

## **SAMKO TIMBER LIMITED**

Company Registration No. 200517815M  
(Incorporated in the Republic of Singapore)

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### **QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL**

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Samko Timber Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was placed on the watch-list pursuant to Rule 1311(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST Listing Manual**”) on 3 March 2016 due to the Minimum Trading Price (“**MTP**”) Entry Criterion.

Pursuant to Rule 1313(2) of the SGX-ST Listing Manual, the board of directors (the “**Board**”) of the Company wishes to provide the following updates:-

#### **Unaudited Financial Performance and Financial Position**

The Group reported a net loss of IDR123 billion for the six-month period ended 30 June 2016. The losses came mainly from higher unit production costs as production volume declined, increased in raw material costs, interest expense and remuneration expenses.

For full details on the results and financial position of the Group, please refer to the Company’s results announcement for the financial period ended 30 June 2016 released on 12 August 2016.

#### **Future Direction**

The Board believe that the current unfavourable business environment continues to affect the profitability and liquidity position of the Group. The Company plan to raises funding through additional equity and debts and disposal of non-productive assets to strengthen the liquidity position in the near term. Costs cutting measure is continuing which will benefit the Group in the long term.

The Group expect, however, government and private spending on the infrastructure projects in Indonesia will spur the local economy and hence cushion the lower demand. The Group will strive to diversify its markets to reduce the risks of weak global economy and depreciation of currencies in certain export markets.

#### **Other Material Development**

As announced on 15 August 2016, the Company had, on 15 August 2016, entered into a conditional agreement (the “**Agreement**”) with Mr Koh Tji Kiong @ Amir Sunarko (“**Amir Sunarko**”) pursuant to which the Company has agreed to sell all the 766,275,582 shares (the “**PT SLJ Shares**”) in PT SLJ Global Tbk, which it holds indirectly through its wholly owned subsidiary, PT Sumber Graha Sejahtera, to Mr Amir Sunarko at IDR125 for each PT SLJ Share, for a total consideration of approximately IDR96 billion (the “**Net Proceeds**”), on the terms and subject to the conditions of the Agreement (the “**Proposed Disposal**”).

The Proposed Disposal is in line with the Company’s plan to improve the liquidity and financial position of the Group. In particular, the Proposed Disposal will enable the Company to rationalise its financial and capital resources, strengthen its balance sheet; and divest a non-core asset which is not under its control and allow the Group to focus on its core businesses.

It is expected that the Net Proceeds will be utilised to optimise balance sheet leverage as well as to provide on-going working capital support for business growth.

The Board wishes to inform that the Company is actively considering various options to meet the requirements of the MTP Exit Criterion under Rule 1314(2) of the SGX-ST Listing Manual.

The Board is monitoring the situation closely and will continue to explore all options available for its removal from the watch-list within 36 months from 3 March 2016. The Company will keep shareholders informed of the outcome of the Board's review as and when appropriate.

The Company would like to notify all its shareholders and business partners that while the Company remains on the watch-list, the Company's business shall continue as usual and that trading in its securities will also continue unless a trading halt or suspension is effected.

By Order of the Board

Riko Setyabudhy Handoko  
Executive Director and Chief Executive Officer  
5 September 2016