



(Registration no. 199508589E)

Full Year Financial Statements for the year ended 31 December 2006

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Notes	Group Year ended 31 Dec		Increase %
		2006 US\$'000	2005 US\$'000	
Revenue		125,208	56,751	121
Cost of sales		(112,938)	(49,259)	129
Gross profit		12,270	7,492	64
Selling and distribution expenses		(5,705)	(2,581)	121
Administrative expenses		(7,705)	(6,350)	21
Other operating expenses		(4,828)	(2,072)	133
Gain arising from increase in fair value less estimated point-of-sale costs of forest asset		21,329	9,325	129
Other revenue		827	302	174
Depreciation and amortisation		(344)	(285)	21
Finance costs		(6,676)	(2,734)	144
Profit before taxation	1	9,168	3,097	196
Tax expenses	2	(6,673)	(2,638)	153
Profit after taxation		2,495	459	NM
Attributable to:				
Equity holders of the Company		2,495	458	NM
Minority interests		--	1	NM
		2,495	459	NM

Remarks:

NM denotes "Not Meaningful"

Notes to Income Statement

1. Profit before taxation is arrived at after (crediting)/charging the following:

	Group	
	Year ended 31 Dec	
	2006	2005
	US\$'000	US\$'000
Allowance for doubtful debts (net of written back)	44	(2)
Bad debts written off (net of written back)	--	8
Dividend income	(1)	(2)
Foreign exchange gain – realised	(9)	(11)
Foreign exchange loss – unrealised	1,470	53
Gain on disposal of property, plant and equipment	(323)	(36)
Loss on disposal of other investments	6	--
(Reversal of)/ Impairment in value of completed properties held for sale	(13)	43
Impairment in value of property, plant and equipment	746	--
(Reversal of)/ Impairment in value of other investments	(32)	89
Impairment in value of investment property	32	--
Interest income	(368)	(176)
Property, plant and equipment written off	20	11

2. Tax expenses can be analysed as follows:

	Group	
	Year ended 31 Dec	
	2006	2005
	US\$'000	US\$'000
Current tax	14	84
Deferred tax	5,976	2,652
	<hr/>	<hr/>
	5,990	2,736
Under/(over) provision in respect of prior years	683	(98)
	<hr/>	<hr/>
	6,673	2,638

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

	Group		Company	
	As at 31.12.06	As at 31.12.05 (restated)	As at 31.12.06	As at 31.12.05
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Forest asset	226,188	203,681	--	--
Property, plant and equipment	48,194	14,339	5,593	6,072
Amounts due from subsidiaries	--	--	16,258	12,879
Investments in subsidiaries	--	--	122,898	113,459
Investment property	404	403	--	--
Other investments	51	145	51	145
Club membership	102	96	--	--
Deferred tax assets	425	49	--	--
Goodwill on consolidation	19,163	17,692	--	--
	<u>294,527</u>	<u>236,405</u>	<u>144,800</u>	<u>132,555</u>
Current Assets				
Construction work-in-progress	438	632	--	--
Completed properties held for sale	1,138	1,978	--	--
Inventories	815	1,400	--	--
Trade and other receivables	67,042	44,907	39,779	22,193
Cash on hand and at banks	34,974	8,626	29,300	3,679
	<u>104,407</u>	<u>57,543</u>	<u>69,079</u>	<u>25,872</u>
Current Liabilities				
Construction progress billings in excess of costs	(5,965)	(3,105)	--	--
Trade and other payables	(62,886)	(20,076)	(11,066)	(7,905)
Hire purchase creditors	(98)	(22)	--	--
Provision for taxation	(856)	(135)	(33)	(30)
Amounts due to financial institutions	(32,270)	(46,774)	(17,111)	(31,601)
	<u>(102,075)</u>	<u>(70,112)</u>	<u>(28,210)</u>	<u>(39,536)</u>
Net Current Assets/ (Liabilities)	2,332	(12,569)	40,869	(13,664)
Non-Current Liabilities				
Deferred tax liabilities	(59,449)	(52,901)	--	--
Non-current payables	--	--	(2,771)	(2,558)
Hire purchase creditors	(178)	(44)	--	--
Long term loans	(2,990)	(3,235)	--	--
	<u>(62,617)</u>	<u>(56,180)</u>	<u>(2,771)</u>	<u>(2,558)</u>
Net Assets	<u>234,242</u>	<u>167,656</u>	<u>182,898</u>	<u>116,333</u>
Represented by:				
Equity attributed to equity holders of the Company				
Share capital	209,560	114,945	209,560	114,945
Share premium	--	31,728	--	31,728
Reserves	24,681	20,982	(26,662)	(30,340)
	<u>234,241</u>	<u>167,655</u>	<u>182,898</u>	<u>116,333</u>
Minority interests	1	1	--	--
Total Equity	<u>234,242</u>	<u>167,656</u>	<u>182,898</u>	<u>116,333</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 Dec 2006		As at 31 Dec 2005	
Secured	Unsecured	Secured	Unsecured
US\$31,852,000	US\$516,000	US\$16,159,000	US\$30,637,000

Amount repayable after one year

As at 31 Dec 2006		As at 31 Dec 2005	
Secured	Unsecured	Secured	Unsecured
US\$3,168,000	--	US\$3,279,000	--

Details of any collateral

The following sets out the details of the collateral for the Group's borrowings from the various financial institutions:

- (a) Agriculture produce from the forest asset;
- (b) Assignment of key contracts and insurances in connection to the wood chip mill project;
- (c) Base camp located at the forest concession area in South Kalimantan, Indonesia with net book value of US\$2.6m;
- (d) Charge on fixed deposit of US\$1.2m;
- (e) Charge on all assets of the wood chip mill project of US\$38.0m;
- (f) Completion guarantee of US\$5.0m given by turnkey contractor in connection to construction of the wood chip mill;
- (g) First legal mortgage on 103 Defu Lane 10, Singapore 539223 with net book value of US\$5.5m;
- (h) Investment property located at Tanah Merah Kechil Road #13-05, Singapore 465558 with carrying value of US\$0.4m;
- (i) Plant and equipment with net book value of US\$0.3m;
- (j) Assignment of proceeds from certain construction projects;
- (k) Assignment of bank accounts which proceeds from wood chip sales are received;
- (l) Pledging of unquoted shares in subsidiaries;
- (m) Charge over shares in the Company held by Tektronix Industries Ltd ("Tektronix") and charge over a bank account maintained by Tektronix;
- (n) Assignment of rights under Operational Management Arrangement ("OMA"); and
- (o) Assignment of inter-company loans.

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

	Group	
	Year ended 31 Dec	
	2006	2005
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before taxation	9,168	3,097
Adjustments for:		
Depreciation and amortisation	344	285
Gain arising from increase in fair value less estimated point-of-sale costs of forest asset	(21,329)	(9,325)
Interest expenses	6,676	2,734
Interest income	(368)	(176)
Impairment in value of property, plant & equipment	746	--
Impairment in value of investment properties	32	--
(Reversal of)/impairment in value of other investments	(32)	89
(Reversal of)/impairment in value of completed properties held for sale	(13)	43
Gain on disposal of property, plant & equipment	(323)	(36)
Property, plant and equipment written-off	20	11
Loss on disposal of other investments	6	--
Net exchange differences	89	(129)
Cash flows used before working capital changes	(4,984)	(3,407)
(Increase)/decrease in working capital:		
Completed properties held for sale	1,019	2,354
Construction work-in-progress, net of construction billings in excess of costs	3,109	(1,397)
Inventories	1,280	(1,400)
Trade and other receivables	(19,702)	(24,179)
Trade and other payables	7,516	2,671
Cash flows used in operations	(11,762)	(25,358)
Tax paid	(10)	(342)
Interest paid	(6,676)	(2,052)
Net cash flows used in operating activities	(18,448)	(27,752)
Cash flows from investing activities		
Addition in cost of forest asset	(815)	(685)
Down payment for construction of wood chip mill	--	(5,000)
Interest received	380	176
Proceeds from disposals of property, plant and equipment	511	176
Proceeds from disposal of other investments	133	--
Purchase of property, plant & equipment	(997)	(1,146)
Net cash flows used in investing activities	(788)	(6,479)
Cash flows from financing activities		
Expenses incurred on issuance of ordinary shares	--	(452)
Decrease/(increase) of pledge in fixed deposits	1,474	(2,501)
Proceeds from issuance of ordinary shares	31,639	6,010
Proceeds from bank borrowings, net	13,760	30,152
Repayment of hire purchase	(44)	(31)
Net cash flows from financing activities	46,829	33,178
Effect of exchange rate changes on cash and cash equivalents	92	(128)
Net increase/(decrease) in cash and cash equivalents	27,685	(1,181)
Cash and cash equivalents at beginning of year	5,538	6,719
Cash and cash equivalents at end of year	33,223	5,538
Breakdown of cash and cash equivalents at end of the year is as follows:		
Cash on hand and at bank (excluding restricted cash)	33,739	6,125
Bank overdrafts, unsecured	(516)	(587)

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

GROUP	-----Attributable to shareholders-----							Minority Interests	Total Equity
	Share Capital	Share Premium	Capital Reserve	Foreign Currency Translation	Other Reserves ⁽¹⁾	Accumulated (Losses)/ Profit	Total Reserves		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
2006									
AT 31 DECEMBER 2005 AS PREVIOUSLY REPORTED	114,945	31,728	161,557	3,693	5,826	(624)	170,452	1	317,126
Effects of applying "reverse acquisition accounting"	--	--	(161,557)	(6,813)	(68,305)	87,205	(149,470)	--	(149,470)
AT 31 DECEMBER 2005 AS RESTATED	114,945	31,728	--	(3,120)	(62,479)	86,581	20,982	1	167,656
Net effect of exchange differences ⁽²⁾	--	--	--	1,204	--	--	1,204	--	1,204
Net income recognised directly in equity	--	--	--	1,204	--	--	1,204	--	1,204
Profit for the year	--	--	--	--	--	2,495	2,495	--	2,495
Total recognised income and expenses for the year	--	--	--	1,204	--	2,495	3,699	--	3,699
Transfer of share premium to share capital	31,728	(31,728)	--	--	--	--	--	--	--
Issuance of shares	64,189	--	--	--	--	--	--	--	64,189
Expenses incurred on issuance of shares	(1,302)	--	--	--	--	--	--	--	(1,302)
BALANCE AS AT 31 DECEMBER 2006	209,560	--	--	(1,916)	(62,479)	89,076	24,681	1	234,242
2005									
AT 1 JANUARY 2005 AS PREVIOUSLY REPORTED	106,759	19,521	166,118	6,020	5,826	(5,643)	172,321	--	298,601
Effects of applying "reverse acquisition accounting"	--	--	(166,118)	(6,813)	(68,305)	91,766	(149,470)	--	(149,470)
AT 1 JANUARY 2005 AS RESTATED	106,759	19,521	--	(793)	(62,479)	86,123	22,851	--	149,131
Net effect of exchange differences	--	--	--	(2,327)	--	--	(2,327)	--	(2,327)
Net income recognised directly in equity	--	--	--	(2,327)	--	--	(2,327)	--	(2,327)
Profit for the year	--	--	--	--	--	458	458	1	459
Total recognised income and expenses for the year	--	--	--	(2,327)	--	458	(1,869)	1	(1,868)
Issuance of shares	8,186	12,659	--	--	--	--	--	--	20,845
Expenses incurred on issuance of shares	--	(452)	--	--	--	--	--	--	(452)
BALANCE AS AT 31 DECEMBER 2005	114,945	31,728	--	(3,120)	(62,479)	86,581	20,982	1	167,656

(1) Other reserves comprises of the following:

- (i) equity-settled liability for acquisition of Anrof Singapore Limited ("ASL") group of companies in year 2002; and
- (ii) reserve on consolidation which comprises the net excess of the fair value of net assets over the deemed cost of business combination incurred by ASL arising from the reverse acquisition of the Company.

(2) The net effect of exchange differences includes a credit of US\$329,000 arising from the change in functional currencies of 2 foreign subsidiaries as mentioned Note 5(1).

COMPANY	-----Attributable to shareholders-----							Minority Interests	Total Equity
	Share Capital	Share Premium	Capital Reserve	Foreign Currency Translation	Other Reserves ⁽³⁾	Accumulated Losses	Total Reserves		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
BALANCE AS AT 1 JANUARY 2006	114,945	31,728	--	99	5,826	(36,265)	(30,340)	--	116,333
Net effect of exchange differences	--	--	--	9,495	--	--	9,495	--	9,495
Net income recognised directly in equity	--	--	--	9,495	--	--	9,495	--	9,495
Loss for the year	--	--	--	--	--	(5,817)	(5,817)	--	(5,817)
Total recognised income and expenses for the year	--	--	--	9,495	--	(5,817)	3,678	--	3,678
Transfer of share premium to share capital	31,728	(31,728)	--	--	--	--	--	--	--
Issuance of shares	64,189	--	--	--	--	--	--	--	64,189
Expenses incurred on issuance of shares	(1,302)	--	--	--	--	--	--	--	(1,302)
BALANCE AS AT 31 DECEMBER 2006	209,560	--	--	9,594	5,826	(42,082)	(26,662)	--	182,898
BALANCE AS AT 1 JANUARY 2005	106,759	19,521	--	1,950	5,826	(31,298)	(23,522)	--	102,758
Net effect of exchange differences	--	--	--	(1,851)	--	--	(1,851)	--	(1,851)
Net income recognised directly in equity	--	--	--	(1,851)	--	--	(1,851)	--	(1,851)
Loss for the year	--	--	--	--	--	(4,967)	(4,967)	--	(4,967)
Total recognised income and expenses for the year	--	--	--	(1,851)	--	(4,967)	(6,818)	--	(6,818)
Issuance of shares	8,186	12,659	--	--	--	--	--	--	20,845
Expenses incurred on issuance of shares	--	(452)	--	--	--	--	--	--	(452)
BALANCE AS AT 31 DECEMBER 2005	114,945	31,728	--	99	5,826	(36,265)	(30,340)	--	116,333

(3) Other reserves comprises of equity-settled liability for acquisition of ASL group of companies in year 2002.

1(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 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.

The Company's share capital increased by US\$94,615,000 to US\$209,560,000 as at 31 December 2006, arising from:

1. Transfer of share premium to share capital

A transfer of US\$31,728,000 was made from the share premium account, pursuant to the Companies (Amendment) Act (the "Act") which came into effect on 30 January 2006. Under the Act, the concept of par value and authorised share capital has been abolished. Accordingly, the Company's share premium account has been closed and its balance transferred to the share capital account.

2. Issuance of new shares

The Company had earlier borrowed a total of 183,794,223 shares from Tektronix to deliver to Cornell Capital Offshore LP ("Cornell") for the full repayment of the S\$50m Series Three Loan Note.

In year 2006, the Company issued four tranches of shares to Tektronix, pursuant to the Security Lending Agreement:

- (i) 22,458,964 shares at S\$0.2672 per share;
- (ii) 48,989,056 shares at S\$0.2858 per share;
- (iii) 50,854,936 shares at S\$0.2950 per share; and
- (iv) 61,491,267 shares at S\$0.2439 per share

On 12 December 2006, the Company issued 180,000,000 new ordinary shares at S\$0.27 per share, pursuant to the Equity Placement Agreements with a number of investment funds.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The figures have not been audited nor reviewed by our auditors.

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 in the audited financial statements for the year ended 31 December 2005, except for:

- 1. Change in functional currency of two foreign subsidiaries from Indonesia Rupiah ("IDR") to United States Dollars ("USD");
- 2. Change in financial statements presentation currency from Singapore Dollars ("SGD") to USD;
- 3. Retrospective adjustment to apply the principle of "reverse acquisition accounting" for acquisition of ASL group of companies; and
- 4. Adoption of the new/ revised Financial Reporting Standard ("FRS") and interpretation which have become effective from 1 January 2006.

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.**

1. Change in functional currency of two foreign subsidiaries from IDR to USD

With effect from 1 January 2006, two of the foreign subsidiaries within the Forestry and Pulp Division have changed their functional currency from IDR to USD due to changes in the underlying transactions, events and conditions relevant to these companies, in anticipation of sales and capital funding for construction of the wood chip and pulp mills which are primarily in USD.

The change in functional currency has led to an increase in the Group's foreign currency translation reserves by US\$329,000.

2. Change in presentation currency from SGD to USD

Following the change in the above, the functional currency of most subsidiaries within the Forestry and Pulp Division is pre-dominantly USD. As the core investment of the Group is in Forestry and Pulp Division and this division is expected to contribute revenue and profits to the Group from 2006 onwards, the financial statements, including comparatives of the Group and the Company have been translated from SGD to USD for presentation purpose.

Assets and liabilities are translated at the foreign exchange rate ruling at the balance sheet date. Income and expenses are translated at rates approximating the foreign exchange rates ruling at the dates of the transactions. All resulting exchange differences are recognised as a separate component of equity.

The change in presentation currency has no significant impact on the financial statements.

3. Retrospective adjustment to apply principle of "reverse acquisition accounting" for acquisition of ASL Group

In 2002, the Company acquired ASL group of companies and the acquisition was accounted for using the "Purchase Method" for the reasons set out in Note 39 of the Company's financial statements for the year ended 31 December 2005. The acquisition meets the description of a reverse acquisition transaction in Singapore FRS 22 – Business Combination. However, the "Purchase Method" that was adopted as the FRS 22 then, does not provide any specific guidance on how the "reverse acquisition accounting" can be applied. The Company has decided to adopt "reverse acquisition accounting" for the financial period beginning on 1 January 2006 based on guidelines in the current FRS 103 – Business Combinations.

Hence, a retrospective adjustment was done to apply the principle of "reverse acquisition accounting" by adjusting the opening balances of goodwill arising on consolidation and shareholders' equity as at 1 January 2005. The effect of this change is a decrease in the amount of goodwill arising on consolidation, net assets and shareholders' equity, respectively, by US\$149,470,000 as at 31 December 2005.

Reverse acquisition accounting applies only in the consolidated financial statements. In the legal parent, i.e. the Company's financial statements, investment in the legal subsidiary, i.e. ASL is accounted for at cost less impairment losses.

4. Adoption of the new/ revised Financial Reporting Standard (“FRS”) and interpretation which have become effective from 1 January 2006

The Group has adopted the following new/ revised FRS and interpretation which came into effect on 1 January 2006:

- (a) FRS 19 (*revised*), Employee Benefits
- (b) FRS 21 (*revised*), The Effects of Changes in Foreign Exchange Rates
- (c) FRS 39 (*revised*), Financial Instruments – Recognition and Measurement
- (d) FRS 102, Share-based Payment
- (e) FRS 104 (*revised*), Insurance Contracts
- (f) INT FRS 104, Determining Whether an Arrangement Contains a Lease
- (g) INT FRS 105, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Fund
- (h) FRS 106, Exploration for and Evaluation of Mineral Resources

The adoption of this standard and interpretation does not have a material impact on the financial statements for the financial year under review.

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

	Group	
	Year ended 31 Dec	
	2006	2005
Earnings per ordinary share of the Group based on net profit attributable to the equity holders of the Company:		
(i) Based on the weighted average number of shares (in US\$ cents)	0.12	0.02
- Weighted average number of shares	2,045,304,795	1,887,836,336
(ii) On a fully diluted basis (in US\$ cents)	0.12	0.02
- Adjusted weighted average number of shares	2,137,777,748	2,009,928,703

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	Cents		Cents	
	31.12.06	31.12.05 (restated)	31.12.06	31.12.05
Net asset value per share (in US\$)	10.14	8.61	7.91	5.97

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

a. Group performance

Overview

The Group delivered strong revenue performance of US\$125.2m in FY2006. This was a US\$68.4m (+121%) increase over FY2005 of US\$56.8m.

Revenue growth came mainly from increase in progress billings from new construction projects in FY2006 and higher revenue from the pulp sales under OMA with PT Kiani Kertas ("PT KK").

Group net profit after taxation was at US\$2.5m in FY2006, an increase of US\$2.0m compared with US\$0.5m achieved in FY2005.

Forestry and Pulp division delivered a gain arising from increase in net fair value of forest asset of US\$21.3m and Construction and Property division contributed net profit after taxation of US\$0.7m.

Gross profit

Higher revenue from construction projects and pulp sales during the year has resulted in gross profit of US\$12.3m, an increase of US\$4.8m from US\$7.5m in FY2005. However, gross profit margin slipped by 3%, from 13% in FY2005 to 10% in the current year, due to lower gross profit margin on sales of pulp as a result of higher pulp purchase price incurred during the year.

Selling and distribution expenses

Selling and distribution expenses increased from US\$2.6m in FY2005 to US\$5.7m in FY2006, due primarily to increase in pulp selling expenses of approximately US\$2.9m.

Administrative expenses

Administrative expenses increased by 21% from US\$6.4m in FY2005 to US\$7.7m in FY2006, due to higher personnel costs with expanded staff strength.

Other operating expenses

Other operating expenses increased by US\$2.7m from US\$2.1m in FY2005 to US\$4.8m in FY2006, due largely to translation losses of approximately US\$1.4m following the weakening of USD, and impairment losses on investment property, property, plant and equipment of US\$0.8m.

Gain arising from increase in fair value less estimated point-of-sale costs of forest asset

Gain arising from increase in fair value less estimated point-of-sale costs of forest asset increased by 129%, from US\$9.3m in FY2005 to US\$21.3m, due mainly to upward trend in both plantation and natural forest wood price.

Finance costs

Finance costs went up from US\$2.7m in FY2005 to US\$6.7m in FY2006, due to non-recurring financing commitment and renewal fees in connection to new loan facility from Natixis Banques Populaires ("Natixis") and increases in interest expenses in relation to Series 3 Loan Note from Cornell and Natixis.

b. Significant balance sheet movements

In addition to those described above, the following sets out major factors affecting assets and liabilities of the Group during the current financial year:

Forest asset

Forest asset recorded a net increase of US\$22.5m, from US\$203.7m as at 31 December 2005 to US\$226.2m as at 31 December 2006. The increase was due mainly to the gain in the fair value less estimated point-of-sale costs of the forest asset of US\$21.3m.

Property, plant and equipment

Property, plant and equipment increased by US\$33.9m from US\$14.3m as at 31 December 2005 to US\$48.2m as at 31 December 2006, due mainly to the recognition of progress work done in relation to construction of wood chip mill under the turnkey contract.

Trade and other receivables

Receivables increased by 49% from US\$44.9m as at 31 December 2005 to US\$67.0m as at 31 December 2006 due to advances to finance the OMA operational costs and increases in trade receivables for construction projects.

Cash on hand and at banks

Cash on hand and at banks went up by US\$26.3m from US\$8.6m as at 31 December 2005 to US\$34.9m as at 31 December 2006, with proceeds mainly from issuance of new shares.

Construction work-in-progress/Construction progress billings in excess of costs

Progress billing in excess of costs increased from US\$2.5m as at 31 December 2005 to US\$5.5m as at 31 December 2006, owing to more progress billings for new construction projects.

Trade and other payables

Trade and other payables increased substantially by US\$42.8m from US\$20.1m as at 31 December 2005 to US\$62.9m as at 31 December 2006, due mainly to accruals for progress work done in relation to the wood chip mill.

Amounts due to financial institutions and long term loans

The amounts due to financial institutions and long term loans were reduced from US\$50.0m as at 31 December 2005 to US\$35.3m as at 31 December 2006. There was a new short term loan from Natixis. The decrease in amount due to financial institutions was due mainly to repayment of Series Three Loan Note to Cornell.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the 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.

Forestry and Pulp Division

(a) OMA and Proposed Acquisition of PT KK

The OMA has served our purpose well, being a valuable interim measure to become familiar with and gain operating experience in the PT KK mill operations.

PT KK owns a large-scale modern Indonesia pulp mill, with a designed capacity of 525,000 tonnes of high quality bleached hardwood kraft pulp (“BHKP”) per annum.

The OMA will be terminated upon the completion of the proposed acquisition of PT KK.

The Directors continue to hold the view that PT KK will represent a strategic acquisition for the group and will immediately add to our platform and vision to be a key player in the international pulp market, ranging from forestry to pulp production.

UFS will make further updates on the proposed acquisition and OMA as appropriate.

(b) Wood Chip Mill Project

PT Mangium Anugerah Lestari (“PT MAL”) has started its commercial operations.

As production will be ramped up according to our planned schedule, we expect to be able to produce approximately 490,000 tonnes of wood chips in the next twelve months. This represents 70% of PT MAL’s annual production capacity of 700,000 tonnes of wood chips.

PT MAL’s wood chips will be sold mainly to the Asian markets and this is expected to make significant contribution to the Group’s revenue.

(c) Pulp Mill Project

As announced on 18 December 2002, PT Marga Buana Bumi Mulia (“PT MBBM”), an Indonesia incorporated wholly-owned subsidiary of the Group, entered into a Turnkey Contract (“Contract”) with CMEC for the construction of the major part of a BHKP mill in South Kalimantan, Indonesia, with an annual production capacity of 600,000 tonnes of pulp for a consideration of US\$863m.

Under the Contract, CMEC is responsible for financing 80% of the total development cost of the Pulp Mill.

As informed by CMEC, the final approvals from the State Council and relevant authorities are in the process of being finalised.

As the pulp mill is not expected to commence operation until 2009, PT MBBM will not contribute to the group’s revenue in the current financial year.

Construction and Property Division

Given the current buoyant construction outlook in Singapore, we expect the construction division to further improve its performance.

We will continue to focus our strength to secure projects that will place emphasis on quality, safety and environmental concerns.

The Division’s order book currently stands at approximately US\$124m.

11. Dividend

(a) Current Financial Period Reported On

Not applicable.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been proposed or declared.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2 & Q3 or Half Year Results)

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

a) Business Segment

	Construction and property		Forestry and pulp		Others		Elimination		Consolidated	
	US\$'000		US\$'000		US\$'000		US\$'000		US\$'000	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005 (restated)
Segment revenue										
Sales to external customers	89,623	41,454	35,370	15,165	215	132	--	--	125,208	56,751
Inter-segment sales	--	--	--	--	1,570	824	(1,570)	(824)	--	--
Total revenue	89,623	41,454	35,370	15,165	1,785	956	(1,570)	(824)	125,208	56,751
Segment results	716	(48)	18,874	9,206	(3,417)	(3,130)	(329)	(197)	15,844	5,831
Finance costs									(6,676)	(2,734)
Profit before taxation									9,168	3,097
Tax expenses									(6,673)	(2,638)
Minority interests									--	(1)
Profit after taxation									2,495	458
Segment assets	31,831	23,966	304,760	239,092	62,343	30,890	--	--	398,934	293,948
Investment in associates	--	--	--	--	--	--	--	--	--	--
Consolidated total assets	31,831	23,966	304,760	239,092	62,343	30,890	--	--	398,934	293,948
Segment liabilities	29,629	21,650	114,196	71,927	19,711	32,303	--	--	163,536	125,880
Unallocated corporate liabilities	--	--	--	--	--	--	--	--	1,156	412
Consolidated total liabilities	29,629	21,650	114,196	71,927	19,711	32,303	--	--	164,692	126,292
Other segment information										
Capital expenditure	85	145	34,767	4,108	18	77	--	--	34,870	4,330
Depreciation and amortisation	79	75	40	5	225	204	--	--	344	285
Impairment losses	32	43	--	--	746	89	--	--	778	132
Reversal of impairment losses	(13)	--	--	--	(32)	--	--	--	(45)	--

b) **Geographical Segment**

	Singapore		Asia Pacific		Consolidated	
	US\$'000		US\$'000		US\$'000	
	2006	2005	2006	2005	2006	2005
Segment revenue						
Sales to external customers	89,781	41,529	35,427	15,222	125,208	56,751
Other segment information						
Segment assets	73,618	35,776	325,316	258,172	398,934	293,948
Capital expenditure	102	222	34,768	4,108	34,870	4,330

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

Business segments

Construction and Property

Revenue of this segment grew a robust 116% to US\$89.6m in FY2006 with higher progress billings on various new projects during the year, whereas in FY2005, most of the projects were at early stage. With increased revenue, this segment improved from a marginal loss of US\$0.05m to a profit of US\$0.7m in FY2006.

Forestry and Pulp

This segment contributed revenue to the Group through pulp sales, which increased from US\$15.2m in FY2005 to US\$35.4m in FY2006.

The improvement in the segment results from US\$9.2m to US\$18.9m was mainly due to recognition of higher gain arising from increase in fair value less estimated point-of-sale costs of forest asset, following the increased trend in plantation and natural forest wood price.

Others

This relates mainly to revenue derived from intra-group transactions such as management fees and rental charged by the Company.

15. A breakdown of sales

	Group		
	US\$'000		%
	2006	2005	2006
Sales reported for first half year	51,319	16,340	214
Operating profit after tax before deducting minority interest reported for first half year	832	218	282
Sales reported for second half year	73,889	40,411	83
Operating profit after tax before deducting minority interest reported for second half year	1,663	241	NM

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

BY ORDER OF THE BOARD

Jaka Prasetya
Chief Executive Officer
27 February 2007