



SAMPOERNA KAYOE

Samko Timber Limited
Company Registration No: 200517815M

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE REGULATION ON THE ANNOUNCEMENTS RELEASED BY THE COMPANY ON (A) ANNUAL REPORT 2022; (B) MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022; AND (C) CORRIGENDUM TO ANNUAL REPORT 2022

The board of directors (the “**Board**”) of Samko Timber Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by Singapore Exchange Regulation (“**SGX RegCo**”) on 21 April 2023 in relation to the announcements on the (A) Annual Report 2022; (B) Material Variances between Unaudited Financial Statements and Audited Financial Statements for the Financial Year Ended 31 December 2022 (“**FY2022**”) (read together in conjunction with the full FY2022 Audited Financial Statements that form part of the Annual Report 2022); and (C) Corrigendum to Annual Report 2022, released by the Company on 15 April 2023 and 17 April 2023 (collectively, the “**Announcements**”).

The Company would like to provide the following responses on the queries that were raised by SGX RegCo on the Announcements.

Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Announcements.

SGX RegCo Query 1:

Please provide the Board’s assessment on the Company’s ability to continue as a going concern and the basis for its assessment.

Company’s Response:

The Board believes that the Company and the Group are well placed to manage its business risks and have adequate resources to continue as a going concern mainly due to the following:

- (a) As noted in the financial review, the Group recognised a net loss of Rp253 billion for FY2022 which was mainly consisting of net foreign exchange losses of Rp101 billion (Rp69 billion unrealised foreign exchange losses mainly from the USD borrowings), and Rp31 billion from the deferred tax expenses during the year. In FY2022, the Group managed to generate a positive EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation).
- (b) The lenders continue to support the Group as there is no loans repayment default and the Group has been servicing the repayments of the loan principal and its interest as and when they fall due and the utilisation of the borrowing facilities continues as usual, as of 1 March 2023 when the Company announced its full year results and also as of the date of this announcement.
- (c) As the pandemic subsidies and supply chains begin to stabilize, the Group will be able to reduce the freight costs due to the decrease in container costs as shortages of shipping containers ease. The Board believes that the Company and the Group would be able to regain profitability in 2023 due to the significant reduction of freight costs.



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- (d) The Group expects to complete the construction of the factory buildings and infrastructures for Mangole project in the second half of 2023, along with the installation of some machineries needed for production and expects the Mangole project will commence production and increase the Group's production capacity for high quality Plywood and certified Wood Pellet at a lower production cost due to the ample supply of wood and the adoption of the latest production machineries and equipment.
- (e) To improve the performance and liquidity, the Group is exploring several options to raise additional funding e.g. through bank loan facilities, disposal of non-core assets and issue of equity. The Group will continue to monitor the situation and may undertake these actions as and when necessary.

In view of the above, the Board believes that the Company and the Group will be able to meet the operating requirements of the Group's business to fund operational expenditure and to pay its debts as and when they fall due. The Board also believes that the Company and the Group has the ability to operate as a going concern.

SGX RegCo Query 2:

Please provide the Board's opinion and its basis as to whether trading in the shares of the Company should be suspended pursuant to Listing Rule 1303(3).

Company's Response:

The Board is of the opinion that a suspension of trading of the Company's shares pursuant to Listing Rule 1303(3) is not required as the Board believes that the Company and the Group will be able to continue as a going concern given the reasons as responded in SGX RegCo Query 1 above.

SGX RegCo Query 3:

Please provide the Board's confirmation that the Company has made all material disclosures to ensure that its shares can continue to be traded in an orderly manner, and the basis for its assessment.

Company's Response:

The Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner as all material information of the Company and the Group has been announced and will continue to be announced in a timely manner.



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SGX RegCo Query 4:

Please address whether or how the Company has complied with Listing Rule 704(5).

Company's Response:

The Company wishes to emphasize that an unqualified opinion has been issued by its auditors and the basis for the unqualified opinion has been announced on 15 April 2023. A paragraph concerning a "Material Uncertainty Related to Going Concern" has been included in the Independent Auditor's Report in page 76 of the Company's Annual Report 2022 and the auditors had concluded that their opinion was not modified in respect of the emphasis of matter. Therefore, the Board confirms that the Company has complied with Listing Rule 704(5).

By Order of the Board

Riko Setyabudhy Handoko
Executive Director and Chief Executive Officer

24 April 2023