

UNITED FIBER SYSTEM LIMITED

(Incorporated in the Republic of Singapore)

(Registration no. 199508589E)

Unaudited Financial Statements for the Period Ended 30 June 2014

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF YEAR AND FULL YEAR RESULTS

- (1)(a) An Income Statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Notes	Group			Group		
	3 Months Ended			6 Months Ended		
	30.06.2014	30.06.2013	+/(-) %	30.06.2014	30.06.2013	+/(-) %
	US\$'000			US\$'000		
Revenue	2,054	1,147	79.1	4,332	2,054	110.9
Cost of sales	(2,351)	(1,281)	83.5	(5,999)	(2,075)	189.1
Gross loss	(297)	(134)	121.6	(1,667)	(21)	7838.1
Other income	730	3,323	(78.0)	1,560	5,098	(69.4)
Selling and distribution expenses	(241)	(193)	24.9	(414)	(361)	14.7
Administrative expenses	(557)	(848)	(34.3)	(1,096)	(1,400)	(21.7)
Other operating expenses	(3,151)	(1,142)	175.9	(4,043)	(2,025)	99.7
Fair value loss on forestry asset	(136)	(10,665)	(98.7)	(136)	(10,665)	(98.7)
Finance costs	(1,967)	(2,950)	(33.3)	(3,873)	(4,312)	(10.2)
Net effect on deconsolidation of subsidiaries ^(a)	-	-	n.m.	-	16,720	(100.0)
Profit/(loss) before tax	(5,619)	(12,609)	(55.4)	(9,669)	3,034	(418.7)
Income tax benefit/(expense)	(148)	2,332	(106.3)	34	2,335	(98.5)
Profit/(loss) after tax	(5,767)	(10,277)	(43.9)	(9,635)	5,369	(279.5)
Other comprehensive income/(loss) :						
Foreign currency translation	(1,509)	1,138	(232.6)	(2,346)	3,140	(174.7)
Release of reserves on deconsolidation of subsidiaries	-	-	n.m.	-	(1,540)	(100.0)
Total comprehensive income/(loss) for the period	(7,276)	(9,139)	(20.4)	(11,981)	6,969	(271.9)
Profit/(loss) attributable to:						
Owners of the Company	(5,766)	(10,277)	(43.9)	(9,634)	5,369	(279.4)
Non-controlling interests	(1)	-	n.m.	(1)	-	n.m.
	(5,767)	(10,277)	(43.9)	(9,635)	5,369	(279.5)
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(7,275)	(9,139)	(20.4)	(11,980)	6,969	(271.9)
Non-controlling interests	(1)	-	n.m.	(1)	-	n.m.
	(7,276)	(9,139)	(20.4)	(11,981)	6,969	(271.9)

n.m. : not meaningful

Note *

Note (a): The Company did not consolidate the operating results of PLC Group from 1 January 2013 to 6 March 2013 on a line by line basis in accordance with FRS 27 as the directors are of the view that the consolidation is not meaningful given that the Group already lost control of PLC Group on 7 March 2013. Consequently, management has netted off the operating loss before tax of PLC Group for the period from 1 January 2013 to 6 March 2013 amounting to approximately US\$196,000 against the gain on deconsolidation of approximately US\$16,916,000 and presenting a net amount of US\$16,720,000 on the Consolidated Statement of Comprehensive Income.

Notes to the Statement of Comprehensive Income

1 Other Income

Foreign exchange gain, net
Gain on financial derivatives
Interest income
Compensation income
Miscellaneous income

Group			Group		
3 Months Ended			6 Months Ended		
30.06.2014	30.06.2013	+/(-) %	30.06.2014	30.06.2013	+/(-) %
US\$'000			US\$'000		
490	189	159.5	1,296	776	67.1
-	1,129	(100.0)	-	1,129	(100.0)
16	8	100.0	23	20	15.0
221	1,852	(88.1)	221	2,371	(90.7)
3	145	(97.7)	20	802	(97.5)
730	3,323	(78.0)	1,560	5,098	(69.4)
1,963	2,949	(33.4)	3,869	4,310	(10.2)
4	1	300.0	4	2	100.0
1,967	2,950	(33.3)	3,873	4,312	(10.2)
860	395	117.6	1,307	898	45.5
136	10,665	(98.7)	136	10,665	(98.7)
645	334	93.1	714	457	56.2
354	-	n.m.	639	-	n.m.
148	(2,332)	(106.3)	(34)	(2,332)	(98.5)
148	(2,332)	(106.3)	(34)	(2,332)	(98.5)
-	-	n.m.	-	(3)	(100.0)
148	(2,332)	(106.3)	(34)	(2,335)	(98.5)

2 Finance cost

Interest expenses
Others

3 Profit/(loss) before tax is arrived after charging the following:

Depreciation of property, plant and equipment
Fair value loss on forestry asset
Expenses for proposed acquisition
Inventories written-down

4 Income tax (benefit)/expense can be analysed as follows:

Deferred Income Tax

Over provision in respect of previous years
Deferred Income Tax

n.m. : not meaningful

(1)(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30.06.2014	As at 31.12.2013	As at 30.06.2014	As at 31.12.2013
Notes	US\$'000		US\$'000	
Non-Current Assets				
Forestry concession ⁽ⁱ⁾	22,537	27,093	-	-
Property, plant and equipment	17,308	18,317	7	6
Investments in subsidiaries	-	-	62,071	61,236
Deferred tax assets	178	178	-	-
	40,023	45,588	62,078	61,242
Current Assets				
Inventories	5,013	4,264	-	-
Amounts due from subsidiaries	-	-	221	207
Trade and other receivables	1,146	1,190	106	82
Cash and cash equivalents	3,247	1,432	332	559
	9,406	6,886	659	848
Current Liabilities				
Trade and other payables	(81,552)	(72,491)	(68,252)	(62,642)
Amounts due to subsidiaries	-	-	(1,899)	(1,873)
Loans and borrowings	(49,000)	(49,000)	(49,000)	(49,000)
	(130,552)	(121,491)	(119,151)	(113,515)
Net Current Liabilities	(121,146)	(114,605)	(118,492)	(112,667)
Non-Current Liabilities				
Deferred tax liabilities	(2,207)	(2,332)	(23)	(22)
	(2,207)	(2,332)	(23)	(22)
Net Liabilities	(83,330)	(71,349)	(56,437)	(51,447)
Represented by:				
Equity attributable to equity holders of the Company				
Share capital	257,956	257,956	257,956	257,956
Reserves	(341,280)	(329,300)	(314,393)	(309,403)
	(83,324)	(71,344)	(56,437)	(51,447)
Non-controlling interests	(6)	(5)	-	-
Total Equity	(83,330)	(71,349)	(56,437)	(51,447)

Note (i) Forestry concession comprises:

	30.06.2014	31.12.2013
(1) Biological asset - Forestry asset	10,865	13,276
(2) Concession land rent-use rights		
- Compensation income receivables	11,672	13,817
Total	22,537	27,093

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand ⁽¹⁾				Amount repayable after one year			
As at 30.06.2014		As at 31.12.2013		As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
US\$'000		US\$'000		US\$'000		US\$'000	
45,000	4,000	45,000	4,000	-	-	-	-

⁽¹⁾ These represent aggregate balances of short term loans and borrowings.

Details of any collateral

The following sets out the details of the collateral for the Group's borrowings :

- (a) Charge on the wood chip mill of a subsidiary; and
- (b) Pledge on the entire issued shares of certain subsidiaries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Cash flows from operating activities:

(Loss)/profit before tax

Adjustments for:

Depreciation of property, plant and equipment

Gain on loss of control of subsidiaries

Fair value gain on financial instrument

Fair value loss on forestry asset

Inventories written-down

Interest expenses

Interest income

Other income

Expenses for proposed acquisition

Net exchange differences

Operating cash (outflows)/inflows before changes in working capital

Increase in gross amount due from customers for contract work-in-progress

Decrease in gross amount due to customers for contract work-in-progress

Decrease in inventories

Decrease in trade and other receivables

Increase/(decrease) in trade and other payables

Cash flows from operations

Income taxes paid

Income taxes refunded

Interest paid

Net cash flows generated from operating activities

Cash flows from investing activities

Addition to forestry asset

Interest received

Net cash outflow resulting from deconsolidation of subsidiaries

Purchase of property, plant and equipment

Net cash flows used in investing activities

Cash flows from financing activities

Proceeds from loans and borrowings

Repayment of loans and borrowings

Repayment to hire purchase creditors

Payment of expenses for proposed acquisition

Net cash flows used in financing activities

Net increase/(decrease) in cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of the period

Group		Group	
3 Months Ended		6 Months Ended	
30.06.2014	30.06.2013	30.06.2014	30.06.2013
US\$'000		US\$'000	
(5,619)	(12,609)	(9,669)	3,034
860	395	1,307	898
-	-	-	(16,916)
-	(1,129)	-	(1,129)
136	10,665	136	10,665
354	-	639	-
1,963	2,949	3,869	4,349
(16)	(8)	(23)	(26)
-	-	-	(165)
645	334	714	457
(1,990)	1,424	(3,054)	2,390
(3,667)	2,021	(6,081)	3,557
-	-	-	(218)
-	190	-	(10,197)
544	895	1,680	392
2,915	600	2,185	4,827
2,861	(2,412)	5,060	5,330
2,653	1,294	2,844	3,691
-	-	-	(20)
-	-	-	48
-	(1)	-	(39)
2,653	1,293	2,844	3,680
-	(660)	(761)	(660)
16	8	23	26
-	-	-	(5,493)
(132)	(221)	(310)	(221)
(116)	(873)	(1,048)	(6,348)
-	500	-	1,571
-	-	-	(4,416)
-	-	-	(159)
(13)	-	(13)	(319)
(13)	500	(13)	(3,323)
2,524	920	1,783	(5,991)
(31)	(235)	32	(452)
754	799	1,432	7,927
3,247	1,484	3,247	1,484

Breakdown of cash and cash equivalents as at end of quarter is as follows:

Cash and bank balances

Cash and cash equivalents

Group		Group	
3 Months Ended		6 Months Ended	
30.06.2014	30.06.2013	30.06.2014	30.06.2013
US\$'000		US\$'000	
3,247	1,484	3,247	1,484
3,247	1,484	3,247	1,484

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Statement of Comprehensive Income for the 6 months ended 30 June 2014 and 30 June 2013

(Loss)/profit for the period

Other comprehensive income :

Foreign currency translation

Release of reserves on deconsolidation of subsidiaries

Total comprehensive income for the period

Total comprehensive income attributable to:

Owners of the Company

Non-controlling interests

Group		Company	
6 Months Ended		6 Months Ended	
30.06.2014	30.06.2013	30.06.2014	30.06.2013
US\$'000		US\$'000	
(9,635)	5,369	(4,246)	(31,121)
(2,346)	3,140	(744)	735
-	(1,540)	-	-
(11,981)	6,969	(4,990)	(30,386)
(11,980)	6,969	(4,990)	(30,386)
(1)	-	-	-
(11,981)	6,969	(4,990)	(30,386)

(ii) Consolidated statement of changes in equity for the 6 months ended 30 June 2014 and 30 June 2013

	<----- Attributable to owners of the Company ----->					Non-controlling Interests	Total Equity
	Share Capital	Foreign Currency Translation	Other Reserves	Accumulated Losses	Total Reserves		
GROUP	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2014	257,956	10,148	(62,479)	(276,969)	(329,300)	(5)	(71,349)
Loss for the year	-	-	-	(9,634)	(9,634)	(1)	(9,635)
Other comprehensive income	-	(2,346)	-	-	(2,346)	-	(2,346)
Foreign currency translation	-	(2,346)	-	-	(2,346)	-	(2,346)
Total comprehensive income for the period	-	(2,346)	-	-	(2,346)	-	(2,346)
Balance as at 30 June 2014	257,956	7,802	(62,479)	(286,603)	(341,280)	(6)	(83,330)
At 1 January 2013, as previously stated	256,613	11,335	(62,479)	(235,801)	(286,945)	(5)	(30,337)
Prior year adjustments	-	9	-	(30,445)	(30,436)	-	(30,436)
Restated opening balance as at 1 January 2013	256,613	11,344	(62,479)	(266,246)	(317,381)	(5)	(60,773)
Profit for the year	-	-	-	5,369	5,369	-	5,369
Other comprehensive income	-	3,140	-	-	3,140	-	3,140
Foreign currency translation	-	(1,540)	-	-	(1,540)	-	(1,540)
Release of reserves on deconsolidation of subsidiaries	-	1,600	-	-	1,600	-	1,600
Total comprehensive income for the period	-	1,600	-	-	1,600	-	1,600
Balance as at 30 June 2013	256,613	12,944	(62,479)	(260,877)	(310,412)	(5)	(53,804)

(iii) Statement of changes in equity of the Company for the 6 months ended 30 June 2014 and 30 June 2013

	<----- Attributable to owners of the Company ----->					Total Equity
	Share Capital	Foreign Currency Translation	Other Reserves	Accumulated Losses	Total Reserves	
COMPANY	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance as at 1 January 2014	257,956	42,855	5,826	(358,084)	(51,447)	(51,447)
Loss for the period	-	-	-	(4,246)	(4,246)	(4,246)
Other comprehensive income	-	(744)	-	-	(744)	(744)
Foreign currency translation	-	(744)	-	-	(744)	(744)
Total comprehensive income for the period	-	(744)	-	-	(744)	(744)
Balance as at 30 June 2014	257,956	42,111	5,826	(362,330)	(56,437)	(56,437)
At 1 January 2013, as previously stated	256,613	42,843	5,826	(273,960)	31,322	31,322
Prior year adjustments	-	(771)	-	(41,661)	(42,432)	(42,432)
Restated opening balance as at 1 January 2013	256,613	42,072	5,826	(315,621)	(11,110)	(11,110)
Profit for the period	-	-	-	(31,121)	(31,121)	(31,121)
Other comprehensive income	-	735	-	-	735	735
Foreign currency translation	-	735	-	-	735	735
Total comprehensive income for the period	-	735	-	-	735	735
Balance as at 30 June 2013	256,613	42,807	5,826	(346,742)	(41,496)	(41,496)

- (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

- (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30.06.2014	As at 31.12.2013
Total number of issued shares	3,864,251,008	3,864,251,008

- (d)(iv) A statement showing all the sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(e) Loss of control in Poh Lian Construction (Pte.) Ltd and its subsidiaries ("PLC group")

Background

On 12 March 2013, the Company announced that on 7 March 2013, a wholly-owned subsidiary of the Company, Poh Lian Construction (Pte) Ltd ("PLC"), placed itself under interim judicial management due to significant losses suffered in financial year ended 31 December 2012. PLC had faced financial and operational difficulties due to challenging conditions in the local construction industry. Mr. Tam Chee Chong and Mr. Andrew Grimmett, both of Deloitte & Touche LLP, had been appointed as interim judicial managers ("IJM") to, *inter alia*, manage the affairs of PLC, as well as preserve the assets of PLC. Upon the interim judicial management or judicial management being made, the functions and powers of PLC's directors are transferred to the IJM or Judicial Managers.

On 5 April 2013, the High Court of the Republic of Singapore granted the judicial management application by PLC, to place itself under judicial management, and appointed Mr. Tam Chee Chong and Mr. Andrew Grimmett, both of Deloitte & Touche LLP, as judicial managers of PLC ("Judicial Managers"). On 1 October 2013, the High Court granted an extension of the judicial management order to 1 February 2014. On 28 January 2014, the judicial management order was further extended to 1 August 2014. On 29 July 2014, the judicial management order was further extended to 15 August 2014.

The Group deconsolidated the assets and liabilities of PLC and its subsidiaries ("PLC group") on 7 March 2013 and recognised its operating results from 1 January 2013 to 6 March 2013 in the Groups' consolidated statement of comprehensive income for the financial period ended 31 March 2013, as the Company has lost control of PLC and its subsidiaries. However, the Group did not consolidate PLC group results on a line by line basis in accordance to FRS 27 as the Directors are of the opinion that the current presentation on the Consolidated Statement of Comprehensive Income provides a better picture of the continuing operations of the Group going forward.

1(e)(i) Balance sheet disclosures

The assets and liabilities of PLC group as at 7 March 2013 are as follows:

	PLC group 07.03.2013 US\$'000
Assets:	
Property, plant and equipment	4,863
Club membership	81
Properties held for sale	972
Trade and other receivables	51,902
Gross amount due from customers for contract work-in-progress	1,048
Investment properties held for sale	1,456
Fixed deposits	7,124
Cash and cash equivalents	5,493
Total assets	72,939
Liabilities:	
Gross amount due to customers for contract work-in-progress	(3,717)
Trade and other payables	(117,833)
Hire purchase creditors	(626)
Provision for taxation	(552)
Loans and borrowings	(2,983)
Deferred tax liabilities	(162)
Total liabilities	(125,873)
Total net liabilities for PLC group	(52,934)
Provision for corporate guarantees provided at UFS Company level **	36,018
Net loss of subsidiaries before loss of control after tax	196
Net effect on deconsolidation of subsidiaries	(16,720)

1(e)(ii) Income statement disclosures

The results of PLC group recognised for the period ended 6 March 2013 are as follows:

	PLC group
	Year-To-date ended
	06.03.2013
	US\$'000
Revenue	25,612
Cost of sales	(25,069)
Gross profit	543
Other income	228
Selling and distribution expenses	(15)
Administrative expenses	(801)
Other operating expenses	(113)
Finance costs	(38)
Loss before tax	(196)
Income tax benefit	-
Loss after tax	(196)

** As at 31 December 2012, PLC made a provision of S\$59.2 million (equivalent to approximately of US\$48.5 million) for potential losses arising from termination of construction contracts, while S\$44.6 million (equivalent to approximately of US\$36.5 million) was provided by the Company as provision for corporate guarantees given by the Company to the respective financial institutions. As disclosed in paragraph 1(e), on 7 March 2013, the Group has deconsolidated PLC group and the Group's exposure under PLC as of 31 March 2013 is assessed to be approximately S\$44.6 million (equivalent to approximately of US\$36.0 million) which has been fully accounted for as of 31 December 2012. As such, the potential corporate guarantee claims has been included as part of the computation for gain on loss of control of PLC group.

2 Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited nor reviewed by the Company's auditor.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation are consistent with those applied by the Group and the Company and as adopted in the financial statements for the year ended 31 December 2013.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised FRSS is assessed to have no material impact to the Group and Company.

However, during the period ended, the Group has reclassified the followings to reflect the consistency of presentation of accounts which were previously announced:-

	As previously announced US\$'000	Adjustments US\$'000	Restated US\$'000
31 March 2014			
Statement of Comprehensive income:			
Cost of Sales	3,363	285	3,648
Other operating expenses	1,177	(285)	892
31 December 2013			
Balance sheet :			
Provision for taxation	7,079	(7,079)	-
Trade and other payables	65,412	7,079	72,491
30 June 2013			
Statement of Comprehensive income:			
Other income	3,760	1,338	5,098
Fair value loss on forestry asset	(9,327)	(1,338)	(10,665)

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss net of tax for the period attributable to owners of the Company used in the computation of basic and diluted loss per share:

- (i) Basic loss per share (US cents):-
- Weighted average number of ordinary shares ('000)
- (ii) Diluted loss per share (US cents):-
- Adjusted weighted average number of ordinary shares ('000)

Group		Group	
3 Months Ended		6 Months Ended	
30.06.2014	30.06.2013	30.06.2014	30.06.2013
(0.15)	(0.27)	(0.25)	0.14
3,864,251	3,789,687	3,864,251	3,789,687
(0.15)	(0.27)	(0.25)	0.14
3,864,251	3,789,687	3,864,251	3,789,687

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Net liabilities value per share (US cents)	(2.16)	(1.85)	(1.46)	(1.33)
Number of shares ('000)	3,864,251	3,864,251	3,864,251	3,864,251

- 8 **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Revenue and gross margin

The increase in the Group's revenue of US\$907,000 from US\$1.15 million in 2Q13 to US\$2.05 million in 2Q14 was contributed by higher forestry activities from the Group's Forestry & Pulp Division.

The Group's gross loss increased by US\$163,000 from US\$134,000 in 2Q13 to US\$297,000 in 2Q14 was mainly due to (1) stronger USD against IDR; (2) higher harvesting and hauling cost; and (3) increase in inventories written down of US\$354,000, by the Group's Forestry & Pulp Division.

Other income

The Group's other income decreased by US\$2.60 million from US\$3.32 million in 2Q13 to US\$730,000 in 2Q14 was mainly due to (1) absence of fair value gain on financial derivative of US\$1.13 million; (2) lower compensation income received in 2Q14 of US\$1.60 million and offset by increase in foreign exchange gain of US\$301,000 as a result of stronger (i) USD and SGD against IDR; and (ii) SGD against USD.

Expenses

Other operating expenses increased by US\$2.01 million from US\$1.14 million in 2Q13 to US\$3.15 million in 2Q14 was mainly due to increase in (1) expenses relating to proposed acquisition of US\$304,000; and (2) accrued withholding tax expenses of US\$1.70 million for the Group.

The reduction in Group's finance cost of US\$983,000 from US\$2.95 million in 2Q13 to US\$1.97 million in 2Q14 was due to the absence of amortised interest of US\$1.60 million as the option to convert to shares under the US\$35.00 million loan granted by Asia Star Fund Ltd ("ASF") has lapsed on 21 June 2013; offset by the increase in (1) interest of US\$878,000 under the corporate guarantees claims against the Company; and (2) interest expenses of US\$265,000 for loans granted by ASF, Raiffeisen Bank International, AG Singapore and ASM Asia Recovery (Master) Fund.

Absence of US\$16.72 million of gain arising from loss of control of subsidiaries in 2Q14 as the Group deconsolidated the assets and liabilities of PLC group when PLC placed itself under interim judicial management on 7 March 2013.

The fair value loss on forestry asset decreased by US\$10.53 million, from US\$10.66 million in 2Q13 to US\$136,000 in 2Q14. The decrease in forestry asset's fair carrying value by US\$2.41 million from US\$13.28 million at 31 December 2013 to US\$10.87 at 30 June 2014 was the resultant of (1) reduction in plantation areas due to ongoing HRB harvesting activities and land clearing activities by third parties; (2) reduction in projected income from natural forest; offset by (a) higher sales margin from certain management units; (b) establishment of rubber plantation which has higher value per hectare compared to the forest plantation. The decrease in valuation of US\$2.41 million was offset by higher fair value of acacia mangium trees harvested in 1H2014, resulting in a marginal loss of US\$136,000 in 2Q14. The rubber plantation is an ongoing feasibility study conducted by the Group.

Income tax expenses increased by US\$2.48 million from a deferred tax credit of US\$2.33 million in 2Q13 to a deferred tax expense of US\$148,000 in 2Q14 was due to reversal of temporary differences of US\$182,000; and offset by a reversal of deferred tax liability due to lower fair value loss from forestry asset.

Due to factors above, the Group reported a net loss of US\$5.77 million in 2Q14 as compared to a net loss of US\$10.28 million in 2Q13.

- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

As disclosed under Note 1(e), PLC was placed under interim judicial management on 7 March 2013 and the Group has deconsolidated the assets and liabilities of PLC group on the same day.

Significant balance sheet movements

Assets and liabilities

Total assets decreased by US\$3.05 million from US\$52.47 million at 31 December 2013 to US\$49.40 million at 30 June 2014. The decrease in total assets was mainly due to the following factors:

Non-current assets

- The decrease in forestry concession of US\$4.56 million was mainly due to decrease in (a) for compensation income receivables as a result of collections during the reporting period and weaker IDR against USD and (b) for biological assets:- (1) reduction in plantation areas due to ongoing HRB harvesting activities and land clearing activities by third parties; (2) reduction in projected income from natural forest; offset by (a) higher sales margin from certain management units; and (b) establishment of rubber plantation which has higher value per hectare compared to the forest plantation.

- The decrease in property, plant and equipment of US\$1.01 million was mainly due to depreciation charged for the period and partially offset by additions of US\$310,000 in the Group's Forestry & Pulp Division.

Current assets

- Trade and other receivables remain relatively stable.

- The increase in cash and cash equivalents of US\$1.81 million was mainly due to collections from compensation income receivables and partially offset by payment related to forestry activities.

- The increase in inventories of US\$749,000 was due to higher forestry activities from the Group's Forestry & Pulp Division.

Total liabilities increased by US\$8.94 million from US\$123.82 million at 31 December 2013 to US\$132.76 million at 30 June 2014. The increase in total liabilities was mainly due to the following factors:

Non-current liabilities

- Deferred tax liabilities decreased by US\$125,000 due to reversal of temporary differences, offset by lower fair value on forest concession.

Current liabilities

- The increase in trade and other payables of US\$9.06 million was mainly due to increase in (1) interest accrued and payable of US\$3.01 million for loans granted by the Group's major lenders; (2) increase in provision for corporate guarantee claims of US\$878,000; (3) trade and other payables of US\$1.25 million from the Group Forestry & Pulp Division as a result of higher forestry activities for the period ended 30 June 2014; (4) payables of US\$527,000 relating to the proposed acquisition; (5) additional withholding tax provided for the Group of US\$1.70 million; and (6) translation differences as a result of stronger SGD against USD in FP2014.

As at 30 June 2014, the Group has a net current liabilities position of US\$121.15 million and the Company has a net current liabilities position of US\$118.49 million. The Group has loans and borrowings totalling US\$49.00 million that are due within the next 12 months.

The Board is of opinion that the Company continues to be a going concern for the time being, for the following reasons:

(a) The extension of the long-stop date of the Proposed 66.9998% acquisition of PT Golden Energy Mines TBK ("GEMS") from PT Dian Swastatika Sentosa TBK ("DSS") ("Proposed DSS Acquisition") to 31 March 2015;

(b) The extension of the 5% Mandatory Convertible Bonds with the Unsecured Creditors and the US\$10.00 million loan granted by RBI to 31 March 2015; and

(c) The on-going negotiations in relation to the extension of the outstanding obligations with the Group's major lenders.

Review of changes in cash flow

For 2Q14, the Group had net cash inflows of US\$2.52 million mainly due to the following:

Net cash generated from operating activities of US\$2.65 million due to (1) cash flows used in operating activities before working capital changes; offset by (a) increase in trade and other payables; decrease in (b) trade and other receivables; and (c) in inventories.

Net cash flows used in investing activities of US\$116,000 was mainly due to additions to property, plant and equipment of US\$132,000.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**
Not applicable.

- 10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The efforts of the Board and Management are focused on working towards the completion on the Proposed DSS Acquisition. In the meantime, the Management's commitment is to synergise efforts with the incoming investor in the forestry operations with the priority placed on maintaining the operation licences and minimising cash outflows.

- 11 **If a decision regarding dividend has been made:-**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**

None.

- (b) (i) **Amount per share..... cents.**

None.

- (ii) **Previous corresponding period cents**

None.

- (c) **Whether the dividend is before tax, net of tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- 12 **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the financial period ended 30 June 2014.

- 13 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Rule 920(1)(a)(ii) - An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate (if any) for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report. The disclosure must be in the form set out in Rule 907.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)				Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)		
	6 Months Ended 30.06.2014 US\$'000				6 Months Ended 30.06.2014 US\$'000		
	Principal	Facility fee**	Interest expense**	Total	Principal	Interest expense**	Total
Loan granted by, facility fee payable to and interest expense paid or payable to a Fund in which Mr. Chan Kin , the Non-Executive Chairman and Director of the Company, has beneficial interest							
- ASM Asia Recovery (Master) Fund	-	-	251	251	-	-	-
Loan granted by, facility fee payable to and interest expense paid or payable to the lender in which Mr. V-Nee Yeh, Argyle Street Management Holdings Limited and Argyle Street Management Limited have beneficial interest :							
- ASM Asia Recovery (Master) Fund	-	-	251	251	-	-	-
Loan granted by, facility fee payable to and interest expense paid or payable to the lender in which ASM Asia Recovery Fund has beneficial interest :							
- ASM Asia Recovery (Master) Fund	-	-	251	251	-	-	-
Loan granted by, facility fee payable to and interest expense paid or payable to ASM Asia Recovery (Master) Fund	-	-	251	251	-	-	-
** Included in finance costs in the consolidated statement of comprehensive income.							

(a): Mr. Chan Kin, the Non-Executive Chairman and Director of the Company, is the beneficial holder of more than 20% of the issued share capital of Argyle Street Management Holdings Limited ("ASMHL").

(b): Mr. V-Nee Yeh is the beneficial holder of more than 20% of the issued share capital of ASMHL.

(c): ASMHL is the beneficial holder of more than 50% of the voting shares of Argyle Street Management Limited ("ASML"). ASML is the beneficial holder of more than 20% of the voting shares of ASM Asia Recovery Fund ("ASMARF").

(d): ASMARF is the beneficial holder of more than 50% of the issued share capital of ASM Asia Recovery (Master) Fund ("ASMARMF").

(e): At the date of this announcement, Mr. Chan Kin, the Non-Executive Chairman and Director of the Company, beneficial interests in the Company is approximately 20.59% as a percentage of the Company's issued share capital of 3,864,251,008 ordinary shares by virtue of his beneficial interest in ASMHL.

(f): At the date of this announcement, Mr. V-Nee Yeh, ASMHL and ASML beneficial interests in the Company is approximately 20.59% as a percentage of the Company's issued share capital of 3,864,251,008 ordinary shares.

(g): At the date of this announcement, ASMARF and ASMARMF beneficial interests in the Company is approximately 16.59 % as a percentage of the Company's issued share capital of 3,864,251,008 ordinary shares.

14 NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render for financial results for the period ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Pauline Lee

Acting Chief Executive Officer

14 August 2014