | 61,910 | 8,012 | 673% |
| - Second half | (98,811) | (2,270) | 4253% |
| | (36,901) | 5,742 | n.m |

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

No dividend has been declared.

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20. 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(13).

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 2020 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
1 March 2021