

SAMKO TIMBER LTD

Company Registration Number: 200517815M

PROFIT WARNING

Taking into consideration the developments to date, the Board of Directors of Samko Timber Limited (the "Company" and, together with its subsidiaries, the "Group") has considered it appropriate to issue this announcement with respect to the consolidated financial results of the Company for the financial year ended 31 December 2008 ("FY2008").

The Directors are of the view that the Company's performance in the fourth quarter of 2008 will still be negatively affected compared to the third quarter's results, due mainly to the adverse global economic climate and deteriorating market conditions. Orders from our customers in Indonesia and major export markets like Korea, Japan, United States and the Middle East, have been slowing down and the selling prices for our products have also weakened. With production and operating costs remaining at current levels viz-a-viz our declining selling price, our margin in the last quarter has been affected.

As at 31 December 2008, the Rupiah closing rate was at Rp10,950 per US\$1. The expected foreign exchange loss for the Fourth Quarter 2008 is around Rp364 billion (approximately US\$33 million). The Company is currently also assessing a further mark down on its provision for goodwill in relation to the share value of one of its subsidiaries listed in the Indonesian Stock Exchange, namely, PT Sumalindo Lestari Jaya Tbk. For these reasons, the Company's consolidated financial results for FY2008 are expected to show a significant loss as compared to the consolidated financial results for the financial year ended 31 December 2007.

Further details of the Group's financial performance will be disclosed in the announcement of the Company's unaudited consolidated financial results for FY2008, which is scheduled to be released on 26 February 2009.

PAYMENT DEFAULT BY A SUBSIDIARY

The Company has also been informed by one of its subsidiaries that a payment default has occurred. The management of the subsidiary is currently in discussion with the relevant bank for a rescheduling of its debts obligation. The management of the Company is currently assessing the impact of this situation to the Group and will provide further updates should there be any material developments.

RESCHEDULING OF DEBT PAYMENTS

In order to prudently manage the challenges facing the Group, the Group has requested the banks to reschedule the debts of some of its subsidiaries. As of the date of this announcement the Group is still negotiating with the relevant banks and financial institutions. In the event the debts rescheduling are not approved by the relevant banks and financial institutions, there is no assurance, given current market conditions, that the Group would be able to meet all of its payment obligations on time. The Company will update its shareholders on the status of its debt rescheduling efforts should there be any material developments.

The Directors are cognizant of the difficult and challenging conditions facing the Company. In this regards, the Directors will endeavour to address further challenges that may arise and will consider all options to preserve shareholders' value.

By Order of the Board
Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
23 January 2009

Credit Suisse (Singapore) Limited is the Sole Global Coordinator, Bookrunner, Issue Manager and Underwriter for the initial public offering of shares in Samko Timber Limited.