

SAMKO TIMBER LIMITED

ADDENDUM TO THE ANNUAL REPORT 2016

1. USE OF PROCEEDS ARISING FROM RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE (“RIGHTS ISSUE”)

(Unless otherwise defined, all terms used herein shall bear the same meaning as in the Offer Information Statement and announcements dated 9 September 2016, 15 September 2016, 23 October 2016, 11 November 2016, 21 November 2016, 24 November 2016, 12 December 2016 and 16 December 2016 (the “Announcements”)).

The Company refers to the net proceeds (after deducting all costs and expenses incurred in connection with the Rights Issue) amounted to approximately S\$33.7 million (IDR312,411 million) (“**Net Proceeds**”) raised from the issuance of 972,605,041 Rights Shares at the Issue Price of S\$0.035 completed on 19 December 2016.

The status of the Net Proceeds as at the date of this Annual Report is as follows:

Intended Use	Amount allocated S\$ (million)	Amount utilised S\$ (million)
Repayment of Shareholder’s Loan	7.0	7.0
Workforce rationalisation programme and associated costs	16.2	15.58
General corporate and working capital purposes ⁽¹⁾	6.4-11.4	11.12
Total	29.6-34.6	33.7

Note:

⁽¹⁾ Including purchase of raw materials and other supporting materials, payment of long outstanding payable to suppliers and other operating expenses.

The above utilisations are in accordance with the intended use of the Net Proceeds from the Rights Issue as stated in the Company’s Announcements.

As at the date of this Annual Report, the Net Proceeds had been fully disbursed by the Company.

2. NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Company refers to Notes to the Financial Statements for the financial year ended 31 December 2016 on page 104 of the Annual Report 2016 in relation to Note 28 – Loans and borrowings and wishes to clarify that the “Effective interest rate per annum for 2016” should be read as “**4%-13.5%**” instead of “4.1%-16.4%” under Note 28(i) Interest bearing loans.

The correction on page 104 of the Annual Report 2016 does not have any financial impact on the balance sheets and income statement of the Group for the financial year ended 31 December 2016.