

SAMKO TIMBER LIMITED

Company Registration Number: 200517815M

Unaudited Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30/06/2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF SECOND QUARTER RESULTS

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

Group	3-month ended			6-month ended		
	30/6/2015	30/6/2014	Change	30/6/2015	30/6/2014	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%	<i>Rp'million</i>	<i>Rp'million</i>	%
Revenue	843,475	777,903	8	1,649,008	1,588,581	4
Cost of sales	(723,809)	(661,091)	9	(1,414,091)	(1,326,050)	7
Gross profit	119,666	116,812	2	234,917	262,531	(11)
Other items of income						
Interest income	154	16	863	276	316	(13)
Other income	1,879	2,501	(25)	1,771	2,411	(27)
Other items of expenses						
Selling expenses	(40,477)	(35,254)	15	(74,693)	(69,871)	7
General & administrative expenses	(72,197)	(66,480)	9	(147,242)	(126,115)	17
Finance expenses	(21,039)	(15,513)	36	(40,941)	(29,831)	37
Other expenses	(49,340)	(13,386)	269	(78,185)	(12,799)	511
(Loss) profit before tax	(61,354)	(11,304)	443	(104,097)	26,642	n.m
Taxation	(3,192)	240	n.m	(9,526)	(13,269)	(28)
Net (loss) profit for the period	(64,546)	(11,064)	483	(113,623)	13,373	n.m
Other comprehensive income:						
Items that will not be reclassified to profit or loss:						
Net actuarial loss on post-employment benefits	(1,344)	(841)	60	(2,702)	(1,606)	68
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation gain (loss)	3,845	(1,717)	n.m	124	7,396	(98)
Total comprehensive income for the period	(62,045)	(13,622)	355	(116,201)	19,163	n.m
Net (loss) profit attributable to:						
Owners of the Company	(64,536)	(10,770)	499	(113,988)	13,651	n.m
Non-controlling interests	(10)	(294)	(97)	365	(278)	n.m
	(64,546)	(11,064)	483	(113,623)	13,373	n.m
Total comprehensive income attributable to:						
Owners of the Company	(62,030)	(13,319)	366	(116,550)	19,450	n.m
Non-controlling interests	(15)	(303)	(95)	349	(287)	n.m
	(62,045)	(13,622)	355	(116,201)	19,163	n.m

n.m : not meaningful

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

Group	3-month ended			6-month ended		
	30/6/2015	30/6/2014	Change	30/6/2015	30/6/2014	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%	<i>Rp'million</i>	<i>Rp'million</i>	%
Loss on foreign exchange, net	(12,194)	(12,616)	(3)	(38,391)	(4,478)	757
Gain on disposal of property, plant and equipment	153	-	n.m	166	40	315
Allowance for doubtful receivables	(2,299)	(379)	507	(2,657)	(661)	302
Amortisation of intangible assets	(331)	(326)	2	(659)	(653)	1
Amortisation of land use rights	(990)	(812)	22	(1,947)	(1,486)	31
Workers voluntarily separation expenses*)	-	-	-	-	(5,526)	(100)
Post employment benefits expenses	(9,871)	(8,995)	10	(19,742)	(17,422)	13
Interest expense	(18,506)	(14,396)	29	(37,183)	(27,698)	34
Depreciation of property, plant and equipment	(30,777)	(27,913)	10	(63,710)	(56,271)	13
Insurance claim	-	1,107	(100)	-	1,107	(100)
Inventories written-down	(30,239)	-	n.m	(30,239)	-	n.m

*) Included in "Other expenses" on page 11 of the announcement

n.m : not meaningful

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

	Group		Company	
	30/6/2015 Rp'million	31/12/2014 Rp'million	30/6/2015 Rp'million	31/12/2014 Rp'million
Non-current assets				
Property, plant and equipment	692,064	679,537	192	236
Intangible assets ⁽¹⁾	35,289	35,825	-	-
Investment in subsidiary companies	-	-	620,449	620,449
Investment in an associate ⁽²⁾	-	-	-	-
Biological assets	57,591	55,500	-	-
Land use rights	68,833	67,806	-	-
Deferred tax assets	102,689	93,241	-	-
Other non-current assets	23,963	43,222	-	9
	980,429	975,131	620,641	620,694
Current assets				
Inventories	632,157	596,073	-	-
Trade and other receivables	222,731	234,526	49,295	45,986
Prepaid operating expenses	72,153	55,865	499	484
Advances to suppliers	58,521	65,332	-	361
Restricted deposits	7,465	7,589	-	-
Cash and cash equivalents	66,491	107,073	8,649	7,276
	1,059,518	1,066,458	58,443	54,107
Current liabilities				
Trade and other payables	291,963	258,152	22,490	14,685
Other liabilities	133,001	136,227	2,030	3,807
Advances from customers	15,573	15,045	-	995
Provision for taxation	14,754	21,317	-	-
Loans and borrowings	383,046	367,385	-	-
	838,337	798,126	24,520	19,487
Net current assets	221,181	268,332	33,923	34,620
Non-current liabilities				
Loans and borrowings	464,660	410,026	-	-
Post-employment benefits	237,216	217,544	-	-
Deferred tax liabilities	2,434	2,392	-	-
	704,310	629,962	-	-
Net assets	497,300	613,501	654,564	655,314
Equity attributable to owners of the Company				
Share capital	2,188,645	2,188,645	2,188,645	2,188,645
Accumulated losses	(2,013,486)	(1,896,810)	(1,534,081)	(1,533,331)
Other reserves	312,374	312,248	-	-
	487,533	604,083	654,564	655,314
Non-controlling interests	9,767	9,418	-	-
	497,300	613,501	654,564	655,314

Notes:

- (1) Included in the intangible assets is goodwill arising from the acquisition of subsidiaries of Rp25,992 million.
- (2) Represents the Company's 24.6% investment in PT SLJ Global Tbk (formerly PT Sumalindo Lestari Jaya Tbk). Full provision of impairment has been made for this investment previously.

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

Amount repayable in one year or less, or on demand

As at 30/6/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
383,046	-	367,385	-

Amount repayable after one year

As at 30/6/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>	<i>Rp'million</i>
464,660	-	410,026	-

Details of any collateral

As at 30 June 2015, our bank borrowings are secured by the following:

- (1) Land use rights, buildings, machinery and equipment, inventories, account receivables, collection and restricted deposits of a subsidiary, and corporate guarantees from the Company and certain subsidiaries of the Company. The loan facilities from our major lenders also include a clause demanding mandatory repayment of all the loan facilities if (i) there is any reduction in direct and/or indirect shareholding interests of PT Sumber Graha Sejahtera ("PT SGS") by Sampoerna Strategic Group, or (ii) the representatives appointed by Sampoerna Strategic Group are no longer present in PT SGS; or (iii) Mr Putera Sampoerna and his family is directly or indirectly no longer the controlling ultimate beneficiary owner of PT SGS and the Company. 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.

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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	6-month ended	
	30/6/2015	30/6/2014
	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from operating activities		
(Loss) profit before tax	(104,097)	26,642
Adjustments:		
Depreciation of property, plant and equipment	63,710	56,271
Interest expense	37,183	27,698
Post-employment benefits expense	19,742	17,422
Foreign exchange loss	33,007	2,358
Amortisation of land use rights	1,947	1,486
Allowance for doubtful receivables	2,657	661
Inventories written-down	30,239	-
Amortisation of intangible assets	659	653
Interest income	(276)	(316)
Gain on disposal of property, plant and equipment	(166)	(40)
Operating cash flow before changes in working capital	84,605	132,835
Changes in working capital :		
Inventories	(66,323)	(119,171)
Trade and other receivables	9,138	(4,939)
Prepaid operating expenses	(16,288)	(8,346)
Advances to suppliers	6,811	4,066
Trade and other payable	33,811	34,204
Other liabilities	(7,127)	17,570
Advance from customers	528	(1,265)
Other non-current assets	49	619
Cash flow provided by operations	45,204	55,573
Income tax paid, net of refund	(24,854)	(22,112)
Post-employment benefit paid	-	(3,953)
Net cash flows provided by operating activities	20,350	29,508
Cash flows from investing activities		
Purchase of property, plant and equipment (Note (i))	(57,235)	(89,166)
Additions of land use rights	(2,179)	(844)
Additions of biological assets	(2,091)	(2,382)
Interest received	276	316
Proceeds from disposal of property, plant and equipment	166	158
Net cash flows used in investing activities	(61,063)	(91,918)

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Group	6-month ended	
	30/6/2015	30/6/2014
	<i>Rp'million</i>	<i>Rp'million</i>
Cash flows from financing activities		
Drawdown of loans and borrowings	1,074,855	989,492
Repayment of loans and borrowings	(1,044,265)	(945,648)
Interest paid	(33,071)	(29,865)
Withdrawal of restricted deposits	301	20,421
Net cash flows (used in) provided by financing activities	<u>(2,180)</u>	<u>34,400</u>
Net decrease in cash and cash equivalents	(42,893)	(28,010)
Effect of exchange rate changes on cash and cash equivalent	2,311	(537)
Cash and cash equivalents at beginning of period	<u>107,073</u>	<u>102,841</u>
Cash and cash equivalents at end of period	<u><u>66,491</u></u>	<u><u>74,294</u></u>

Notes:

(i) Purchase of property, plant and equipment

Property, plant and equipment were purchased by:

- Cash payment	57,235	89,166
- Reclassification of advances made in previous period for the purpose of property, plant and equipment	19,210	-
- Advances for purchase of property, plant and equipment	-	(30,108)
- Finance lease	560	-
	<u>77,005</u>	<u>59,058</u>

The acquisitions above were made in the ordinary course of business and they were mainly machinery and equipment for use in the operations.

(ii) Non-cash transaction:

Reclassification of other non-current assets to land use rights	-	10,436
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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	Total equity
	Share capital	Accumulated losses	Restructuring reserves	Foreign currency translation reserve	Total		
	Rp'million	Rp'million	Rp'million	Rp million	Rp'million		
Balance at 1/1/2015	2,188,645	(1,896,810)	309,050	3,198	604,083	9,418	613,501
(Loss) profit for the period	-	(113,988)	-	-	(113,988)	365	(113,623)
Other comprehensive income for the period:							
- Net actuarial loss on post-employment benefits	-	(2,688)	-	-	(2,688)	(14)	(2,702)
- Foreign currency translation gain (loss)	-	-	-	126	126	(2)	124
	-	(2,688)	-	126	(2,562)	(16)	(2,578)
Total comprehensive income for the period	-	(116,676)	-	126	(116,550)	349	(116,201)
Balance at 30/6/2015	2,188,645	(2,013,486)	309,050	3,324	487,533	9,767	497,300
Balance at 1/1/2014	2,188,645	(1,868,263)	309,050	(605)	628,827	11,844	640,671
Profit (loss) for the period	-	13,651	-	-	13,651	(278)	13,373
Other comprehensive income for the period:							
- Net actuarial loss on post-employment benefits	-	(1,597)	-	-	(1,597)	(9)	(1,606)
- Foreign currency translation gain	-	-	-	7,396	7,396	-	7,396
	-	(1,597)	-	7,396	5,799	(9)	5,790
Total comprehensive income for the period	-	12,054	-	7,396	19,450	(287)	19,163
Balance at 30/6/2014	2,188,645	(1,856,209)	309,050	6,791	648,277	11,557	659,834

Company	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	Rp'million	Rp'million	Rp'million
Balance at 1/1/2015	2,188,645	(1,533,331)	655,314
Total comprehensive income for the period	-	(750)	(750)
Balance at 30/6/2015	2,188,645	(1,534,081)	654,564
Balance at 1/1/2014	2,188,645	(1,473,725)	714,920
Total comprehensive income for the period	-	(1,843)	(1,843)
Balance at 30/6/2014	2,188,645	(1,475,568)	713,077

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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 was no change in the Company's shares during the period ended 30 June 2015.

- 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.**

	<u>Number of shares</u>
At 30 June 2015 and 31 December 2014	1,401,445,464

There were no shares held as treasury shares as at 30 June 2015 and 31 December 2014.

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

Not applicable, as there were no shares held as treasury shares as at 30 June 2015 and 31 December 2014.

- 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.**

The Group has adopted the new and revised accounting standards which came into effect for the financial year beginning 1 January 2015 and has applied the same accounting policies and methods of computation as those of the previous financial year ended 31 December 2014. The adoption of the new and revised accounting standards has no material impact on the financial statements of the Group and the Company for the period ended 30 June 2015.

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.

- 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.

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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	3-month ended		6-month ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
Weighted average number of ordinary shares for basic earnings per share computation	1,401,445,464	1,401,445,464	1,401,445,464	1,401,445,464
Weighted average number of ordinary shares for diluted earnings per share computation	1,401,445,464	1,401,445,464	1,401,445,464	1,401,445,464
	Rp (full amount)	Rp (full amount)	Rp (full amount)	Rp (full amount)
Earnings per share attributable to owners of the Company				
Basic and diluted	(46)	(8)	(81)	10

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	
	30/6/2015	31/12/2014	30/6/2015	31/12/2014
Net assets for the period attributable to owners of the Company used in computation of net asset value per share (Rp'million)	487,533	604,083	654,564	655,314
Number of ordinary shares at the end of the period	1,401,445,464	1,401,445,464	1,401,445,464	1,401,445,464
Net asset value per ordinary share (Rp full amount)	348	431	467	468

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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 Rp114 billion in 1H 2015 as compared to a net profit of Rp13 billion in 1H 2014.

Our export sales improved but it failed to offset the effects of lower domestic sales. The results were also affected by higher production costs and operating expenses, foreign exchange loss incurred of Rp38 billion (due mainly to unrealised exchange loss on foreign currency loans) and write-down of inventories of Rp30 billion in this quarter.

The Group reported a net loss of Rp64 billion in 2Q 2015. The performance was affected by the same factors as mentioned above.

Revenue

Group	3-month ended			6-month ended		
	30/6/2015	30/6/2014	Change	30/6/2015	30/6/2014	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%	<i>Rp'million</i>	<i>Rp'million</i>	%
Domestic sales	512,164	534,801	(4)	1,034,376	1,112,719	(7)
Export sales	331,311	243,102	36	614,632	475,862	29
Total	843,475	777,903	8	1,649,008	1,588,581	4

Our export sales continued to perform well. Our export sales increased by 36% to Rp331 billion in 2Q 2015 and it improved by 29% for the first half of this year. The export price remains relatively stable but our export sales volume improved 39% and 26% in 2Q and 1H 2015 respectively. The composition of our export sales to overall sales rose from 31% to 39% in 2Q 2015 and from 30% to 37% in 1H 2015.

The Group's domestic sales deteriorated in 2Q and 1H 2015. Owing to weaker economic conditions domestically, the demand for our products slow down. Our domestic selling prices remain relatively stable but the sales volume decreased by 1% and 7% in 2Q and 1H 2015 respectively.

Cost of sales

Group	3-month ended			6-month ended		
	30/6/2015	30/6/2014	Change	30/6/2015	30/6/2014	Change
	<i>Rp'million</i>	<i>Rp'million</i>	%	<i>Rp'million</i>	<i>Rp'million</i>	%
Raw material	303,795	317,157	(4)	623,188	651,709	(4)
Labour costs	195,276	178,149	10	388,719	356,663	9
Factory overhead	218,274	187,326	17	435,257	411,321	6
Movement in finished goods	6,464	(21,541)	n.m	(33,073)	(93,643)	(65)
Total	723,809	661,091	9	1,414,091	1,326,050	7

Our raw materials 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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Raw material costs reduced because of the lower production activities in the period under review. The increase in the overall costs of sales was mainly due to higher sales volume, increase in labour and other overheads costs.

Gross profit

Our gross profit increased by 2% in 2Q 2015. This was mainly due to higher sales generated from export more than the lower local sales. For 1H 2015, the gross profit was lower as compared to 1H 2014. This was mainly due to lower domestic sales and higher production costs.

Other Income

Other income in 2Q and 1H 2014 comprises mainly a one-off insurance claim of Rp1 billion.

Selling expenses

The increase in the selling expenses came mainly from the increase in the freight costs, which was in line with the increase in the export activities.

General and administration (“G&A”) expenses

Our G&A expenses have increased over that of previous periods due mainly to increase in staff costs, pension expenses, insurance expenses, and training expenses.

Finance Expenses

Our finance expenses relate mainly to interest expense. The increase was mainly due to drawdown of additional loans for capital expenditure and working capital.

Other expenses

Other expenses comprises mainly foreign exchange loss of Rp12 billion and write-down of inventories of Rp30 billion in 2Q 2015. For 1H 2015, it comprises mainly foreign exchange loss of Rp38 billion and write-down of inventories of Rp30 billion.

The strengthening of US dollar has resulted in the foreign exchange loss, mainly because of translation of our US dollar denominated loans.

Taxation

Our tax expenses comprise the following:

Group	3-month ended			6-month ended		
	30/6/2015	30/6/2014	Change	30/6/2015	30/6/2014	Change
	Rp'million	Rp'million	%	Rp'million	Rp'million	%
Current income tax	(6,636)	(10,290)	(36)	(16,908)	(26,151)	(35)
Deferred income tax	4,668	10,530	(56)	8,765	12,882	(32)
Under provision of prior years taxes	(1,224)	-	n.m	(1,383)	-	n.m
Total	<u>(3,192)</u>	<u>240</u>	<u>n.m</u>	<u>(9,526)</u>	<u>(13,269)</u>	<u>(28)</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 and losses of certain subsidiaries which are not recognized due to the uncertainty of its recovery.

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- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Statement of Financial Position

The Group's property, plant and equipment increased by Rp12 billion. This was due mainly to addition of fixed assets of Rp77 billion primarily for production facilities offset by the depreciation charges incurred during the period.

Our trees planting program continued and we have incurred Rp2 billion in various estates in 1H 2015.

The deferred tax assets increased by Rp9 billion was mainly due to accrual of tax benefits arising from the provision for post-employment benefits.

In 2015, our Group's current assets have decreased by Rp7 billion to Rp1,059 billion. The decrease was due mainly to:

- 1) lower cash position owing mainly to usage for capital expenditure and operations;
- 2) lower trade receivables. This came from lower domestic sales;

the decrease in the above has more than offset the:

- 3) increase in VAT receivables and prepayments. The increase in VAT receivables was mainly due to spending on capital expenditure and timing differences in the recovery of the VAT receivables. Prepayments were made in the ordinary course of business mainly for rental, insurance, purchase of fixed assets and income tax; and
- 4) increase in inventories level for finished goods and indirect materials and spare parts by Rp34 billion.

As at 30 June 2015, our Group's current liabilities have increased by Rp40 billion to Rp838 billion. This was contributed mainly by the:

- 1) increase in the trade and other payables of Rp34 billion which is in line with the changes in the business cycle activities;
- 2) decrease in the other liabilities due mainly to the decrease in VAT payables as a result of lower domestic sales, which partially offset by the increase in accrual of salaries and related benefits costs due mainly to salary adjustments; and
- 3) increase in the short-term borrowings as well as long-term borrowings due within 12 months by Rp16 billion.

For the same period ended, the non-current liabilities have increased by Rp74 billion. This was mainly due to provision for retirement benefits made during the period (increased by Rp20 billion) and drawdown of new loans (net increased by Rp55 billion).

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Statement of Cash Flow

During the period, the Group generated cash inflow of Rp24 billion from operations and outflow of Rp61 billion and Rp6 billion from investing and financing activities, respectively. Net cash decreased by Rp43 billion.

Our cash generated from operations was lower than previous period. This attribute mainly to operating losses caused by lower domestic sales, higher production costs and operating expenses incurred. In addition, cash generated was mainly used to reinvest in the production of goods and purchase of materials.

Our cash used in the investing activities were mainly for acquisitions of property, plant and equipment and expenditure on trees planting and land use rights for our upstream activities.

Our cash flow in the financing activities relates mainly to net drawdown of additional loans. The repayments of bank borrowings and its interests were in accordance with the repayments schedule.

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 increasing 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 profit arising from the possible change in the US exchange rate, assuming all other variables are held constant with tax rate of 25% in Indonesia:

Indonesia Rupiah to US Dollar exchange rates	Loss after tax for the year
(Weakened) / strengthened	Rp114 billion (Increase)/ decrease
	Rp'million
(6%)	(23,343)
(4%)	(15,563)
(2%)	(7,781)
2%	7,781
4%	15,563
6%	23,343

Exchange rates:

	US\$1
- 13 August 2015	Rp13,747
- 30 June 2015	Rp13,332
- 31 December 2014	Rp12,440
- 30 June 2014	Rp11,969

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- 2) We continue to experience increase in wages and other overheads, like in the last two years. Owing to falling oil prices, we may expect a more moderate increase in these costs this year. We caution that the inflationary costs pressure remains and we will monitor the situation and take further actions to mitigate the costs pressure and strive to remain competitive.
- 3) Slow down and uncertainty in the Indonesian economy have affected the demands of our products locally and it may continue to be so in the near term. Having said, we expect the government and private spending on the infrastructures in Indonesia will spur the local economy and hence cushion the lower demands currently. We also expect our export sales to improve and our decking products sales to pick up. However, we caution that the weakening of currencies in certain export markets may affect our export sales. To overcome these challenges, we strive to expand to the other markets.
- 4) The continuing efforts of our products innovation initiatives have produced some positive results. Our initiative includes converting the production of partial truck body parts using environmental friendly (eco) materials to full truck body parts using eco materials. We will continue to explore, develop and be innovative in our product offerings and manage our production efficiently. Our strategy of carrying out own tree planting remains and we believe it will benefit us in the longer term.

11. Dividend.

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend for financial period ended 30 June 2015 has been declared.

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13. Interested person transactions.

The Company does not have a shareholders' mandate under Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The following is the aggregate value of all transactions with interested persons for the 6-month period ended 30 June 2015:

<i>Name of interested person</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 Pelayaran Nelly Dwi Putri <i>Freight expenses</i>	8,391	-
PT Wijaya Triutama Plywood Industri <i>Purchase of veneer</i>	12,580	-
PT Sampoerna Land <i>Office rental</i>	2,306	-
PT Wahana Sekar Agro <i>Cooperation for cultivation of trees</i>	672	-

Certain Sunarko family members are substantial shareholders of PT Pelayaran Nelly Dwi Putri Tbk (a listed company in Indonesia) and PT Wijaya Triutama Plywood Industri. They are also substantial shareholders and directors of the Company.

PT Sampoerna Land (formerly PT Buana Sakti) and PT Wahana Sekar Agro 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 second quarter ended 30 June 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
13 August 2015