

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited First Quarter Financial Statement and Dividend Announcement for the Period Ended 31/03/2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FIRST QUARTER RESULTS

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

	Group		
	2012	2011	Increase/ (decrease)
	Rp'million	Rp'million	%
Revenue	686,750	596,256	15%
Cost of sales	(552,214)	(519,259)	6%
Gross profit	134,536	76,997	75%
Other items of income			
Interest income	284	280	1%
Other income	-	9,257	-100%
Other items of expenses			
Selling expenses	(25,164)	(18,930)	33%
General & administrative expenses	(51,699)	(38,893)	33%
Financial expenses	(10,706)	(9,284)	15%
Other expenses	(7,448)	(2,139)	248%
Profit before tax	39,803	17,288	130%
Tax expenses	(12,597)	(5,935)	112%
Net profit for the period	27,206	11,353	140%
Other comprehensive income:			
Foreign currency translation	(133)	-	n.m
Total comprehensive income for the period	27,073	11,353	138%
Net profit attributable to:			
Owners of the Company	27,541	10,792	155%
Non-controlling interests	(335)	561	n.m
	27,206	11,353	140%
Total comprehensive income attributable to:			
Owners of the Company	27,408	10,792	154%
Non-controlling interests	(335)	561	n.m
	27,073	11,353	138%

n.m : not meaningful

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

	Group		
	2012	2011	Increase/ (decrease)
	Rp'million	Rp'million	%
(Loss)/ gain on foreign exchange, net	(3,662)	9,257	n.m
Amortisation of land use rights	(1,242)	(1,064)	17%
Interest expenses	(10,706)	(9,284)	15%
Depreciation of property, plant and equipment	(23,994)	(21,586)	11%
Provision for irrecoverable receivable	(1,819)	-	n.m

n.m : not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Mar 2012 Rp'million	31 Dec 2011 Rp'million	31 Mar 2012 Rp'million	31 Dec 2011 Rp'million
Non-current assets				
Property, plant and equipment	644,541	639,465	51	123
Investment in subsidiary companies	-	-	587,698	587,698
Investment in an associate*	-	-	-	-
Land use rights	58,709	59,951	-	-
Deferred tax assets	12,206	12,230	-	-
Other non-current assets	32,056	26,011	188	188
	747,512	737,657	587,937	588,009
Current assets				
Inventories	274,087	210,297	-	-
Trade and other receivables	93,953	85,728	68,532	71,868
Prepaid operating expenses	32,028	29,086	44	72
Advances to suppliers	112,376	121,256	-	-
Restricted time deposits	15,396	15,312	-	-
Cash and cash equivalents	87,628	95,028	741	756
	615,468	556,707	69,317	72,696
Current liabilities				
Trade and other payables	192,327	174,623	26	27
Other liabilities	77,037	65,649	5,067	4,429
Advances from customers	61,226	63,834	-	-
Provision for taxation	34,305	31,002	-	-
Loans and borrowings (current portion)	82,491	66,889	-	-
	447,386	401,997	5,093	4,456
Net current assets	168,082	154,710	64,224	68,240
Non-current liabilities				
Loans and borrowings	295,025	304,561	-	-
Post-employment benefits	74,506	68,249	-	-
Deferred tax liabilities	5,542	6,109	-	-
	375,073	378,919	-	-
Net assets	540,521	513,448	652,161	656,249
Equity attributable to owners of the Company				
Share capital	2,134,271	2,134,271	2,134,271	2,134,271
Accumulated losses	(1,906,386)	(1,933,927)	(1,482,110)	(1,478,022)
Other reserves	309,154	309,287	-	-
	537,039	509,631	652,161	656,249
Non-controlling interests	3,482	3,817	-	-
	540,521	513,448	652,161	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 31 March 2012		As at 31 December 2011	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
82,491	-	66,889	-

Amount repayable after one year

As at 31 March 2012		As at 31 December 2011	
Secured Rp'million	Unsecured Rp'million	Secured Rp'million	Unsecured Rp'million
295,025*	-	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 31 March 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	
	2012	2011
	Rp'million	Rp'million
Cash flows from operating activities		
Profit before tax	39,803	17,288
Adjustments:		
Depreciation of property, plant and equipment	23,994	21,586
Interest expenses	10,706	9,284
Post employment benefits expense	6,257	5,123
Foreign exchange loss/ (gain)	2,606	(6,227)
Amortisation of land use rights	1,242	1,064
Interest income	(284)	(280)
Operating cash flow before changes in working capital	84,324	47,838
Changes in working capital		
Inventories	(63,790)	(18,252)
Trade and other receivables	(8,225)	862
Prepaid operating expenses	(2,056)	(7,053)
Advance to suppliers	(481)	(4,727)
Trade and other payable	17,704	6,141
Other liabilities	9,423	18,419
Advance from customers	(2,608)	(9,517)
Other non-current assets	64	7,830
Cash flow provided by operations	34,355	41,541
Income tax paid	(10,723)	(1,985)
Net cash provided by operating activities	23,632	39,556
Cash flows from investing activities		
Purchase of property, plant, and equipment *	(18,646)	(9,300)
Payment of other non-current assets (biological assets)	(6,109)	(2,799)
Interest received	284	280
Additions of land use rights	-	(305)
Net cash used in investing activities	(24,471)	(12,124)
Cash flows from financing activities		
Drawdown of loans and borrowings	15,000	23,284
Repayment of loans and borrowings	(14,009)	(62,663)
Interest expense paid	(7,552)	(9,434)
Proceed from sale and lease back transactions - finance lease arrangements	-	14,803
Placement of restricted deposits	-	(88)
Net cash used in financing activities	(6,561)	(34,098)
Net decrease in cash and cash equivalents	(7,400)	(6,666)
Cash and cash equivalents at beginning of period	95,028	74,945
Cash and cash equivalents at end of period	87,628	68,279

*) Net of the advance payments made in prior period for the purchase 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 year.

Group

	Attributable to owners of the Company					Non-controlling interests	
	Equity, total	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve		
	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
Total comprehensive income for the period	27,073	-	27,541	-	(133)	27,408	(335)
Balance at 31 March 2012	540,521	2,134,271	(1,906,386)	309,050	104	537,039	3,482
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	11,353	-	10,792	-	-	10,792	561
Balance at 31 March 2011	472,604	2,134,271	(1,974,370)	309,050	-	468,951	3,653

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
Total comprehensive income for the period - loss	-	(4,088)	(4,088)
Balance at 31 March 2012	2,134,271	(1,482,110)	652,161
Balance at 1 January 2011	2,134,271	(1,463,551)	670,720
Total comprehensive income for the period - loss	-	(5,169)	(5,169)
Balance at 31 March 2011	2,134,271	(1,468,720)	665,551

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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.**

There is no change in the Company's shares during the period ended 31 March 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 March 2012 and 31 December 2011	1,347,243,843

There were no shares held as treasury shares as at 31 March 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 31 March 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.

- 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 31 March 2012.

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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	
	2012	2011
Weighted average number of ordinary shares for basic earnings per share computation	1,347,243,843	1,347,243,843
Weighted average number of ordinary shares for diluted earnings per share computation	1,347,243,843	1,347,243,843
	Rp (full amount)	Rp (full amount)
Profit per share attributable to owners of the Company		
Basic	20	8
Diluted	20	8

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
Net assets for the year attributable to owners of the Company used in computation of net asset valuer per share (Rp'million)	537,039	509,631	652,161	656,249
Number of ordinary shares at the end of the year	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)	399	378	484	487

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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's quarter to quarter net profit improved by 140% from Rp11 billion to Rp27 billion. This was driven mainly by higher sales achieved in 1Q 2012 compared to 1Q 2011. Our revenue and gross profit grew by 15% and 75% respectively compared to 1Q 2011, spurred mainly by better export sales volume and overall selling price.

Revenue

	Group		
	2012	2011	Increase/ (decrease)
	Rp'million	Rp'million	%
Domestic sales	537,095	501,607	7%
Export sales	149,655	94,649	58%
Total	686,750	596,256	15%

The surge in sales revenue came from both export and domestic sales but the relative increase in our export sales revenue was higher. The export sales revenue came mainly from the export to North Asia (mainly Japan). Overall, our export sales volume has increased by 29% as compared to 1Q 2011 while our export average selling price surged by 22% per meter³.

On the domestic front, our average selling price improved by 8% per meter³ and this has pushed up the domestic sales revenue.

Cost of sales

	Group		
	2012	2011	Increase/ (decrease)
	Rp'million	Rp'million	%
Raw material used	306,315	283,064	8%
Labour costs	116,244	95,920	21%
Factory overhead	149,455	117,424	27%
Movement in finished goods	(19,800)	22,851	n.m
Total	552,214	519,259	6%

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.

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Our cost of sales increased in this quarter (6%) but 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 75% or Rp58 billion as compared to 1Q 2011. This increase was attributable mainly to higher sales revenue, spurred mainly from the increase in export sales volume and overall selling prices of our products. Export sales generally has higher margin.

Other income

The Group reported foreign exchange loss of Rp3.7 billion in 1Q 2012 (see other charges), while it incurred exchange gain of Rp9 billion in 1Q 2011. Rupiah has weakened against US dollars in this quarter whereas it was the reverse in 1Q 2011.

The weakening of Rupiah will generally result in the Group incurring exchange loss due to the translation of its US dollars denominated loans.

Selling expenses

Our selling expenses have increased by 33% compared to that of 1Q 2011. 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 increased by 33% over that of 1Q 2011. 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 by 15% compared to 1Q 2011. Although we have paid down certain loans over the period, the increase was mainly due to the Group having a higher component of Rupiah denominated loans (versus US dollars loans) compared to 1Q 2011 (The Group refinanced the loans in last quarter of 2011). Rupiah denominated loans attract higher interest rate compared to US dollars loans.

Other Expenses

Our other expenses have increased by Rp5 billion over that of 1Q 2011. This was mainly due to foreign exchange loss of Rp4 billion incurred in the current period (Rupiah has weakened against US dollars) and one-time provision of irrecoverable trade advance receivable from a supplier.

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Taxation

Our tax expenses comprise the following:

	Group		
	2012	2011	Increase/ (decrease)
	Rp'million	Rp'million	%
Current income tax	(13,140)	(6,558)	100%
Deferred income tax	543	623	-13%
Total	<u>(12,597)</u>	<u>(5,935)</u>	<u>112%</u>

Indonesia adopts individual company income tax system.

Our effective tax rate was higher for the period ended 31 March 2012. This was mainly due to certain expenses not deductible for tax purposes and losses by certain subsidiaries which 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's non-current assets have increased by Rp10 billion compared to that in 31 December 2011. This was due mainly to 1) increase in the purchase of fixed assets of Rp30 billion more than offset the depreciation expense of Rp24 billion and 2) spending for trees plantation (upstream activities) of Rp6 billion.

For the period ended, our current assets have increased by Rp59 billion to Rp615 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 and 2) higher receivables in line with higher sales revenue in 1Q 2012.

Our Group's current liabilities have increased by Rp45 billion to Rp447 billion as at 1Q 2012. This was contributed mainly to 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 Rp13 billion due mainly to our operating income and better working capital management.

Statement of Cash Flow

During the period, we generated Rp24 billion from our operations and incurred net cash outflow of Rp24 billion and Rp7 billion from our investing and financing activities respectively. Net cash deficit for the period was Rp7 billion.

Our cash generated from operating activities decreased by Rp16 billion over that in 1Q 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.

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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 31 March 2012, our capital expenditure have doubled that of 1Q 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.

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.

Our current export market is mainly to North Asia. Although our export volume and selling price have registered favorable growth since 1Q 2011, we expect the export selling price to soften 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.

On the local front (Indonesia), the demand for our products remains stable. We expect the local sales to remain buoyant spurred mainly by 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.

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

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12. If no dividend has been declared/recommended, a statement to that effect.

No dividend for financial period ended 31 March 2012 has been declared.

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)
	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)	6,469	-
PT Bioforest Indonesia Installments for the purchase of trees (Transaction was entered into between parties prior to the IPO of the Company's shares)	1,218	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	3,911	-
PT Buana Sakti Office rental	751	-

In March 2012, the Group entered into a conditional sale and purchase agreement with Temasek Life Sciences Ventures Private Limited to acquire Bioforest Private Limited for the consideration of S\$7.4 million (as announced on 2 April 2012). Bioforest Private Limited is deemed as an interested party in accordance with Chapter 9 of the Listing Manual. Total deemed interest party transaction value amounted to Rp23,721 million.

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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 first quarter ended 31 March 2012 to be false or misleading in any material respects.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
14 May 2012