

UNITED FIBER SYSTEM LIMITED

(Incorporated in the Republic of Singapore)
(Registration no. 199508589E)

Unaudited Financial Statements for the Financial Year Ended 31 December 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		
	12 Months Ended		
	2014	2013	+ / (-) %
	US\$'000		
Revenue	9,614	4,945	94.4
Cost of sales	(10,608)	(4,007)	164.7
Gross (loss)/profit	(994)	938	(206.0)
Other income	1,156	4,597	(74.9)
Selling and distribution expenses	(842)	(840)	0.2
Administrative expenses	(2,335)	(3,068)	(23.9)
Other operating expenses	(13,605)	(8,847)	53.8
Fair value loss on forestry assets	(5,044)	(16,107)	(68.7)
Finance costs	(7,114)	(7,831)	(9.2)
Net effect on deconsolidation of subsidiaries ^(a)	-	16,720	(100.0)
Loss before tax	(28,778)	(14,438)	99.3
Income tax benefit	1,263	3,715	(66.0)
Loss after tax	(27,515)	(10,723)	156.6
Other comprehensive income :			
Foreign currency translation	3,783	344	999.7
Release of foreign currency translation reserves on deconsolidation of subsidiaries	-	(1,540)	(100.0)
Total comprehensive income for the year	(23,732)	(11,919)	99.1
Loss attributable to:			
Owners of the Company	(27,514)	(10,723)	156.6
Non-controlling interests	(1)	-	n.m
	(27,515)	(10,723)	156.6
Total comprehensive income attributable to:			
Owners of the Company	(23,731)	(11,919)	99.1
Non-controlling interests	(1)	-	n.m
	(23,732)	(11,919)	99.1

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. Please refer to note 1(e) for more information on PLC.

Notes to the Statement of Comprehensive Income

1 Other Income

Insurance claim received
Write back of accrual on legal fees & other expenses
Fair value gain on financial derivatives
Gain on disposal of property, plant and equipment
Interest income
Compensation income
Miscellaneous income

2 Finance costs

Interest expenses
Others

3 Loss before tax is arrived after charging the following:

Impairment loss on other receivables
Depreciation of property, plant and equipment
Impairment loss on compensation income receivables
Foreign exchange loss, net
Fair value loss on forestry assets
Expenses for proposed acquisition
Inventories written down to net realisable value

4 Income tax benefit can be analysed as follows:

Deferred Income Tax

Under provision in respect of previous years
Current Income Tax
Deferred Income Tax

Group		
12 Months Ended		
2014	2013	+/(-) %
US\$'000		
-	145	(100.0)
608	804	n.m.
-	1,123	(100.0)
16	56	(71.4)
84	31	171.0
424	2,374	(82.1)
24	64	(62.8)
1,156	4,597	(74.8)
7,107	7,825	(9.2)
7	6	16.7
7,114	7,831	(9.2)
-	3,633	(100.0)
2,138	1,869	14.4
4,657	-	n.m.
2,711	22	12222.3
5,044	16,107	(68.7)
1,669	2,336	(28.6)
1,703	-	n.m.
(1,261)	(3,680)	(65.7)
(1,261)	(3,680)	(65.7)
-	(32)	n.m.
(2)	(3)	(31.7)
(1,263)	(3,715)	(66.0)

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.

Notes	Group		Company	
	As at 31.12.2014	As at 31.12.2013	As at 31.12.2014	As at 31.12.2013
	US\$'000		US\$'000	
Non-Current Assets				
Forestry concession ⁽ⁱ⁾	16,154	27,093	-	-
Property, plant and equipment	16,479	18,317	6	6
Investment in subsidiaries	-	-	31,387	61,236
Deferred tax assets	179	178	-	-
	32,812	45,588	31,393	61,242
Current Assets				
Inventories	845	4,264	-	-
Amounts due from subsidiaries	-	-	224	207
Trade and other receivables	1,608	1,190	260	82
Cash and cash equivalents	1,552	1,432	383	559
	4,005	6,886	867	848
Current Liabilities				
Trade and other payables	81,538	72,491	69,603	62,642
Amounts due to subsidiaries	-	-	1,855	1,873
Loans and borrowings	49,000	49,000	49,000	49,000
	130,538	121,491	120,458	113,515
Net Current Liabilities	(126,533)	(114,605)	(119,591)	(112,667)
Non-Current Liabilities				
Deferred tax liabilities	1,360	2,332	-	22
	1,360	2,332	-	22
Net Liabilities	(95,081)	(71,349)	(88,198)	(51,447)
Represented by:				
Equity attributable to equity holders of the Company				
Share capital	257,956	257,956	257,956	257,956
Reserves	(353,031)	(329,300)	(346,154)	(309,403)
	(95,075)	(71,344)	(88,198)	(51,447)
Non-controlling interests	(6)	(5)	-	-
Total Equity	(95,081)	(71,349)	(88,198)	(51,447)

Note (i) Forestry concession comprises:

	FY2014	FY2013
(1) Biological asset - Forestry assets	9,317	13,276
(2) Concession land rent-use rights		
- Compensation income receivables	6,837	13,817
Total	16,154	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 31.12.2014		As at 31.12.2013		As at 31.12.2014		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 and paid-up share capital 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 before tax

Adjustments for:

Depreciation of property, plant and equipment

Write back of accrual on legal fees and other expenses

Impairment loss on other receivables

Gain on loss of control of subsidiaries

Fair value gain on derivative

Fair value loss on forestry assets

Impairment loss on compensation income receivables

Inventories written down to net realisable value

Interest expenses

Interest income

Consultancy service income

Expenses for proposed acquisition

Gain on disposal of property, plant and equipment

Net exchange differences

Operating cash outflows 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 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

Additions to forestry assets

Interest received

Proceeds from disposal of property, plant and equipment

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

Payment of share issuance expenses

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 year

Cash and cash equivalents at end of the year

Group	
12 Months Ended	
2014	2013
US\$'000	
(28,778)	(14,438)
2,138	1,890
(608)	(804)
-	3,633
-	(16,916)
-	(1,123)
5,044	16,107
4,657	-
1,703	-
7,107	7,865
(84)	(37)
-	(165)
1,669	2,336
(16)	(56)
971	279
(6,197)	(1,429)
-	(218)
-	(10,197)
4,243	168
1,915	10,293
4,849	5,320
4,810	3,937
-	(20)
-	48
-	(41)
4,810	3,924
(3,541)	(1,076)
84	37
-	56
-	(5,493)
(573)	(620)
(4,030)	(7,096)
-	(24)
-	2,620
-	(4,416)
-	(159)
(615)	(889)
(615)	(2,868)
165	(6,040)
(45)	(455)
1,432	7,927
1,552	1,432

Breakdown of cash and cash equivalents as at end of the year is as follows:

Continuing operations

Cash and bank balances

Cash and cash equivalents

Group	
12 Months Ended	
2014	2013
US\$'000	
1,552	1,432
1,552	1,432

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 12 months ended 31 December 2014 and 31 December 2013

Loss for the year

Other comprehensive income :

Foreign currency translation

Release of reserves on deconsolidation of subsidiaries

Total comprehensive income for the year

Total comprehensive income attributable to:

Owners of the Company

Non-controlling interests

Group		Company	
12 Months Ended		12 Months Ended	
2014	2013	2014	2013
US\$'000		US\$'000	
(27,515)	(10,723)	(40,527)	(42,463)
3,783	344	3,776	783
-	(1,540)	-	-
(23,732)	(11,919)	(36,751)	(41,680)
(23,731)	(11,919)	(36,751)	(41,680)
(1)	-	-	-
(23,732)	(11,919)	(36,751)	(41,680)

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2014 and 31 December 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	-	-	-	(27,514)	(27,514)	(1)	(27,515)
Other comprehensive income							
Foreign currency translation	-	3,783	-	-	3,783	-	3,783
Total comprehensive income for the year	-	3,783	-	(27,514)	(23,731)	(1)	(23,732)
Balance as at 31 December 2014	257,956	13,931	(62,479)	(304,483)	(353,031)	(6)	(95,081)
Balance as at 1 January 2013	256,613	11,344	(62,479)	(266,246)	(317,381)	(5)	(60,773)
Loss for the year	-	-	-	(10,723)	(10,723)	-	(10,723)
Other comprehensive income							
Foreign currency translation	-	344	-	-	344	-	344
Release of reserves on deconsolidation of subsidiaries	-	(1,540)	-	-	(1,540)	-	(1,540)
Total comprehensive income for the year	-	(1,196)	-	(10,723)	(11,919)	-	(11,919)
Issuance of ordinary shares	1,367	-	-	-	-	-	1,367
Shares issuance expense	(24)	-	-	-	-	-	(24)
Balance as at 31 December 2013	257,956	10,148	(62,479)	(276,969)	(329,300)	(5)	(71,349)

(iii) Statement of changes in equity of the Company for the 12 months ended 31 December 2014 and 31 December 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)	(309,403)	(51,447)
Loss for the year	-	-	-	(40,527)	(40,527)	(40,527)
Other comprehensive income						
Foreign currency translation	-	3,776	-	-	3,776	3,776
Total comprehensive income for the year	-	3,776	-	(40,527)	(36,751)	(36,751)
Balance as at 31 December 2014	257,956	46,631	5,826	(398,611)	(346,154)	(88,198)
At 1 January 2013, as previously stated	256,613	42,843	5,826	(273,960)	(225,291)	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)	(267,723)	(11,110)
Loss for the year	-	-	-	(42,463)	(42,463)	(42,463)
Other comprehensive income						
Foreign currency translation	-	783	-	-	783	783
Total comprehensive income for the year	-	783	-	(42,463)	(41,680)	(41,680)
Issuance of ordinary shares	1,367	-	-	-	-	1,367
Shares issuance expense	(24)	-	-	-	-	(24)
Balance as at 31 December 2013	257,956	42,855	5,826	(358,084)	(309,403)	(51,447)

(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 31.12.2014	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 ("JMO") was further extended to 1 August 2014. On 29 July 2014, the judicial management order was further extended to 15 August 2014. On 15 August 2014, the High Court granted the application to further extend the JMO until 15 October 2014. The High Court, while granting the application, also directed that PLC and its Judicial Managers file, on or before 15 September 2014, an application to discharge the JMO and to place PLC in liquidation. On 10 October 2014, the JMO was discharged and a winding up order has been made against PLC, and Tam Chee Chong and Andrew Grimmett were appointed as joint and several liquidators of PLC.

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.

Pursuant to the SPA of the Proposed DSS Acquisition, on 18 December 2014, the Company and Dragonext Limited entered into a conditional share purchase agreement for the disposal of the entire issued and paid-up share capital of 15,000,000 ordinary shares in issued and paid-up share capital of PLC for a nominal sum of S\$1.00 subject to certain conditions precedent being fulfilled or waived by 31 March 2015 ("Long-Stop Date"). On 23 January 2015, the Company and Dragonext Limited entered into a supplemental conditional share purchase agreement to extend the Long-Stop Date to 3 June 2015.

As winding up of PLC has commenced on 10 October 2014, any transfer of shares of PLC shall unless the Court otherwise orders, be void. Accordingly, having regard to the condition precedent set out in the SPA under the Proposed DSS Acquisition, the Company will be making an application for the leave of Court for the disposal of PLC shares to Dragonext.

1(e)(f) 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. Please refer to Para 8 of this results announcement for updates on the corporate guarantee claims.

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 year 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 December 2013			
Balance sheet :			
Provision for taxation	7,079	(7,079)	-
Trade and other payables	65,412	7,079	72,491
Statement of Comprehensive Income :			
Cost of sales	6,767	(2,760)	4,007
Fair value loss on forestry assets	13,347	2,760	16,107

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 year 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	
12 Months Ended	
2014	2013
(0.71)	(0.28)
3,864,251	3,820,126
(0.71)	(0.28)
3,864,251	3,820,126

- 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.

Net liabilities value per share (US cents)
Number of shares ('000)

Group		Company	
31.12.2014	31.12.2013	31.12.2014	31.12.2013
(2.46)	(1.85)	(2.28)	(1.33)
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\$4.67 million from US\$4.94 million in FY2013 to US\$9.61 million in FY2014 was contributed by higher forestry activities from the Group's Forestry & Pulp Division.

The Group reported gross loss of US\$994,000 in FY2014 as compared to a group margin of US\$938,000 in FY2013 was mainly due to (1) higher harvesting costs; and (2) logs inventories written down to net realisable value of US\$1.70 million, by the Group's Forestry & Pulp Division.

Other income

The Group's other income decreased by US\$3.44 million from US\$4.60 million in FY2013 to US\$1.16 million in FY2014 was mainly due to absence of fair value gain on financial derivative of US\$1.12 million and lower compensation income recognised of US\$1.95 million in FY2014.

Expenses

Administrative expenses decreased by US\$733,000 from US\$3.07 million in FY2013 as compared to US\$2.33 million in FY2014 was mainly due to lower legal and professional fee and manpower cost in FY2014.

Other operating expenses increased by US\$4.75 million from US\$8.85 million in FY2013 to US\$13.60 million in FY2014 was mainly due to (1) higher foreign exchange loss of US\$2.69 million as a result of stronger USD against SGD and IDR; (2) impairment loss on compensation income receivables of US\$4.66 million; (3) accrued withholding tax expenses of US\$1.32 million; and offset by (a) decrease in expenses relating to proposed acquisition of US\$543,000; and (b) absence of impairment loss on other receivables of US\$3.63 million in FY2014. The depreciation of property, plant and equipment remains relatively stable for the year.

Absence of US\$16.72 million of gain arising from loss of control of subsidiaries in FY2014 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\$11.07 million from US\$16.11 million in FY2013 to US\$5.04 million in FY2014. The decrease in forestry concession's fair carrying value by US\$3.96 million from US\$13.28 million at 31 December 2013 to US\$9.32 million at 31 December 2014 was the resultant of (1) reduction in plantation areas due to ongoing HRB harvesting activities and land clearing activities; (2) reduction in predicted yield from residual plantation areas; offset by (a) establishment of rubber plantation which has higher value per hectare compared to the forest plantation and; (b) increase in projected volumes and margins from production of logs from residual degraded natural forest areas.

The Group's finance cost decreased by US\$717,000 from US\$7.83 million in FY2013 to US\$7.11 million in FY2014 as a result of the absence of amortised interest of US\$1.59 million as the option to convert to shares under US\$35.00 million loan granted by Asia Star Fund Ltd ("ASF") has lapsed on 21 June 2013 and offset by the outstanding obligations under the corporate guarantee claims of US\$374,000 and accrued interest of US\$649,000 on loans granted by the Group's secured and unsecured lenders.

Income tax benefit decreased by US\$2.45 million from US\$3.71 million in FY2013 to US\$1.26 million in FY2014 was mainly due to decrease in fair value loss on forestry assets.

Due to factors above, the Group reported a net loss of US\$27.51 million in FY2014 as compared to a net loss of US\$10.72 million in FY2013.

- (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\$15.65 million from US\$52.47 million at 31 December 2013 to US\$36.82 million at 31 December 2014. The decrease in total assets was mainly due to the following factors:

Non-current assets

- The decrease in forestry concession of US\$10.94 million was mainly due to decrease in (a) for compensation income receivables - lower receivable as a result of collections during the reporting period and on an assumed lower rubber price; and (b) for biological assets:- (1) reduction in plantation areas due to ongoing HRB harvesting activities and land clearing activities; (2) reduction in predicted yield from residual plantation areas; offset by (a) establishment of rubber plantation which has higher value per hectare compared to the forest plantation; (b) increase in projected volumes and margins from production of logs from residual degraded natural forest areas.

- The decrease in property, plant and equipment of US\$1.84 million was mainly due to depreciation charged for the year and partially offset by additions of US\$573,000 in the Group's Forestry & Pulp Division.

Current assets

- The increase in trade and other receivables of US\$418,000 was mainly due to higher forestry activities from Group's Forestry and Pulp Division.

- The increase in cash and cash equivalents of US\$120,000 was mainly due to collections from compensation income receivables and partially offset by payment related to forestry activities and professional fees.

- The decrease in inventories of US\$3.42 million was mainly due to the logs inventories written down to net realisable value of US\$1.70 million and higher forestry activities from Group's Forestry and Pulp Division.

Total liabilities increased by US\$8.08 million from US\$123.82 million at 31 December 2013 to US\$131.90 million at 31 December 2014. The increase in total liabilities was mainly due to the following factors:

Non-current liabilities

- Deferred tax liabilities decreased by US\$972,000 was mainly due to lower fair value of forestry concession.

Current liabilities

- The increase in trade and other payables of US\$9.05 million was mainly due to increase in (1) interest expenses of US\$5.55 million related to obligations under the corporate guarantee claims and loans granted by Group's secured and unsecured lenders; (2) trade and other payables of US\$507,000 as a result of higher forestry activities from Group's Forestry & Pulp Division; (3) other payables of US\$1.01 million in connection with the Proposed DSS Acquisition; and (4) additional withholding tax provided of US\$1.33 million.

As at 31 December 2014, the Group has a net current liabilities position of US\$126.53 million and the Company has a net current liabilities position of US\$119.59 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) Proposed 66.9998% Acquisition of PT Golden Energy Mines TBK from PT Dian Swastatika Sentosa TBK ("DSS") ("Proposed DSS Acquisition")

As announced on 23 January 2015, the Company has, on 21 January 2015, obtained the in-principle approval from the Singapore Exchange Securities Trading Limited in respect of, *inter alia*, the listing and quotation of new UFS shares to be issued pursuant to or in connection with the Proposed DSS Acquisition. The in-principle approval is subject to key conditions and is valid for 3 months from 21 January 2015. Additionally, the enlarged group is allowed up to one month from the completion of the Proposed DSS Acquisition to complete the post-completion placement to fulfil the free float requirement, to comply with Rule 210(1)(a) of the Listing Manual.

On 23 January 2015, the Company and DSS entered into a supplemental agreement to, *inter alia*, extend the long-stop to 3 June 2015, amend certain terms in the SPA that are affected by the extended timeline for the Proposed DSS Acquisition and allowing both the Company and DSS to accommodate the satisfaction of the remaining conditions precedent. The Company and DSS are working towards the satisfaction of the remaining conditions precedent for the purpose of affecting the DSS completion within 3 months from the in-principle approval, but in any event no later than the extended long-stop date.

The Company will convene an extraordinary general meeting on 4 March 2015 and DSS in April 2015.

(b) Issuance of 5% Mandatory Convertible Bonds ("Bonds")

As announced on 13 February 2015, the Company has successfully issued Bonds of an aggregate principal amount of S\$45.8 million to various financial institutions in settlement of the outstanding contingent liabilities arising from the various corporate guarantee claims for amounts due and owing by PLC Companies to these institutions. The Bonds will be mandatory converted to shares upon completion of Proposed DSS Acquisition. Since FY2012, the Company has accrued these outstanding liabilities in its financial statements.

Review of changes in cash flow

For FY2014, the Group had net cash inflows of US\$165,000 mainly due to the following:

Net cash generated from operating activities of US\$4.81 million was due to decrease in (1) trade and other receivables, (2) inventories, (3) increase in trade and other payables; and offset by cash flows used in operating activities before working capital changes.

Net cash flows used in investing activities of US\$4.03 million was due to addition to property, plant and equipment of US\$573,000 and forestry assets of US\$3.54 million.

Net cash flows used in financing activities of US\$615,000 was due to payment of expenses for Proposed DSS Acquisition.

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.

(b) (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 year ended 31 December 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)		
	12 Months Ended 31.12.2014 US\$'000				12 Months Ended 31.12.2014 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	-	-	507	507	-	-	-
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	-	-	507	507	-	-	-
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	-	-	507	507	-	-	-
Loan granted by, facility fee payable to and interest expense paid or payable to ASM Asia Recovery (Master) Fund	-	-	507	507	-	-	-
** 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 virtual 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)

Not applicable.

- 15 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

a) Operating Segment

	2014			
	Forestry & Pulp	Others	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue				
Revenue from external customers	9,614	-	-	9,614
Inter segment revenue	-	-	-	-
Total revenue	9,614	-	-	9,614
Segment results	(16,592)	(5,072)	-	(21,664)
Finance costs				(7,114)
Loss before tax				(28,778)
Income tax benefit				1,263
Non-controlling interests				-
Loss after tax				(27,515)
Segment assets	37,782	1,911	(2,876)	36,817
Total assets				36,817
Segment liabilities	(170,289)	(63,957)	181,019	(53,227)
Unallocated liabilities				(78,671)
Total liabilities				(131,898)
Other segment information				
Depreciation of property, plant and equipment	2,136	2		2,138
Fair value loss on forestry assets	5,044	-		5,044
Compensation income	(424)	-		(424)
Impairment loss on compensation income receivable	4,657	-		4,657
Inventories written down to net realisable value	1,703	-		1,703

	2013			
	Forestry & Pulp	Others	Elimination	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue				
Revenue from external customers	4,945	-	-	4,945
Inter segment revenue	-	128	(128)	-
Total revenue	4,945	128	(128)	4,945
Segment results	(18,361)	(4,966)	-	(23,327)
Gain on deconsolidation of subsidiaries, net				16,720
Finance costs				(7,831)
Loss before tax				(14,438)
Income tax benefit				3,715
Non-controlling interests				-
Loss after tax				(10,723)
Segment assets	52,910	2,076	(2,512)	52,474
Total assets				52,474
Segment liabilities	(174,511)	(62,998)	185,940	(51,569)
Unallocated liabilities				(72,254)
Total liabilities				(123,823)
Other segment information				
Depreciation of property, plant and equipment	1,868	1	-	1,869
Fair value loss on forestry assets	16,107	-	-	16,107
Compensation income	(2,374)	-	-	(2,374)
Impairment loss on other receivables	3,633	-	-	3,633

b) Geographical Segment

	Singapore US\$'000		Indonesia US\$'000		Asia Pacific US\$'000		Consolidated US\$'000	
	2014	2013	2014	2013	2014	2013	2014	2013
Segment Revenue								
Sales to external customers	-	-	9,614	4,945	-	-	9,614	4,945
Other segment information								
Non-current assets	6	6	32,806	45,582	-	-	32,812	45,588

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Forestry and pulp

Revenue from Forestry and Pulp division increased by US\$4.67 million from US\$4.94 million in FY2013 to US\$9.61 million in FY2014 due to higher forestry activities.

Segment loss decreased by US\$1.77 million from US\$18.36 million in FY2013 to US\$16.59 million in FY2014 mainly due to lower fair value loss on forestry concession, and offset by impairment loss on compensation income receivables; and higher cost of goods sold as a result of higher harvesting costs and log inventories written down to net realisable value.

Others

Segment loss remains relatively stable.

17 A breakdown of sales

	Group (US\$'000)		
	2014	2013	+/- %
Sales reported for first half year	4,332	2,054	111
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(9,635)	5,368	(279)
Sales reported for second half year	5,282	2,891	83
Operating profit after tax before deducting non-controlling interests reported for second half year	(17,880)	(16,091)	11
Total sales for the year	9,614	4,945	94
Total operating loss after tax before deducting non-controlling interests reported for the year	(27,515)	(10,723)	157

18 A breakdown of the total annual dividend (in US\$ value) for the issuer's latest full year and its previous full year

Not applicable.

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such person, the issuer must make an appropriate negative Statement.

Pursuant to Rule 704(13) of the Listing Manual, the Board of Directors of the Company wishes to confirm that there are no such persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Pauline Lee

Acting Chief Executive Officer

25 February 2015