SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Third Quarter Financial Statement and Dividend Announcement for the Period Ended 30/09/2011

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF THIRD 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		
	3rd Qtr 1 Jul 2011 to 30 Sep 2011	3rd Qtr 1 Jul 2010 to 30 Sep 2010	Increase/ (decrease)	1 Jan 2011 to 30 Sep 2011	1 Jan 2010 to 30 Sep 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Revenue	614,012	449,022	37%	1,797,100	1,645,818	9%
Cost of sales	(512,236)	(406,770)	26%	(1,518,789)	(1,466,982)	4%
Gross profit	101,776	42,252	141%	278,311	178,836	56%
Other items of income						
Interest income	287	234	23%	1,472	1,244	18%
Other income	710	5,580	-87%	7,103	81,852	-91%
Other items of expenses						
Selling expenses	(24,801)	(17,651)	41%	(67,276)	(67,517)	0%
General & administrative expenses	(44,652)	(34,823)	28%	(123,334)	(108,714)	13%
Financial expenses	(6,980)	(9,285)	-25%	(24,167)	(49,956)	-52%
Other expenses	(11,672)	(6,056)	93%	(10,591)	(34,004)	-69%
Share of result of an associate	-	(15,215)	-100%	-	(129,353)	-100%
Profit/ (loss) before tax	14,668	(34,964)	n.m	61,518	(127,612)	n.m
Tax expenses	(4,421)	(1,504)	194%	(20,904)	(13,192)	58%
Net income/ (loss) for the period	10,247	(36,468)	n.m	40,614	(140,804)	n.m
Other comprehensive income:						
Foreign currency translation	581	-	n.m	581	-	n.m
Total comprehensive income for the period	**10,828**	**(36,468)**	**n.m**	**41,195**	**(140,804)**	**n.m**
Profit/ (loss) attributable to:						
Owners of the Company	9,595	(36,167)	n.m	39,857	(139,349)	n.m
Non-controlling interests	652	(301)	n.m	757	(1,455)	n.m
	10,247	**(36,468)**	**n.m**	**40,614**	**(140,804)**	**n.m**
Total comprehensive income attributable to:						
Owners of the Company	10,176	(36,167)	n.m	40,438	(139,349)	n.m
Non-controlling interests	652	(301)	n.m	757	(1,455)	n.m
	10,828	**(36,468)**	**n.m**	**41,195**	**(140,804)**	**n.m**

n.m : not meaningful

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

	Group			Group		
	3rd Qtr 1 Jul 2011 to 30 Sep 2011	3rd Qtr 1 Jul 2010 to 30 Sep 2010	Increase/ (decrease)	1 Jan 2011 to 30 Sep 2011	1 Jan 2010 to 30 Sep 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
(Loss)/ gain on foreign exchange, net	(7,188)	4,090	n.m	6,266	54,709	-89%
Gain on sale of property, plant and equipment, net	399	323	24%	603	413	46%
Amortisation of land use rights	(1,069)	(1,064)	0%	(3,204)	(3,877)	-17%
Interest expense	(6,529)	(8,954)	-27%	(21,447)	(48,238)	-56%
Depreciation of property, plant and equipment	(22,510)	(23,905)	-6%	(66,689)	(108,447)	-39%
Insurance claim	-	1,168	-100%	-	21,443	-100%
Property, plant and equipment written-off due to fire incident	-	(78)	-100%	-	(2,961)	-100%
Inventories written-off due to fire incident	-	-	-	-	(18,720)	-100%
Impairment of investment in an associate	-	(96,969)	-100%	-	(96,969)	-100%
Gain on change in fair value of biological assets	-	-	-	-	5,286	-100%
Amortisation of intangible assets	-	-	-	-	(456)	-100%

n.m : not meaningful

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

	Group		Company	
	30 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
	Rp'million	Rp'million	Rp'million	Rp'million
Non-current assets				
Property, plant and equipment	**612,659**	649,418	**223**	517
Investment in subsidiary companies	**-**	-	**587,234**	587,234
Investment in an associate*	**-**	-	**-**	-
Biological assets	**13,115**	2,450	**-**	-
Land use rights	**59,853**	62,682	**-**	-
Deferred tax assets	**6,625**	5,476	**-**	-
Other non-current assets	**15,913**	14,419	**188**	188
	708,165	734,445	**587,645**	587,939
Current assets				
Inventories	**222,414**	167,910	**-**	-
Trade and other receivables	**86,677**	72,005	**72,719**	61,070
Prepaid operating expenses	**24,986**	27,453	**246**	107
Advances to suppliers	**109,736**	90,301	**-**	-
Cash and cash equivalents	**58,550**	74,945	**1,446**	23,852
Restricted time deposits	**7,951**	20,499	**-**	-
	510,314	453,113	**74,411**	85,029
Current liabilities				
Trade and other payables	**175,950**	166,742	**28**	27
Other liabilities	**72,233**	56,630	**2,898**	2,221
Advances from customers	**79,366**	64,535	**-**	-
Provision for taxation	**17,723**	12,398	**-**	-
Short term bank borrowings	**25,800**	23,284	**-**	-
Long term borrowings (current portion)	**75,820**	158,276	**-**	-
	446,892	481,865	**2,926**	2,248
Net current assets/ (liabilities)	**63,422**	(28,752)	**71,485**	82,781
Non-current liabilities				
Long term borrowings	**195,233**	185,008	**-**	-
Post-employment benefits	**68,291**	53,116	**-**	-
Deferred tax liabilities	**5,617**	6,318	**-**	-
	269,141	244,442	**-**	-
Net assets	**502,446**	461,251	**659,130**	670,720
Equity attributable to owners of the Company				
Share capital	**2,134,271**	2,134,271	**2,134,271**	2,134,271
Accumulated losses	**(1,945,305)**	(1,985,162)	(1,475,141)	(1,463,551)
Reserves	**309,631**	309,050	**-**	-
	498,597	458,159	**659,130**	670,720
Non-controlling interests	**3,849**	3,092	**-**	-
	502,446	461,251	**659,130**	670,720

*) Represents the Company's 31.25% investment in PT Sumalindo Lestari Jaya Tbk. A full provision of impairment has been provided for this investment on 31 December 2010.

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

Amount repayable in one year or less, or on demand

As at 30 September 2011		As at 31 December 2010	
Secured Rp'million	**Unsecured** Rp'million	**Secured** Rp'million	**Unsecured** Rp'million
101,620	-	181,560	-

Amount repayable after one year

As at 30 September 2011		As at 31 December 2010	
Secured Rp'million	**Unsecured** Rp'million	**Secured** Rp'million	**Unsecured** Rp'million
195,233	-	185,008	-

Details of any collateral

As at 30 September2011, our bank borrowings are secured and guaranteed by the following:

(1) Short term working capital facilities: land use rights, buildings, machinery, inventories and account receivables of certain subsidiaries;

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

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

As mentioned in 2010 and previous quarters, a subsidiary of the Group did not comply with certain financial ratio covenants as set out in the lending contracts with a lender. In 2011, the subsidiary obtained the waiver from complying with the covenants from the said lender for the year ended 31 December 2010 and for the period up to 30 June 2011.

As announced on 27 October 2011, the Group has refinanced the entire said loans with a new lender under a new terms and conditions, and the Group is now in compliance with the new set of covenants.

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

	Group	
	2011	**2010**
	Rp'million	**Rp'million**
Cash flows from operating activities		
Profit/ (loss) before tax	61,518	(127,612)
Adjustments:		
Depreciation of property, plant and equipment	66,689	108,447
Interest expense & financial charges	24,167	49,956
Post employment benefits expense	15,175	13,425
Amortisation of land use rights	3,204	3,877
Gain on sales of property, plant and equipment	(603)	(413)
Interest income	(1,472)	(1,244)
Foreign exchange gain	(4,551)	(51,078)
Share of result of an associate	-	129,353
Inventories written-off due to fire incident	-	18,720
Property, plant and equipment written-off	-	2,961
Amortisation of intangible assets	-	456
Gain on change in fair value of biological assets	-	(5,286)
Operating cash flow before changes in working capital	164,127	141,562
Changes in working capital		
Inventories	(54,504)	(53,461)
Trade and other receivables	(14,672)	20,114
Prepaid operating expenses	2,467	39,264
Advance to suppliers	(19,519)	(18,044)
Trade and other payable	9,208	(10,234)
Other liabilities	15,753	(30,325)
Advance from customers	14,831	34,863
Other non-current assets	8,935	(11,718)
Cash flow provided by operations	126,626	112,021
Income tax paid	(17,433)	(16,243)
Net cash provided by operating activities	109,193	95,778
Cash flows from investing activities		
Purchase of property, plant, and equipment	(29,539)	(25,141)
Additions of biological assets	(10,665)	(753)
Additions to land use rights	(375)	-
Interest received	1,472	1,244
Payment of other non-current assets	(10,436)	-
Proceeds from disposal of property, plant and equipment	-	3,121
Net cash outflows arising from the dilution of a subsidiary	-	(17,037)
Subscription of associate company's rights issue	-	(12,814)
Addition of intangible assets	-	(1,072)
Net cash used in investing activities	(49,543)	(52,452)

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

	Group	
	2011	2010
	Rp'million	Rp'million
Cash flows from financing activities		
Drawdown of short term bank borrowings	96,152	94,382
Repayment of short term bank borrowings	(93,636)	(145,517)
Proceeds from long-term loans	21,148	-
Repayments of long-term borrowings	(113,400)	(187,048)
Proceed from sale and lease back transactions - finance lease arrangements	25,611	-
Interest expense paid	(24,317)	(38,914)
Withdrawal of restricted deposits	12,397	94,744
Proceeds from issuance of ordinary shares, net	-	190,270
Repayment of short term borrowing from a company related to a substantial shareholder	-	(94,744)
Net cash used in financing activities	(76,045)	(86,827)
Net decrease in cash and cash equivalents	(16,395)	(43,501)
Cash and cash equivalents at beginning of period	74,945	110,868
Cash and cash equivalents at end of period	58,550	67,367

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	Rp'million
Balance at 1 January 2011	461,251	2,134,271	(1,985,162)	309,050	-	458,159	3,092
Total comprehensive income for the period	41,195	-	39,857	-	581	40,438	757
Balance at 30 September 2011	**502,446**	**2,134,271**	**(1,945,305)**	**309,050**	**581**	**498,597**	**3,849**
Balance at 1 January 2010	602,441	1,943,866	(1,760,182)	309,050	-	492,734	109,707
Issuance of ordinary shares, net	190,270	190,270	-	-	-	190,270	-
Effect of deconsolidated subsidiary	(103,570)	-	-	-	-	-	(103,570)
Total comprehensive income for the period	(140,804)	-	(139,349)	-	-	(139,349)	(1,455)
Balance at 30 September 2010	**548,337**	**2,134,136**	**(1,899,531)**	**309,050**	**-**	**543,655**	**4,682**

Company

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1 January 2011	2,134,271	(1,463,551)	670,720
Total comprehensive income for the period - loss	-	(11,590)	(11,590)
Balance at 30 September 2011	**2,134,271**	**(1,475,141)**	**659,130**
Balance at 1 January 2010	1,943,866	(1,451,009)	492,857
Issuance of ordinary shares	190,270	-	190,270
Total comprehensive income for the period - loss	-	(8,849)	(8,849)
Balance at 30 September 2010	**2,134,136**	**(1,459,858)**	**674,278**

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

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group and Company
	Number of shares
At 30 September 2011 and 31 December 2010	1,347,243,843

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

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

Not applicable, as there were no shares held as treasury shares as at 30 September 2011 and 31 December 2010.

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

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

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

Not applicable.

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

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

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Plese refer to point 4.

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

	Group		Group	
	3rd Qtr 1 Jul 2011 to 30 Sep 2011	3rd Qtr 1 Jul 2010 to 30 Sep 2010	1 Jan 2011 to 30 Sep 2011	1 Jan 2010 to 30 Sep 2010
Weighted average number of ordinary shares for basic earnings per share computation	1,347,243,843	1,347,243,843	1,347,243,843	1,308,740,159
Weighted average number of ordinary shares for diluted earnings per share computation	1,347,243,843	1,347,243,843	1,347,243,843	1,308,740,159
	Rp (full amount)	Rp (full amount)	Rp (full amount)	Rp (full amount)
Profit/ (loss) per share attributable to owners of the Company				
Basic	7	(27)	30	(106)
Diluted	7	(27)	30	(106)

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

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

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

	Group		Company	
	30 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
Net assets for the year attributable to owners of the Company used in computation of net asset valuer per share (Rp'million)	498,597	458,159	659,130	670,720
Number of ordinary shares at the end of the period	1,347,243,843	1,347,243,843	1,347,243,843	1,347,243,843
Net asset value per ordinary share (Rp full amount)	370	340	489	498

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

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

On the back of higher sales and in the absence of share of losses of our investment in PT Sumalindo Lestari Jaya Tbk ("Sumalindo") - we diluted our interest in Sumalindo, a former subsidiary, at the end of 1Q 2010, our results improved from a loss of Rp36 billion in 3Q 2010 to a profit of Rp10 billion in this quarter.

For the nine-month period ended 30 September 2011, had we excluded the results of Sumalindo, our revenue and gross profit would have improved by 19% and 58% respectively. These were spurred mainly by better export sales volume and better overall pricing achieved during the period. For the same period ended, we reported a net profit of Rp41 billion versus loss of Rp140 billion in 2010. The turnaround was attributable mainly to better gross profit achieved during the period and not having to account for the impairment of investment in Sumalindo and its adverse results in the current period. Impairment made in 2010 amounted to Rp97 billion.

Revenue

	Group			Group		
	3rd Qtr 1 Jul 2011 to 30 Sep 2011	3rd Qtr 1 Jul 2010 to 30 Sep 2010	Increase/ (decrease)	1 Jan 2011 to 30 Sep 2011	1 Jan 2010 to 30 Sep 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Domestic sales	473,237	367,248	29%	1,400,026	1,368,541	2%
Export sales	140,775	81,774	72%	397,074	277,277	43%
Total	614,012	449,022	37%	1,797,100	1,645,818	9%

Our overall revenue in 3Q 2011 increased by 37% as compared to 3Q 2010. Both export and domestic sales revenue registered an increase of 29% and 72% respectively. The overall surge came mainly from the export sales, backed largely by demands from Japan and Middle East. Our export sales volume has increased by 67% while the domestic demands improved by 12% over the same period last year. Overall, our sales volume reported a net increase of 19% and our overall average selling price improved 15% as compared to 3Q 2010.

On a nine-month basis, had we excluded the revenue of Sumalindo in 1Q 2010, our revenue would have been increased by Rp292 billion or 19%. The surge was mainly attributable to better export sales. Overall, our sales volume and average selling price have generally improved over the same period last year.

Cost of sales

	Group			Group		
	3rd Qtr 1 Jul 2011 to 30 Sep 2011	3rd Qtr 1 Jul 2010 to 30 Sep 2010	Increase/ (decrease)	1 Jan 2011 to 30 Sep 2011	1 Jan 2010 to 30 Sep 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Raw material used	262,149	190,895	37%	832,666	725,802	15%
Labour costs	97,228	73,562	32%	291,979	256,021	14%
Factory overhead	124,379	96,167	29%	365,424	406,917	-10%
Movement in finished goods	28,480	46,146	-38%	28,720	78,242	-63%
Total	**512,236**	**406,770**	**26%**	**1,518,789**	**1,466,982**	**4%**

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.

For 3Q 2011, our cost of sales increased by 26% as compared to 3Q 2010. The increase is proportionately lower than that of 37% increase in our revenue for the same period ended. On nine-month basis (exclude Sumalindo), our cost of sales has increased by 14%, slightly lower than the 19% increase in our revenue. The movement between costs and revenue was disproportionate mainly because the increase in the pricing outpaced the costs.

Gross profit

Our gross profit (exclude Sumalindo) improved by 141% and 56% over the respective 3Q 2010 and nine-month period ended. This increase was attributable primarily to higher revenue, spurred mainly from the increase in export sales volume and selling prices. Export sales generally has higher margin.

Other income

For 3Q 2011, our other income decreased to Rp1 billion as compared to Rp6 billion in 3Q 2010. On the nine-month basis, the income was down by Rp75 billion to Rp7 billion. The decrease was mainly due to deconsolidation effect of Sumalindo (Rp42 billion) as well as absence of insurance claim of Rp21 billion and higher exchange gain recognised in 2010.

Selling expenses

In line with the improvement in sales (particularly export), our selling expenses surged 41% over 3Q 2010.

On the nine-month basis, the expenses were comparable to that of the last period. Had we excluded Sumalindo, our selling expenses would have been increased by11% over the corresponding nine-month period. This was in line with the increase in our sales.

General and administration ("G&A") Expenses

Our G&A expenses have increased by 28% over both 3Q 2010 and the nine-month ended 2010 (exclude Sumalindo). This was mainly due to increase in staff salary and benefits (including salary adjustment). Our headcount and travelling activities have generally increased as we expand our business activities, particularly, in our downstream business and export markets.

Finance expenses

Our finance expenses have decreased as compared to both 3Q and nine-month period ended 2010 (exclude Sumalindo). This was mainly due to pay down of our loans.

Other Expenses

Our other expenses increased and decreased by 93% and 67% respectively over 3Q and nine-month period ended 2010 (exclude Sumalindo). The changes in 3Q was mainly due to exchange loss as a result of strengthening of US dollar while the movement in the nine-month period was due mainly to one off write off of inventories and property, plant and equipment amounted to Rp22 billion in 2010 following a fire incident.

Taxation

Our tax expenses comprise the following:

	Group			Group		
	3rd Qtr 1 Jul 2011 to 30 Sep 2011	3rd Qtr 1 Jul 2010 to 30 Sep 2010	Increase/ (decrease)	1 Jan 2011 to 30 Sep 2011	1 Jan 2010 to 30 Sep 2010	Increase/ (decrease)
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Current income tax	(7,289)	347	-2201%	(22,758)	(4,819)	372%
Deferred income tax	2,868	(1,851)	-255%	1,854	(7,880)	n.m
Under provision of prior years taxes	-	-	n.m	-	(493)	-100%
Total	(4,421)	(1,504)	194%	(20,904)	(13,192)	58%

Indonesia adopts individual company income tax system.

Our effective tax rate was higher in 3Q 2011 and nine-month period ended 2011. 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 decreased by 4% as compared to that in 31 December 2010. This was due mainly to recurring depreciation of assets of Rp67 billion, offset by the increase mainly in the acquisitions of property, plant and equipment of Rp30 billion and biological assets of Rp11 billion.

For the same period ended, the current assets increased by Rp57 billion to Rp510 billion. The increase was due mainly to higher inventories and trade receivables as our production and sales volume (particularly for export) grew. Our advances to suppliers have also increased as result of higher down payment made for the purchase of machinery and logs for the period ended 30 September 2011.

Our Group's current liabilities decreased by Rp35 billion to Rp447 billion as at 3Q 2011. This was contributed mainly by repayment of loans outpacing the increase in other liabilities and advances from customers. Other liabilities comprise mainly accrual of operating expenses and value added tax ("VAT") payable. The increase in other liability was attributed mainly to timing differences in the payment of VAT. Increase in the advances from customers was in line with the increase in sales activities.

Overall, our Group net working capital position improved by Rp92 billion due mainly to our operating income, pay down of loans and better working capital management.

Our Group non-current portion of long term borrowings increased by Rp10 billion to Rp195 billion as at 3Q 2011. This attributed mainly to 1) a new loan obtained, 2) reclassification of certain portion of long-term loan to short-term according to their maturity date and 3) the exchange effect arising the stronger US Dollar exchange rate versus Rupiah.

Statement of Cash Flow

During the period, we generated Rp109 billion from our operations and incurred net cash outflow of Rp50 billion and Rp76 billion from our investing and financing activities respectively. Net cash used for the period was Rp16 billion versus Rp44 billion for the nine-month period ended 2010.

Our cash generated from operating activities increased by Rp13 billion as compared to the nine-month period ended 2010. This was due mainly to the higher sales achieved and the effect of deconsolidation of Sumalindo.

Our cash outflow in the investing activities slightly reduced as compared to the previous period. For the period ended 30 September 2011, our capital expenditure increased by Rp25 billion and this was offset by deconsolidation effect of Sumalindo and the cash paid for the subscription of the Sumalindo's rights issue in 1Q 2010.

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

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

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

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

The impact of the FX movements on our profitability is dependent on, *inter alia,* the sensitivity of our loans denominated in US dollar. As at the balance sheet date, we have entered into a contract to convert part of our US Dollar loans totaling US$2.2 million to Indonesian Rupiah denomination loan of Rp20 billion based on the exchange rate of Rp9,030 to US$1. Subsequent to 30 September 2011, we have refinanced the loan with loan denominated in Indonesia Rupiah.

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

	Group
Exchange rate 1 US$ is equal to:	2011 Rp'million
Actual	Profit after tax for the period ended 30 September attributable to owners of the Company
8,823	39,857
Test rate	Increase/ (decrease)
9,100	(4,874)
9,000	(3,114)
8,900	(1,355)
8,800	405
8,700	2,164
8,600	3,924
8,500	5,683

Note:
- Exchange rate of Indonesian Rupiah ("Rp") to 1US$ at 30 September2011 was Rp8,823
- Exchange rate of Rp to 1US$ at 31 December 2010 was Rp8,991
- Exchange rate of Rp to 1US$ at 14 November 2011 was Rp8,955
- Our US$ borrowings as of 30 September 2011 amounts to US$23.46 million (excluded the converted amount as mentioned above).

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

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

3) As mentioned previously, the Group will have higher amount of bank loan repayment obligations as compared to 2010 (certain loans maturing in 2011). The Group may also require additional working capital to implement its strategies to generate more revenue and improved its margin.

As of the date of this report, the Group has completed the refinancing of its existing significant financing facilities in which additional funding was secured and the entire new financing facilities has longer tenure of repayment. The details of the new financing facilities were announced on 27 October 2011. Barring unforeseen circumstances, we believe with the new funding, the Group will be able to implement its strategies effectively.

The Group is to account for a one off finance cost of US$1.9 million when the existing loan facilities are refinanced as mentioned above. In the interim reporting, these expenses are accounted for at the point of refinancing which took place in the last quarter of 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/recommended, a statement to that effect.

No dividend for financial period ended 30 September 2011 has been declared.

13. Interested person transactions.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	2011	
	Rp'million	Rp'million
PT Pelayaran Nelly Dwi Putri Time charter of tug and barges; and Freight expense (The transactions pursuant to shareholders' approval on 10 August 2010)	15,543	-
PT Bioforest Indonesia Installments for the purchase of trees (Transaction was entered into between parties prior to the IPO of the Company's shares)	3,655	-
PT Wahana Sekar Agro Cooperation for cultivation of trees	2,436	-
Noah Shipping Pte Ltd Consulting service for transshipment	315	-

14. Statement by Directors pursuant to rule 705(5) of the SGX Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Directors which may render the unaudited financial statements for the third quarter ended 30 September 2011 to be false or misleading in any material respects.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
14 November 2011