

SAMKO TIMBER LIMITED

(the “**Company**”)

(Company Registration No. 200517815M)

USE OF IPO PROCEEDS

The Board of Directors of the Company (the “**Board**”) refers to the section “Use of Proceeds” on page 36 of the Company’s prospectus dated 18 February 2008 (the “**Prospectus**”) relating to the Company’s initial public offering (“**IPO**”).

The Board wishes to announce that as indicated in the Prospectus, it has:

- applied approximately US\$6.3 million of the IPO proceeds towards partial repayment of the outstanding amount of the term loan from Credit Suisse, Singapore Branch;
- applied approximately US\$2.6 million of the IPO proceeds towards full repayment of the outstanding amount of long-term loans from PT Bank Internasional Indonesia Tbk; and
- applied approximately US\$0.4 million of the IPO proceeds towards full repayment of the outstanding amount of the financing facility from Standard Chartered Bank to the Company’s subsidiary, PT Putra Sumber Utama Timber.

Of the US\$43 million that was allocated to partly finance the expansion of the Group’s production facilities and its logistics and distribution network, approximately US\$34.9 million has been applied to-date towards such purposes. Due to the worsening economic conditions globally, and as the Company believes that it presently has sufficient production capacity, the Company has decided to re-allocate the balance of US\$8.1 million towards working capital purposes, including the repayment of indebtedness.

By Order of the Board
Aris Sunarko @ Ko Tji Kim
Chief Executive Officer
14 November 2008

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.