UPP HOLDINGS LIMITED

ANNUAL REPORT 2011

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Executive Chairman, Chief Executive Officer

Koh Wan Kai
Executive Director, President and Chief Operating Officer

Ong Pang Liang
Executive Director, Finance Director

Gary Ho Kuat Foong
Lead Independent Director

Adrian Chan Pengee
Independent Director

Lim Chow Cher Charles
Independent Director

Hardjanto Adiwana
Non-Executive Director

Tong Kooi Ong
Non-Executive Director

Company Secretary
Loo Hwee Fang

Audit Committee
Gary Ho Kuat Foong *(Chairman)*
Adrian Chan Pengee
Lim Chow Cher Charles

Nominating Committee
Adrian Chan Pengee *(Chairman)*
Gary Ho Kuat Foong
Hardjanto Adiwana

Remuneration Committee
Adrian Chan Pengee *(Chairman)*
Gary Ho Kuat Foong
Lim Chow Cher Charles

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Share Registrar
M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Auditors
Nexia TS Public Accounting Corporation
100 Beach Road
Shaw Tower #30-00
Singapore 189702
Philip Tan Jing Choon (Director in-Charge)

Principal Bankers
DBS Bank Limited
Malayan Banking Berhad
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

The sovereign debt crisis in Europe and the inflationary concerns in emerging economies resulted in turbulence and uncertainty in global markets. With the continuing deleveraging in developed economies, global demand and consumer sentiment deteriorated in 2011.

The sluggish market demand for paper products, aggravated by persistent high material and energy costs, exerted pressure on the profitability of our operating business.

The UPP group of companies' (the "**Group**") revenue for FY2011 was S$51.1 million, a slight decline of 3% from FY2010. But, with higher raw material and energy costs, gross profit suffered a fall of 32% to S$5.7 million. Gross profit margin decreased by 4.7% to 11.2%. During the year, the Group divested its interest in Samson Paper (M) Sdn Bhd ("**Samson**"), which resulted in a non-cash loss of S$416,000. Faced with a challenging operating environment, the Group operated in a conservative and cautious manner, focusing on cost and risk management. Compared with the previous year, selling and distribution expenses had decreased by 18%. Administrative expenses were marginally lower by 2% despite upward cost pressures. FY2011 ended with a net loss attributable to shareholders of about S$612,000 as compared with a net profit of S$937,000 in the previous year.

The Group's cash flow and financial position remained healthy. Operating activities generated net cash of S$1.4 million during the year. As at 31 December 2011, the Group had a cash balance of S$25.3 million.

The Board is proposing a final dividend of 0.1 cent per share in respect of FY2011.

Paper Mill and Recycled Fibre Division

For the Paper Mill and Recycled Fibre Division, sales revenue achieved was S$49.9 million as compared with S$51.5 million during the previous year. At pre-tax level, the Division registered a profit of S$1.4 million as compared with S$3.6 million in the previous financial year. The reduction in profitability was mainly due to lower sales volume, and higher raw material and energy costs.

Investment and Capital Management

On 25 May 2011, UPP Industries Pte. Ltd.("**UPPI**"), a wholly-owned subsidiary of UPP Holdings Limited (the "**Company**"), issued and served a writ of summons on Samson, seeking full repayment of a shareholder loan of approximately S$1,019,863 and related costs. UPPI which was a shareholder of Samson, and held a 30% equity stake in Samson at the date of the claim, had extended the shareholder loan in 2006. Samson had not declared any dividends since its incorporation in 2006.

On 1 November 2011, following negotiations with Top Pegasus Limited, the other shareholder of Samson, the suit was discontinued after Top Pegasus Limited agreed to acquire UPPI's entire interest in Samson for a consideration of RM742,500, and to repay the shareholder loan. The disposal of the equity stake and the settlement of the shareholder loan were completed on 30 December 2011.

With due consideration given to managing foreign exchange volatility and the proper allocation of the Group's cost of capital, an interest free shareholder loan of about RM52 million extended from UPP Holdings Limited to its operating subsidiary, UPP Pulp & Paper (M) Sdn. Bhd. was restructured into redeemable preference shares bearing a 2% annual dividend.

During the year, Management reviewed a few investment opportunities in the energy and water sector with the intent to diversify the Group's business activities. However, after considerable effort spent on due diligence on the targeted companies, and assessment of the prevailing operating environment, we were unable to negotiate deals that could provide the desired upside that would warrant the associated risks.

Due to the challenges in the current economic environment and the need to safeguard and ultimately enhance shareholder value, we responded in a manner that we felt was in the best interests of our shareholders.

Board Changes
I tendered my resignation from my positions in the Group on 29 February 2012. I will be taking an extended rest from all work. I have rebuilt the balance sheet of the Group during my tenor and it is a good time for me to leave, now that the Group is in a strong financial position.

On 15 March 2012, Mr. Tong Kooi Ong, a successful entrepreneur with diverse business experiences, was appointed to the Board. Mr. Tong will take over the Chairmanship of the Board from me at the coming Annual General Meeting.

Mr. Hardjanto Adiwana and Mr. Lim Chow Cher Charles, who are retiring, have decided not to stand for re-election at the coming Annual General Meeting. The Board has benefitted from their wisdom and guidance and we would like to express our deepest gratitude.

Outlook
Against the backdrop of a weak external environment, the Malaysian economy is expected to register slower growth in 2012. The Group's main source of revenue, which derives from its paper milling operations, will continue to move in tandem with the performance of the Malaysian domestic economy.

Given the uncertainties ahead, we have to continue to exercise cost restraint and better working capital management to mitigate inherent business risks.

As we strive for better performance in the paper business, we will continue to explore all possibilities to transform the Company in the interests of shareholders. In this regard, shareholders can expect Mr. Tong Kooi Ong, a substantial shareholder, to play a key role in shaping the new direction for the Company.

Corporate Governance
As a public listed company, strong corporate governance continues to be an important focus for the Board. We have revised and updated our staff on the 'code of ethics' and 'whistle blowing' policies to ensure that high standards of corporate governance, business ethics and responsibility pervade throughout the Group.

We will continue to review and improve our policies, processes, controls and reporting systems to ensure that we are in compliance with all regulatory requirements.

Acknowledgement
On behalf of the Board of Directors, I would like to thank our customers, partners, business associates, service providers and shareholders for their continuing valuable support.

I would also like to express my appreciation to our fellow Directors for their expert guidance, professional contributions and support.

Last but not least, I would like to thank our management and staff for their hard work, dedication and support to help steer UPP Holdings Limited on the path of sustainable growth.

Koh Kim Huat
Chairman and CEO

BOARD OF DIRECTORS

Koh Kim Huat
Executive Chairman, Chief Executive Officer
Appointed to the Board on 31 October 2006

Mr. Koh was appointed Executive Chairman and Chief Executive Officer of the Company on 1 August 2010. He is responsible for the business direction, strategies and development of the Group. Mr. Koh brings to the Group extensive experience and knowledge, having held senior positions in both the public and private sectors. He served several portfolios in Singapore Government's Administrative Service. He was head of the Singapore Consulate in Shanghai and was also Senior Vice President of GIC Special Investments Pte Ltd. In the private sector, Mr. Koh has extensive work experience in Europe and Asia, and is particularly familiar with China. He has helmed listed companies in Hong Kong and Singapore. A Singapore Government scholar, Mr. Koh graduated with an Honours degree in Civil Engineering from the National University of Singapore.

Koh Wan Kai
Executive Director, President and
Chief Operating Officer
Appointed to the Board on 1 April 2009

Mr. Koh was appointed President and Chief Operating Officer on 1 August 2010, with responsibility for the Group's business operations. He started his career in an international accounting firm as an auditor and business consultant. He has more than 20 years experience in managerial positions spanning various industries. Prior to joining the Company, he was the Chief Financial Officer of SGX listed Rowsley Ltd.. Mr. Koh holds a Bachelor of Accountancy from the National University of Singapore. He is a Fellow member of the Institute of Certified Public Accountants of Singapore.

Ong Pang Liang
Executive Director, Finance Director
Appointed to the Board on 1 August 2010

Mr. Ong was appointed Executive Director on 1 August 2010 with responsibility for Group finance. He has over 25 years of experience in banking and finance. He joined the Company from Rowsley Ltd. where he was Chief Financial Officer. His banking career in various international banks covered responsibilities for business units in currency trading, treasury operations and corporate banking. He was a Managing Director at Bank of America, holding positions of Head of Foreign Exchange in Singapore and also assignment in China as General Manager of Bank of America Shanghai. Mr. Ong holds a degree in Business Administration from the National University of Singapore.

Gary Ho Kuat Foong
Lead Independent Director
Appointed to the Board on 31 October 2006

Mr. Ho has over 20 years' experience in corporate management and finance having been a Director of both publicly listed and private companies in Singapore, Malaysia and Australia. He holds two Bachelor degrees in Commerce and Science from the University of Western Australia. He is also a member of the Institute of Certified Public Accountants of Singapore and CPA Australia.

Adrian Chan Pengee
Independent Director
Appointed to the Board on 5 November 2002

Mr. Chan is Head of Corporate and a Senior Partner at Lee & Lee. He is also a Director of Hogan Lovells Lee & Lee, the joint law venture between Lee & Lee and the international law firm, Hogan Lovells, and is an independent director on the Boards of several publicly listed companies on the Singapore Stock Exchange. He holds a law degree from the National University of Singapore, is the Vice-Chairman of the Singapore Institute of Directors and serves on the Listed Companies Committee of The Singapore International Chamber of Commerce.

Lim Chow Cher Charles
Independent Director
Appointed to the Board on 1 August 2010

Mr. Lim has over 20 years of experience in finance and management. He has worked in various countries including Hong Kong, China and Thailand in banking, securities and other industries. He was formerly a Chief Financial Officer and Executive Director of a publicly listed company in Singapore. He holds a B.A. Hons (Economics & Finance) degree from the University of California Los Angeles.

Hardjanto Adiwana
Non-Executive Director
Appointed to the Board on 1 December 2008

Mr. Hardjanto has over 10 years' experience in business management and sits on the Boards of various companies in Indonesia with business activities ranging from trading, lifestyle and food & beverage. He is an advisor to PT Onix Capital Tbk, a stock broking house listed on Jakarta Stock Exchange. He is a member of Indonesia Business Chamber of Commerce in retail association.

Tong Kooi Ong
Non-Executive Director
Appointed to the Board on 15 March 2012

Mr. Tong is a businessman with interests in media, property development and other businesses in Malaysia, Singapore and Canada. He is a director of UEM Land Holdings Berhad, one of the leading property developers in Malaysia, listed on Bursa Malaysia. He also sits on the board of M+S Pte Ltd, a joint venture between Khazanah Nasional Berhad and Temasek Holdings. He is the Chairman of the Board and Chairman of the Executive Committee of Taiga Building Products Limited, a distributor of building products, listed on the Toronto Stock Exchange, with annual sales of over C$1.0 billion. His media interests are in The Edge Media Group Pte Ltd, which publishes *The Edge Singapore* and *The Edge* in Singapore and Malaysia respectively. He holds a Bachelor of Arts in Business Administration and a Master of Arts in Economics and Finance from Simon Fraser University, Canada. In 2002, he was bestowed his Doctor of Laws (Honoris Causa) from the same university.

UPP Holdings Limited ("**UPP**" or the "**Company**") is committed to high standards of corporate governance within the UPP group of companies (the "**Group**") and adopts the corporate governance practices contained in the Code of Corporate Governance 2005 (the "**Code**"). In areas where the Group deviates from the Code, the rationales are provided. We believe that good corporate governance establishes and maintains an ethical environment within the Group, which serves the interests of all shareholders.

BOARD MATTERS

Principle 1: Board's Conduct of Its Affairs

The Company is headed by the Board of Directors (the "**Board**") which is responsible for the overall management of the Company. The Board works closely with the management and the management remains accountable to the Board.

The principal functions of the Board, apart from its statutory responsibilities, include:
(a) approving the Group's corporate policies;
(b) approving annual budgets, key operational issues and major funding and investment proposals;
(c) setting overall strategies and supervision of the Group's business and affairs;
(d) reviewing the financial performance of the Group;
(e) approving nominations of Directors and appointments to the various Board Committees and key managerial personnel; and
(f) assuming responsibility for corporate governance.

During the year, the Board met regularly and as warranted by circumstances. Board meetings were also scheduled to coincide with half-yearly financial results reporting in order to facilitate a review of the financial statements and announcement of the unaudited half-yearly results of the Group.

Ad-hoc Board meetings were convened when the need arose. Where the attendance of certain Directors was not physically possible, the meeting was conducted with these Directors through teleconferencing. To further facilitate the efficient management of the Group, resolutions of the Board were passed by way of circulating minutes pursuant to Article 133 of the Articles of Association of the Company (the "**Articles**").

To assist in the efficient discharge of its fiduciary duties, the Board had established three (3) Board Committees namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). Each Committee has its own terms of references to address their respective areas of focus.

Details of the number of Board meetings held in the year and attendance of each Board member at those meetings and meetings of the various Board Committees are provided on page 15 of this Annual Report.

All Directors objectively take decisions in the interests of the Company. The management provides the Board with financial and operational updates, while decisions on all key matters such as material acquisition and disposal of assets or undertakings and the release of the Company's results are made by the Board.

Our Directors also sit on the boards of other listed companies, and are therefore not only well aware of their duties and responsibilities, but how to discharge such duties. For incoming and/or new Directors, if any, the Company will conduct briefings to ensure that any incoming and/or new Directors become familiar with the Group's businesses and corporate governance practices. The Company will also provide a formal letter to new Directors, setting out the director's duties and obligations.

The Company has adopted a policy which welcomes Directors to request for further explanations, briefings or informal discussions on any aspect of the Company's operations or businesses from the management.

Changes to regulations and accounting standards are monitored closely by the management. To keep pace with regulatory changes, where these changes have an important bearing on UPP's or Directors' disclosure obligations, Directors are briefed either during Board meetings or at specially-convened sessions conducted by professionals.

Directors are also encouraged to attend relevant courses conducted by the Singapore Institute of Directors, Singapore Exchange Securities Trading Limited ("**SGX-ST**") and consultants.

For FY2011, Directors attended briefings on the proposed revisions to the Code of Corporate Governance, conducted by Mr. Adrian Chan Pengee who is the Vice Chairman of Singapore Institute of Directors.

The following directors also attended training sessions and seminars:
(a) Mr. Ong Pang Liang attended the SGX's Reminder to Audit Committees; and
(b) Mr. Lim Chow Cher Charles attended the SID Directors Conference 2011 - Heat & Hope: The New Realities In Corporate Governance.

Principle 2: Board Composition and Balance

UPP is headed by an effective Board to lead, control and direct UPP and the Board has a pivotal role in charting the strategic course and direction of the Group. The Board comprises seven (7) Directors as at 31 December 2011. It is chaired by Mr. Koh Kim Huat who is an Executive Director. He is responsible for the leadership and objective functioning of the Board. However, Mr. Koh Kim Huat gave notice of his intention to resign from his executive functions as the Executive Chairman and Chief Executive Officer ("**CEO**") on 29 February 2012, such resignation to take effect on 31 May 2012. Mr. Koh Kim Huat subsequently confirmed that he will cease to be Chairman of the Board at the Annual General Meeting ("**AGM**") and Mr. Tong Kooi Ong will thereafter assume chairmanship of the Board. Mr. Hardjanto Adiwana and Mr. Lim Chow Cher Charles also gave notice that they will retire and not seek re-election at the AGM. As such, Mr. Ong Pang Liang will relinquish his post as finance director and be re-designated as non-executive director after the AGM. Mr. Tong Kooi Ong was appointed to the Board on 15 March 2012 as a non-executive director. The proposed new Board will comprise of five (5) members, namely, Mr. Gary Ho Kuat Foong, Mr. Adrian Chan Pengee, Mr. Koh Wan Kai, Mr. Ong Pang Liang and Mr. Tong Kooi Ong. Further details are set out under Principle 3: Chairman and Chief Executive Officer.

As of 31 December 2011, the Board comprises the following members:

Mr. Koh Kim Huat	(Executive Chairman)
Mr. Koh Wan Kai	(Executive)
Mr. Ong Pang Liang	(Executive)
Mr. Gary Ho Kuat Foong	(Lead Independent)
Mr. Adrian Chan Pengee	(Independent)
Mr. Lim Chow Cher Charles	(Independent)
Mr. Hardjanto Adiwana	(Non-Executive)

The Board, of which more than one-third (1/3) are Independent Directors thereby fulfilling the Code's recommendation that Independent Directors make up at least one-third (1/3) of the Board, is able to exercise its powers objectively and independently from the management. The criterion for independence is based on the definition given in the Code. The size of the Board, the standing of members of the Board in the business community, and their experience, knowledge and expertise, provide for effective decision-making and direction for the Group in its mission to be a leading manufacturer and supplier of paperboard and packaging products, focused on service and product excellence for our customers, superior returns to our shareholders, and a rewarding career for our employees. Profiles of the Directors are set out on page 4 of this Annual Report and details of Directors' shareholdings in the Company and its subsidiary companies are set out on page 16 of this Annual Report.

The Board is of the view that the current Board size is appropriate, taking into consideration the nature and scope of the Company's operations.

Principle 3: Chairman and Chief Executive Officer

Mr. Koh Kim Huat's resignation from his executive functions within the Company takes effect on 31 May 2012 and he will step down as Chairman of the Board at the AGM. The Board will be deliberating and considering the issues of succession and Board reconstitution, and will update shareholders by making the requisite announcements in due course.

For FY2011, the role of the Chairman is not separate from that of the CEO as the Board believes there is adequate accountability and transparency as reflected in the internal controls established with the Group. Mr. Gary Ho Kuat Foong is the Lead Independent Director. The Lead Independent Director's role is to be available to shareholders when they have concerns, which contact through normal channels of the Chairman or the CEO has failed to resolve or for which such contact is inappropriate. Immediately upon his re-election as a director at the upcoming AGM, Mr. Tong Kooi Ong will be appointed as the Chairman of the Board.

The Chairman is assisted by the management team in the daily operations and administration of the Group's business activities and in the effective implementation of the Group's strategies. The Chairman also oversees the workings of the Board, ensuring that the Board is able to perform its duties and that there is a flow of information between the Board and the management. The Chairman reviews most of the board papers before they are presented to the Board. The management staff who have prepared the papers, or who may provide additional insights, are invited to present the papers or attend the board meetings.

As the AC, NC and RC consist of all Independent Directors (save for the NC which consists of one (1) Non-Executive Director), the Board believes that there are sufficient and independent elements and adequate safeguards without undue influence, from the Chairman and the CEO, to allow for effective Board oversight.

Principle 4: Board Membership

The NC comprises three (3) Directors, a majority of whom, including the Chairman, are Independent Non-Executive Directors. The Chairman of the NC is not directly associated with a substantial shareholder of the Company within the meaning of the Code.

As of 31 December 2011, the NC members were as follows:

Mr. Adrian Chan Pengee	(Chairman)
Mr. Gary Ho Kuat Foong	(Member)
Mr. Hardjanto Adiwana	(Member)

Mr. Ong Pang Liang will replace Mr. Hardjanto Adiwana as a member of the NC, following Mr. Hardjanto Adiwana's retirement.

The responsibilities of the NC are to make recommendations to the Board on all Board appointments.

In addition, the NC has its terms of reference defining its role which include the following:

(a) developing and maintaining a formal and transparent process for the appointment of Directors to the Board and all things incidental including re-nominating and re-electing Directors at regular intervals and determining annually whether or not a Director is independent;
(b) assessing the effectiveness of the Board as a whole, and the contribution by each Director to the effectiveness of the Board;
(c) deciding how the performance of the Board may be evaluated and to propose objective performance criteria;
(d) reporting to the Board its findings from time to time on matters arising and requiring the attention of the NC; and
(e) undertaking such other reviews, projects, functions, duties and responsibilities as may be requested by the Board.

When considering a new Board member, the NC reviewed the curriculum vitae of the potential candidate and considered his/her experience and likely contribution to the Board. Meetings with the potential candidate were subsequently conducted before the NC makes its recommendation to the Board. The Board then makes the final determination for the appointment.

The NC has fulfilled its duty of making the requisite recommendations to the Board on all Board appointments and has also carried out its duty of re-nomination and re-election.

New Directors are at present appointed by way of a Board resolution after the NC approves their appointment. Our Articles require one-third (1/3) of our Directors to retire and subject themselves to re-election by shareholders at every AGM. This means that save for the CEO who has been appointed for a fixed term not exceeding five (5) years, no Director stays in office for more than three (3) years without being re-elected by shareholders.

Each meeting of the NC was properly minuted and upon confirmation of such minutes by the Chairman, a copy of the confirmed minutes was duly circulated to all members and the Board.

Principle 5: Board Performance

The NC is responsible for assessing, reviewing and evaluating the performance and effectiveness of the Board as a whole. The performance measurement ensures that the mix of skills and experience of the Directors continues to meet the needs of the Group. Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole.

Each Board member is required to complete a Board appraisal assessment form. On the basis of returns submitted, the Chairman of the NC prepares a consolidated report which is presented together with financial performance information to the Board for consideration and adoption.

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria. These criteria have been approved by the Board and have not changed from the previous financial year. The performance criteria for the board evaluation are in respect of board size and composition, board processes, board information and accountability and board performance in relation to discharging its principal functions and responsibilities for financial targets.

Principle 6: Access to Information

Board members are provided with adequate and timely information prior to Board meetings on an ongoing basis, and have separate and independent access to UPP's senior management. Detailed Board papers are prepared for each meeting of the Board and are normally circulated in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

A Company Secretary attends all Board meetings and is responsible to ensure that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. All Directors have separate, direct and independent access to the Company Secretary.

The Board also has in place procedures for Directors to take independent professional advice on matters affecting the Group, if necessary, at the Company's expense.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

As of 31 December 2011, the RC members were as follows:

Mr. Adrian Chan Pengee	(Chairman)
Mr. Gary Ho Kuat Foong	(Member)
Mr. Lim Chow Cher Charles	(Member)

Mr. Ong Pang Liang will replace Mr. Lim Chow Cher Charles as a member of the RC, following Mr. Lim Chow Cher Charles's retirement.

The RC has its terms of reference defining the scope of its role. The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration, and for fixing the remuneration packages of individual Directors and senior management. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive remuneration compensation.

The RC's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

All the members of the RC are Independent Directors, who are independent of the management and free from any business or other relationships which may materially interfere with the exercise of their independent judgment. The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally.

Principle 8: Level and Mix of Remuneration

In setting remuneration packages, the RC takes into account the performance of the Group, as well as individual Directors and key executives, aligning their interests with those of shareholders, and linking rewards to corporate and individual performance. In its deliberations, the RC takes into consideration industry practices and norms in compensation.

Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Directors. Directors' fees for Directors are subject to the approval of shareholders at the AGM.

Principle 9: Disclosure on Remuneration

The remuneration of Directors and key executives of the Group for FY2011 is set out below:

	Fees (S$)	Salary (S$)	Bonus (S$)	Benefits (S$)	Total (S$)
(a) Directors					
Mr. Koh Kim Huat	-	500,000	-	5,820	505,820
Mr. Koh Wan Kai	-	240,000	-	4,487	244,487
Mr. Ong Pang Liang	-	232,554	-	2,311	234,865
Mr. Gary Ho Kuat Foong	45,000	-	-	-	45,000
Mr. Adrian Chan Pengee	45,000	-	-	-	45,000
Mr. Lim Chow Cher Charles	37,500	-	-	-	37,500
Mr. Hardjanto Adiwana	32,500	-	-	-	32,500
(b) Key Executives of the Group					
Below S$100,000	**Fees (%)**	**Salary (%)**	**Bonus (%)**	**Benefits (%)**	**Total (%)**
Mr. Ho Siew Keong Kenneth[1]	-	100	-	-	100
Ms. Tai Lai Yeen	-	84	16	-	100
Mr. Tong Kim Chai	-	81.3	11.3	7.4	100

Note:

[1] Mr. Ho Siew Keong Kenneth resigned on 30 June 2011 as CEO (China).

The Company does not employ any immediate family member of a Director or the CEO of the Group.

The RC met once during the year to decide on Directors' fees, review the remuneration packages of the Executive Directors, assess the performance of senior management and determine their compensation packages (including bonus awards) for Year 2011. The RC's recommendations covered all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board undertakes the responsibility of overseeing the corporate performance of the Company and is accountable to shareholders for the processes and structure of directing and managing the Company's business and affairs. The management's role is to report to the Board the operational and financial performance of the Group by keeping the Board informed and updated with the provision of financial and management reports, on a monthly basis. For FY2011, the CEO and the Finance Director have provided written confirmation to the Board on the integrity of the Group's financial statements, risk management, compliance and internal control systems.

Aside from adopting corporate governance practices in line with the spirit of the Code, the Company also observes obligations of continuing disclosure under the listing manual (the "**Listing Manual**") of the SGX-ST. The Company undertakes to circulate timely, adequate and non-selective disclosure of information. The Board also issues half-yearly financial statements as reviewed by the AC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

Principle 11: Audit Committee

As of 31 December 2011, the AC members were as follows:
Mr. Gary Ho Kuat Foong (Chairman)
Mr. Adrian Chan Pengee (Member)
Mr. Lim Chow Cher Charles (Member)

Mr. Ong Pang Liang will replace Mr. Lim Chow Cher Charles as a member of the AC, following Mr. Lim Chow Cher Charles's retirement.

All members are Independent Directors appropriately qualified to discharge their responsibilities. The Chairman and one of its members have extensive management and financial experience and one of them is a Certified Public Accountant (CPA).

The AC meets at least twice a year. Details of members and their attendance at meetings are provided on page 15 of this Annual Report.

The AC has its terms of reference defining its role which include:
(a) reviewing the scope and results of audit, its costs effectiveness and the objectivity of the external auditors;
(b) reviewing the independence of the external auditors annually;
(c) where the auditors also supply a substantial volume of non-audit services to the Company, the AC shall keep under review the nature and extent of such services, so as to balance the maintenance of objectivity and value for money;
(d) meeting with the external auditors without the presence of the Company's management at least once a year;
(e) reviewing, at least annually, the effectiveness of the Company's material internal controls;
(f) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company;
(g) ensuring, at least annually, the adequacy of the internal audit function;
(h) reviewing with the external auditors:
  - the audit plan, including the nature and scope of the audit before the audit commences;
  - their evaluation of the system of internal accounting controls;
  - their audit report; and
  - their management letter and the management's response;
(i) ensuring co-ordination where more than one (1) audit firm is involved;
(j) reviewing the half-year and annual financial statements before submission to the Board for approval;
(k) discussing problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
(l) reviewing the assistance given by the management to the auditor;
(m) reviewing the balance sheet and income statements of the Company and the consolidated balance sheet and income statements, before approval by the Board;
(n) reviewing and discussing with the external auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;
(o) reporting to the Board on its findings from time to time on matters arising and requiring the attention of the AC;
(p) undertaking such other reviews and projects as may be requested by the Board; and
(q) considering the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors.

The AC has explicit authority to conduct or authorise investigations into any aspect of the Group's financial affairs, audits and exposure to risks of a regulatory or legal nature, with full access to records, resources and personnel, to enable it to discharge its functions properly. The AC has full access to and cooperation of the management, and has full discretion to invite any Director and executive officer to attend its meetings. The management is invited to attend all meetings of the AC.

The AC has reviewed and is satisfied with the effectiveness of the Company's system of accounting controls including financial, operational and compliance controls. The AC also conducted a review of the Group's interested person transactions.

In performing its functions, the AC met with the external auditors, without the presence of the management. The external auditor has unrestricted access to the AC. Reasonable resources were made available to the AC to enable it to discharge its functions properly.

The AC, having reviewed all non-audit services provided by the external auditors of the Group, Nexia TS Public Accounting Corporation ("**Nexia TS**"), is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors and recommends to the Board, the nomination of the external auditors for re-appointment.

The Group's external auditors, Nexia TS, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that Nexia TS and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Group confirms that it is in compliance with Rules 712 and 715 of the Listing Manual.

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" which is found in this Annual Report. During the year under review, the remuneration paid/payable to the Group's external auditors, Nexia TS (including auditor of subsidiaries which is the network of member firms of Nexia International), is set out below.

Service Category	Fees Paid / Payable (S$'000)
Audit Services	57
Non-Audit Services	14
Total	71

Principle 12: Internal Controls

The Board recognises that it is responsible for the overall internal control framework and a review of the effectiveness of the Company's internal controls is conducted at least annually. It believes that the system of internal control maintained by the Company's management that was in place throughout the financial year and up to the date of this Annual Report provides reasonable, but not absolute, assurance against material financial misstatements or loss, including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. Based on the work carried out by the internal auditors, the review undertaken by the external auditors, representations made by management and the existing management controls in place, the AC and the Board are satisfied that there are adequate internal controls in place to help mitigate critical and significant risks relating to financial, operational and compliance matters. The Board, together with the AC and management, will continue to enhance and improve the existing internal control framework to identify and mitigate these risks. The system of internal controls established by the Company provides reasonable, but not absolute, assurance that the Company's assets and investments are safeguarded. The likelihood of achieving the internal control objectives is affected by limitations inherent in all internal control and risk management systems. The Board notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Principle 13: Internal Audit

The Company recognises the importance of the internal audit function as an integral part of an effective system of good corporate governance. The Company fully outsourced its internal audit function to an independent external audit firm which reports its findings and recommendations to the management and the Chairman of the AC. The internal audit schedules and scope of internal audit work each year are determined in consultation with, but independent of, management and are submitted to the AC for approval. The internal auditors report its audit findings to the AC and management. The AC reviews and discusses with management the significant internal audit observations.

During its review of the Group's operation and internal controls, the AC concluded that outsourcing of the internal audit function to an independent external audit firm, provides added assurance. The AC was also of the view that external audit firms can be engaged to perform the internal audit function every alternate year. As the external audit firm has completed a full audit of the Group's operating business in Malaysia in FY2011, next year's internal audit will be performed by the internal audit team from the corporate office. The internal audit team, headed by a qualified audit professional, will report directly to the AC on all its findings and recommendations.

Principle 14: Communication with Shareholders

The Company engages in regular, effective and fair communication with its shareholders. It regularly conveys pertinent information, gathers views or inputs, and addresses shareholders' concerns. The Company also discloses information on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company makes the same disclosure publicly to all others as soon as practicable.

Principle 15: Greater Shareholder Participation

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company is committed to timely dissemination of information and proper transparency and disclosure of relevant information to the public via SGXNET system and the press when appropriate.

The Company also encourages active shareholder participation at its general meetings. Notices of meetings are published in the major newspapers together with explanatory notes or a circular on items of special business, at least fourteen (14) clear days before the meeting. Reports or circulars of the general meetings are despatched to all shareholders by post.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. The Chairmen of the AC, RC and NC are normally available at the AGM to answer those questions relating to the work of these committees. The external auditors are also usually present to assist the Directors in addressing any relevant queries by shareholders.

Our Articles permit a shareholder to appoint one (1) or two (2) proxies to attend and vote in his stead. The Company has not amended its Articles to provide for absentia voting methods which call for elaborate and costly implementation of a fool-proof system, the need for which does not presently arise.

Separate resolutions are passed at every general meeting on each distinct issue.

CODE OF BUSINESS CONDUCT

The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its Directors, officers and employees are required to observe and maintain high standards of integrity in compliance with the law, regulations and Company policies.

WHISTLE BLOWING POLICY

The Company introduced a whistle-blowing framework, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting and other matters. Details of the whistle-blowing policies and arrangements were made available to all employees. The Company also has a whistle-blowing policy which can be retrieved from its website.

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the Listing Manual, the Group has issued a policy on share dealings by Directors and key officers of the Company, setting out the implications of insider trading and recommendations of the best practices set out in Rule 1207(19). The Group adopts a code of conduct to provide guidance to its Directors and officers with regard to dealing in the Company's shares, which includes an annual declaration by the Company's Directors and officers with regard to securities trading and disclosure by the Company's Directors and officers when they deal in the Company's shares.

The Group also issues periodic circulars to its Directors, officers and employees reminding them that there must be no dealings in the Company's shares during the period commencing one (1) month before the announcement of the Company's half year or financial year, as the case may be, and if they are in possession of unpublished material price-sensitive information.

In the opinion of the Directors, UPP is in compliance with the best practices set out in Rule 1207(19).

CORPORATE INFORMATION

Particulars of Directors as of 31 December 2011

Name of Director	Board Committee as Chairman or Member	Directorship: Date first appointed Date last re-elected	Board appointment	Directorship in other listed companies in Singapore (present & held over preceding 3 years)
Mr. Koh Kim Huat	-	31 October 2006 28 April 2009	Executive Chairman	Rowsley Ltd.
Mr. Koh Wan Kai	-	1 April 2009 21 April 2011	Executive	-
Mr. Ong Pang Liang	-	1 August 2010 21 April 2011	Executive	-
Mr. Gary Ho Kuat Foong	Chairman: Audit Committee Member: Remuneration Committee, Nominating Committee	31 October 2006 29 April 2010	Lead Independent	TMC Life Sciences Berhad
Mr. Adrian Chan Pengee	Chairman: Remuneration Committee, Nominating Committee Member: Audit Committee	5 November 2002 21 April 2011	Independent	Isetan (Singapore) Limited Yoma Strategic Holdings Ltd. AEM Holdings Ltd Global Investments Limited Biosensors International Group, Ltd.
Mr. Lim Chow Cher Charles	Member: Audit Committee, Remuneration Committee	1 August 2010 21 April 2011	Independent	-
Mr. Hardjanto Adiwana	Member: Nominating Committee	1 December 2008 21 April 2011	Non-Executive	-

Attendance at Board and Committee Meetings for the financial year ended 31 December 2011

Name of Director	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Mr. Koh Kim Huat	2	2	NA	NA	NA	NA	NA	NA
Mr. Koh Wan Kai	2	2	NA	NA	NA	NA	NA	NA
Mr. Ong Pang Liang	2	2	NA	NA	NA	NA	NA	NA
Mr. Gary Ho Kuat Foong	2	2	2	2	1	1	1	1
Mr. Adrian Chan Pengee	2	2	2	2	1	1	1	1
Mr. Lim Chow Cher Charles	2	2	2	2	1	1	NA	NA
Mr. Hardjanto Adiwana	2	2	NA	NA	NA	NA	1	1

Particulars of Key Management Staff as at 31 December 2011

Ms. Tai Lai Yeen

Ms. Tai is the Finance Manager of UPP Holdings Limited. She joined the Group in December 2010 and is responsible for accounting, financial and taxation matters of the Group. She has over 8 years of experience in the accounting and auditing profession. She holds a degree in Accountancy from the University of Putra Malaysia.

Mr. Tong Kim Chai

Mr. Tong was the General Manager of UPP Recycled Fibre Sdn. Bhd. ("**URF**"). He joined the Group in March 2000 and is responsible for the overall management of URF. He has more than 20 years' working experience in the paper recycling industry. In January 2011, the Group merged the URF operations into the paper mill operations under UPP Pulp & Paper (M) Sdn. Bhd. and Mr. Tong was re-designated as General Manager taking charge of all the operational matters.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

There were no interested person transactions for FY2011.

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the balance sheet of the Company as at 31 December 2011.

Directors

The directors of the Company in office at the date of this report are as follows:

Koh Kim Huat	(Executive Chairman)
Koh Wan Kai	(Executive Director)
Ong Pang Liang	(Executive Director)
Gary Ho Kuat Foong	
Adrian Chan Pengee	
Lim Chow Cher Charles	
Hardjanto Adiwana	
Tong Kooi Ong	(Appointed on 15 March 2012)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement which objects was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee	
Company	**At 31.12.2011**	**At 31.12.2010**
(Number of ordinary shares)		
Ong Pang Liang	5,000,000	5,000,000
Adrian Chan Pengee	200,000	200,000

The directors' interests in the ordinary shares of the Company as at 21 January 2012 were the same as those as at 31 December 2011.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

Employee Share Option Scheme

The UPP Employee Share Option Scheme (the "**Option Scheme**") for any director (including a Non-Executive Director) or confirmed employee of the Group selected by the Committee (the "**Participant**") was approved by members of the Company at an Extraordinary General Meeting on 21 April 2011.

The purpose of the Option Scheme is to provide an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as directors, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

Under the Option Scheme, subject to the absolute discretion of the Committee, options to subscribe for the ordinary shares of the Company are granted to Participants who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and, where applicable, who have, as of the Date of Grant, been in the employment of the Group for a period of at least 12 months, or such shorter period as the Committee may determine, and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. The exercise price of the options is determined at the Market Price as quoted on the Singapore Exchange, or at a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price. Once the options are granted, they are exercisable within five years from the Date of Grant of the options. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Option Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

There were no options granted during the financial year (including options to controlling shareholders of the Company or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited)) to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Committee ("AC")

The members of the AC at the end of the financial year were as follows:

Gary Ho Kuat Foong (Chairman)
Adrian Chan Pengee
Lim Chow Cher Charles

All members of the AC are independent and non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the AC reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2011 before their submission to the Board of Directors, as well as the independent auditor's report on the balance sheet of the Company and the consolidated financial statements of the Group.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Koh Kim Huat	**Ong Pang Liang**
Director	*Director*

19 March 2012

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 22 to 66 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Koh Kim Huat
Director

Ong Pang Liang
Director

19 March 2012

Report on the Financial Statements

We have audited the accompanying financial statements of UPP Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 22 to 66, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2011, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "**Act**") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Other matter

The financial statements for the preceding financial year were reported on by an independent auditor other than Nexia TS Public Accounting Corporation. The independent auditor's report dated 22 March 2011 issued by the predecessor independent auditor on the financial statements for the financial year ended 31 December 2010 was unqualified.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
Director in-charge: Philip Tan Jing Choon
Appointed since financial year ended 31 December 2011

Singapore
19 March 2012

BALANCE SHEET

As at 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Current assets					
Cash and cash equivalents	4	25,308	32,716	22,515	31,876
Trade and other receivables	5	11,900	12,666	34,034	24,515
Inventories	6	8,191	6,550	-	-
		45,399	51,932	56,549	56,391
Non-current assets					
Property, plant and equipment	7	68,839	71,813	324	444
Investment property	8	8,280	8,491	-	-
Investments in subsidiaries	9	-	-	15,422	15,422
Available-for-sale financial assets	10	6,737	7,484	6,737	6,765
		83,856	87,788	22,483	22,631
Total assets		129,255	139,720	79,032	79,022
LIABILITIES					
Current liabilities					
Trade and other payables	11	4,830	5,775	212	337
Borrowings	12	4,575	11,893	-	-
Current income tax liabilities		79	88	-	-
		9,484	17,756	212	337
Non-current liabilities					
Deferred income tax liabilities	14	650	620	-	-
Total liabilities		10,134	18,376	212	337
NET ASSETS		119,121	121,344	78,820	78,685
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	15	82,834	82,833	82,834	82,833
Retained profits/(accumulated losses)		35,559	36,754	(3,925)	(4,087)
Other reserves	16	(5,706)	(4,670)	(89)	(61)
		112,687	114,917	78,820	78,685
Non-controlling interests		6,434	6,427	-	-
Total equity		119,121	121,344	78,820	78,685

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000
Revenue	18	51,125	52,792
Cost of sales		(45,383)	(44,393)
Gross profit		5,742	8,399
Other losses, net	19	(249)	(16)
Expenses			
- Selling and distribution		(2,132)	(2,585)
- Administrative		(3,413)	(3,498)
- Finance	22	(346)	(701)
(Loss)/profit before income tax		(398)	1,599
Income tax expenses	23	(47)	(126)
Net (loss)/profit		(445)	1,473
Other comprehensive (loss)/income:			
Fair value losses on available-for-sale financial assets		(28)	(135)
Currency translation differences arising from consolidation		(1,168)	1,510
		(1,196)	1,375
Total comprehensive (loss)/income		(1,641)	2,848
(Loss)/profit attributable to:			
Equity holders of the Company		(612)	937
Non-controlling interests		167	536
		(445)	1,473
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(1,648)	2,202
Non-controlling interests		7	646
		(1,641)	2,848
(Loss)/earnings per share attributable to equity holders of the Company (cents per share)			
- Basic	24	(0.11)	0.18
- Diluted	24	(0.11)	0.17

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

	Note	Share capital $'000	Retained profits $'000	Capital reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Total other reserves $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company →							
2011									
Beginning of financial year		82,833	36,754	712	(5,247)	(135)	(4,670)	6,427	121,344
Total comprehensive loss for the year		-	(612)	-	(1,008)	(28)	(1,036)	7	(1,641)
Warrants conversion	15	1	-	-	-	-	-	-	1
Dividend relating to 2010 paid	17	-	(583)	-	-	-	-	-	(583)
End of financial year		82,834	35,559	712	(6,255)	(163)	(5,706)	6,434	119,121

	Note	Share capital $'000	Retained profits $'000	Capital reserve $'000	Employee Share option reserve $'000	Currency translation reserve $'000	Fair value reserve $'000	Total other reserves $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holders of the Company →								
2010										
Beginning of financial year		48,705	35,812	712	5	(6,647)	-	(5,930)	5,864	84,451
Total comprehensive income for the year		-	937	-	-	1,400	(135)	1,265	646	2,848
Right issue of ordinary shares	15	23,856	-	-	-	-	-	-	-	23,856
Right issue expenses	15	(263)	-	-	-	-	-	-	-	(263)
Warrants conversion	15	10,535	-	-	-	-	-	-	-	10,535
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	(83)	(83)
Exercise of employee share options		-	5	-	(5)	-	-	(5)	-	-
End of financial year		82,833	36,754	712	-	(5,247)	(135)	(4,670)	6,427	121,344

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000
Cash flows from operating activities			
Net (loss)/profit		(445)	1,473
Adjustments for:			
- Income tax expense		47	126
- Depreciation of property, plant and equipment		2,844	2,836
- Depreciation of investment property		211	245
- Property, plant and equipment written off		-	11
- Loss on disposal of available-for-sale financial assets		416	-
- Gain on disposal of property, plant and equipment		(2)	(22)
- Gain on disposal of an investment property		-	(237)
- Allowance for impairment of trade receivables		5	25
- Write back of allowance for impairment of trade receivables		-	(45)
- Reversal of inventory write-down		(1)	(43)
- Interest income		(381)	(228)
- Interest expense		346	701
- Unrealised currency translation losses		194	222
Operating cash flow before working capital changes		3,234	5,064
Changes in working capital			
- Trade and other receivables		740	(2,675)
- Inventories		(1,641)	(1,249)
- Trade and other payables		(960)	620
Cash generated from operations		1,373	1,760
Interest received		305	238
Interest paid		(346)	(701)
Income tax refund/(paid)		71	(20)
Net cash provided by operating activities		1,403	1,277
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,218)	(1,229)
Proceeds from disposal of property, plant and equipment		4	22
Proceeds from disposal of an investment property		-	2,704
Proceeds from disposal of available-for-sale financial assets		303	-
Purchase of available-for-sale financial assets		-	(6,951)
Net cash used in investing activities		(911)	(5,454)
Cash flows from financing activities			
Proceeds from borrowings		4,391	8,691
Repayment of borrowings		(11,700)	(11,230)
Repayment of finance lease liabilities		(9)	(10)
Net proceeds from issuance of shares of the Company		1	34,128
Dividend paid to equity holders of the Company		(583)	-
Dividend paid to non-controlling interest of a subsidiary		-	(83)
Short-term bank deposits pledged		4,390	(4,390)
Net cash (used in)/from financing activities		(3,510)	27,106
Net (decrease)/increase in cash and cash equivalents		(3,018)	22,929
Cash and cash equivalents at beginning of financial year		28,326	5,397
Cash and cash equivalents at end of financial year	4	25,308	28,326

The accompanying notes are an integral part of these financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 19 March 2012.

1 General Information

UPP Holdings Limited (the "**Company**") is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and incorporated and domiciled in Singapore. The address of its registered office is located at 1 Kim Seng Promenade, #14-01 Great World City East Tower, Singapore 237994.

The principal activities of the Company are investment holding, providing management services and trading of paper products. The principal activities of the subsidiary companies are stated in Note 9 to the financial statements.

2 Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("**FRS**"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("**INT FRS**") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantive changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

2 Significant Accounting Policies (Continued)

2.2 Revenue recognition (Continued)

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sale of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Management fees

Management fee is recognised when amounts are due to be received.

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purposes entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Significant Accounting Policies (Continued)

2.3 Group accounting (Continued)

(a) Subsidiaries (Continued)

(i) Consolidation (Continued)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2 Significant Accounting Policies (Continued)

2.3 Group accounting (Continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated on a straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	over the lease term
Building	50 years
Plant and machinery	3 to 40 years
Furniture, fixtures and office equipment	3 to 10 years
Motor vehicles	5 to 7 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2 Significant Accounting Policies (Continued)

2.4 Property, plant and equipment (Continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Investment properties

Investment properties are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvement is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 Significant Accounting Policies (Continued)

2.8 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-units ("**CGU**") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 5) and "cash and cash equivalents" (Note 4) on the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

2 Significant Accounting Policies (Continued)

2.9 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2 Significant Accounting Policies (Continued)

2.9 Financial assets (Continued)

(e) Impairment (Continued)

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 Significant Accounting Policies (Continued)

2.13 Leases

(a) When the Group is the lessee

The Group leases certain property, plant and equipment under finance leases and operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair values of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(b) When the Group is the lessor

The Group leases investment property under operating leases to non-related parties.

Leases of investment property where the Group retains substantially all risks and reward incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

2 Significant Accounting Policies (Continued)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

Raw materials – purchase costs on a weighted average basis; and

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2 Significant Accounting Policies (Continued)

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(ii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

2.18 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the term of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2 Significant Accounting Policies (Continued)

2.19 Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other losses - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group's entities financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2 Significant Accounting Policies (Continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation of property, plant and equipment

The cost of plant and equipment for the manufacturing activities is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 3 to 40 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's plant and machinery as at 31 December 2011 was $45,895,000 (2010: $47,846,000).

3 Critical accounting estimates, assumptions and judgements (Continued)

3.1 Critical accounting estimates and assumptions (Continued)

(b) Allowance for impairment of receivables

The Group makes allowances for impairment of receivables based on an assessment of recoverability of trade and other receivables. Allowances are adopted to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of impairment of receivables requires the use of judgements and estimates, where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and allowance for impairment expenses in the period in which such estimate has been changed. As at 31 December 2011, the total allowances for impairment of receivables of the Group are $458,000 (2010: $458,000).

(c) Inventory related allowances

A review is made periodically on inventory for excess inventory obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for our products. Possible changes in these estimates would result in revisions to the valuation of inventory.

3.2 Critical judgements in applying the entity's accounting policies

Deferred income tax assets

The Group recognises deferred income tax assets on carried forward capital allowances, investment tax allowances and reinvestment allowances to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which these allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The total carrying amount of recognised capital allowances, investment tax allowances, reinvestment allowances and other temporary differences of the Group amounted to S$46,794,000 (2010: $48,827,000) and the unrecognised tax losses, capital allowances, investment tax allowances and reinvestment allowances of the Group was $43,002,000 (2010: $44,862,000).

4 Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash at bank and on hand	3,259	1,811	888	1,317
Short-term bank deposits	22,049	30,905	21,627	30,559
	25,308	32,716	22,515	31,876

Cash and bank balances denominated in foreign currency other than the functional currencies of the Group's entities at balance sheet date are as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
United States Dollar	865	904	534	800

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2011	2010
	$'000	$'000
Cash at bank balances (as above)	25,308	32,716
Less: Bank deposits pledged	-	(4,390)
Cash and cash equivalents per consolidated statement of cash flows	25,308	28,326

Bank deposits were pledged in relation to the security granted for certain borrowings in 2010 (Note 12).

5 Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Trade receivables – non-related parties	11,572	11,475	440	709
Less: Allowance for impairment of receivables – non-related parties	(458)	(458)	-	-
	11,114	11,017	440	709
Amount due from subsidiaries - non-trade	-	-	33,434	23,539
Amount due from a non-related party	-	1,020	-	-
Deposits	150	194	47	124
Prepayments	199	191	17	15
Tax recoverable	12	108	-	-
Others	425	136	96	128
	786	1,649	33,594	23,806
	11,900	12,666	34,034	24,515

5 Trade and other receivables (Continued)

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

Amount due from a non-related party was unsecured, interest-free and has been fully settled during the year.

Trade and other receivables denominated in foreign currency other than the functional currencies of the Group's entities at balance sheet date are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Malaysian Ringgit	-	-	2,859	-
United States Dollar	758	1,177	440	709

6 Inventories

	Group	
	2011	**2010**
	$'000	$'000
Finished goods	4,810	3,233
Raw materials	2,468	2,633
Work-in-progress	2	46
Production supplies	845	595
Goods-in-transit	66	43
	8,191	6,550

The cost of inventories recognised as an expense and included in "cost of sales" amounts to $30,257,000 (2010: $28,469,000).

The Group has recognised a reversal of $1,000 (2010: $43,000), being part of an inventory write-down made in 2010, as the inventories were sold above the carrying amounts in 2011.

7 Property, plant and equipment

	Freehold Land $'000	Leasehold Land and Building $'000	Plant and Machinery $'000	Furniture, Fixtures and Office Equipment $'000	Motor Vehicles $'000	Total $'000
Group						
2011						
Cost						
Beginning of financial year	4,751	22,383	67,100	1,564	1,478	97,276
Currency translation differences	(92)	(429)	(1,287)	(26)	(23)	(1,857)
Additions	-	43	1,109	81	-	1,233
Disposals	-	-	-	(3)	(13)	(16)
Written off	-	-	-	(9)	(75)	(84)
End of financial year	4,659	21,997	66,922	1,607	1,367	96,552
Accumulated depreciation						
Beginning of financial year	-	4,084	19,254	1,106	1,019	25,463
Currency translation differences	-	(80)	(376)	(21)	(19)	(496)
Charge for the year (Note 20)	-	433	2,149	159	103	2,844
Disposals	-	-	-	(1)	(13)	(14)
Written off	-	-	-	(9)	(75)	(84)
End of financial year	-	4,437	21,027	1,234	1,015	27,713
Net book value						
End of financial year	4,659	17,560	45,895	373	352	68,839

7 Property, plant and equipment (Continued)

	Freehold Land $'000	Leasehold Land and Building $'000	Plant and Machinery $'000	Furniture, Fixtures and Office Equipment $'000	Motor Vehicles $'000	Total $'000
<u>Group</u>						
2010						
Cost						
Beginning of financial year	4,672	22,013	65,413	1,371	1,190	94,659
Currency translation differences	79	370	1,100	22	20	1,591
Additions	-	-	587	255	387	1,229
Disposals	-	-	-	-	(90)	(90)
Written off	-	-	-	(84)	(29)	(113)
End of financial year	4,751	22,383	67,100	1,564	1,478	97,276
Accumulated depreciation						
Beginning of financial year	-	3,577	16,829	1,025	1,053	22,484
Currency translation differences	-	53	250	15	17	335
Charge for the year (Note 20)	-	454	2,175	139	68	2,836
Disposals	-	-	-	-	(90)	(90)
Written off	-	-	-	(73)	(29)	(102)
End of financial year	-	4,084	19,254	1,106	1,019	25,463
Net book value						
End of financial year	4,751	18,299	47,846	458	459	71,813

7 Property, plant and equipment (Continued)

	Furniture, Fixtures and Office Equipment	Motor Vehicles	Total
	$'000	$'000	$'000
Company			
2011			
Cost			
Beginning of financial year	199	290	489
Additions	4	-	4
Disposals	(3)	-	(3)
End of financial year	200	290	490
Accumulated depreciation			
Beginning of financial year	21	24	45
Charge for the year	64	58	122
Disposals	(1)	-	(1)
End of financial year	84	82	166
Net book value			
End of financial year	116	208	324
2010			
Cost			
Beginning of financial year	45	-	45
Additions	185	290	475
Disposals	(31)	-	(31)
End of financial year	199	290	489
Accumulated depreciation			
Beginning of financial year	21	-	21
Charge for the year	21	24	45
Disposals	(21)	-	(21)
End of financial year	21	24	45
Net book value			
End of financial year	178	266	444

The carrying amount of motor vehicles held under finance leases are Nil (2010: $25,000) at the balance sheet date.

8 Investment property

	Group	
	2011	**2010**
	$'000	$'000
Cost		
Beginning of financial year	10,545	13,664
Currency translation differences	-	52
Disposals	-	(3,171)
End of financial year	10,545	10,545
Accumulated depreciation		
Beginning of financial year	2,054	2,492
Currency translation differences	-	21
Charge for the year (Note 20)	211	245
Disposals	-	(704)
End of financial year	2,265	2,054
Net book value	8,280	8,491

Investment property is leased to non-related party under operating leases (Note 26).

The following amounts are recognised in profit or loss:

	Group	
	2011	**2010**
	$'000	$'000
Rental income (Note 18)	1,252	1,301
Direct operating expenses (including repairs and maintenance arising from rental generating property)	(211)	(263)

The fair value of the investment property as at 31 December 2011 is $31,000,000 (2010: $15,900,000) which has been determined based on the valuations performed by DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ**"), an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuation is based on comparable market transactions that consider the sales of similar properties in the open market.

9 Investment in subsidiaries

	Company	
	2011	**2010**
	$'000	$'000
Equity investment at cost		
Beginning and end of financial year	15,422	15,422

9 Investment in subsidiaries (Continued)

Details of subsidiaries are as follows:

Name of Companies	Country of Incorporation	Principal activities	Effective equity held 2011 %	Effective equity held 2010 %
Held by the Company				
[1]UPP Industries Pte. Ltd.	Singapore	Investment holding, rental and management of property	100.0	100.0
[3]UPP Greentech Pte. Ltd.	Singapore	Dormant	100.0	100.0
[1]UPP Investment (Asia) Pte Ltd	Singapore	Investment holding	100.0	100.0
Held through subsidiaries				
[2]UPP Greentech (M) Sdn. Bhd.	Malaysia	Dormant	100.0	100.0
[2]UPP Pulp & Paper (M) Sdn. Bhd.	Malaysia	Manufacture and sale of paper products	86.1	87.5
[2]UPP Recycled Fibre (M) Sdn. Bhd.	Malaysia	Trading in recycled fibre	86.1	51.0
[4]Berlian Bestari Sdn Bhd	Malaysia	Dormant	86.0	87.4

(1) Audited by Nexia TS Public Accounting Corporation, Singapore, a member firm of Nexia International.
(2) Audited by SSY Partners Chartered Accountants, Malaysia, a member firm of Nexia International.
(3) Not required to be audited under the laws of the country of incorporation.
(4) In the process of striking off.

10 Available-for-sale financial assets

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Unlisted securities				
- SGD corporate bonds	6,737	6,765	6,737	6,765
- Equity instruments	-	719	-	-
	6,737	7,484	6,737	6,765

The Group's and Company's investments in SGD corporate bonds bear interest rates ranging from 3.13% to 3.56% (2010: 3.13% to 3.56%) per annum and are due within April 2013 and June 2014. These bonds were previously pledged as security for a bank loan in 2010 (Note 12).

11 Trade and other payables

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Trade payables – non-related parties	2,992	3,414	-	-
Accrued operating expenses	1,490	1,926	126	233
Deferred rental income	151	139	-	-
Other payables	197	296	86	104
	4,830	5,775	212	337

Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms.

Trade and other payables denominated in foreign currency other than the functional currencies of the Group's entities at balance sheet date are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
United States Dollar	254	278	-	2
Singapore Dollar	-	85	-	-
Chinese Renminbi	-	62	-	62

12 Borrowings

	Group	
	2011	**2010**
	$'000	$'000
Current		
Bank borrowings	-	10,425
Bankers' acceptance	4,575	1,459
Finance lease liabilities (Note 13)	-	9
	4,575	11,893

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2011	**2010**
	$'000	$'000
6 months or less	4,575	11,893

12 Borrowings (Continued)

Security granted

Bank borrowings include secured liabilities of Nil (2010: $10,425,000) for the Group which were fully paid during the financial year. Bank borrowings were secured by the following:

(i) the Group and Company's bank deposits of Nil (2010: $4,261,000) and Nil (2010: $4,053,000) respectively;
(ii) the Group's and Company's SGD corporate bonds of Nil (2010: $6,765,000) (Note 10); and
(iii) a corporate guarantee of the Company.

Bankers' acceptance amounting to $4,575,000 (2010: $1,459,000), which bear interest ranging from 4.56% to 5.03% (2010: 4.05% to 4.88%) per annum, are secured by bank deposits of Nil (2010: $129,000) and a corporate guarantee of the Company.

Finance lease liabilities of the Group are effectively secured over the leased motor vehicles, as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

13 Finance lease liabilities

The Group leases motor vehicles from non-related parties under finance leases.

	Group	
	2011	**2010**
	$'000	$'000
Minimum lease payment due		
- Not later than one year	-	11
Less: Future finance charges	-	(2)
	-	9

The present value of finance lease liabilities are analysed as follows:

	Group	
	2011	**2010**
	$'000	$'000
Not later than one year	-	9

14 Deferred income tax liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting and their movement during the financial year, are shown on the balance sheets as follows:

	Group	
	2011	**2010**
	$'000	$'000
Deferred income tax liabilities		
- To be settled after one year	650	620

Movement in deferred income tax account is as follows:

	Group	
	2011	**2010**
	$'000	$'000
Beginning of financial year	620	597
Tax charged to profit or loss (Note 23)	30	23
End of financial year	650	620

Movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Group	
	2011	**2010**
	$'000	$'000
Deferred tax liabilities		
Accelerated tax depreciation		
Beginning of financial year	12,825	12,873
Currency translation differences	(233)	120
Credited to profit or loss	(244)	(168)
End of financial year	12,348	12,825

14 Deferred income tax liabilities (Continued)

Deferred tax assets

	Unabsorbed capital allowances	Unutilised investment allowances	Provisions and others	Total
	$'000	$'000	$'000	$'000
2011				
Beginning of financial year	(8,791)	(3,380)	(34)	(12,205)
Currency translation differences	167	65	1	233
Charged/(credited) to profit or loss	610	(290)	(46)	274
End of financial year	(8,014)	(3,605)	(79)	(11,698)
2010				
Beginning of financial year	(9,383)	(2,637)	(256)	(12,276)
Currency translation differences	(170)	(33)	83	(120)
Charged/(credited) to profit or loss	762	(710)	139	191
End of financial year	(8,791)	(3,380)	(34)	(12,205)

Deferred income tax assets are recognised for tax losses, capital allowances and investment allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses, capital allowances and investment allowances of approximately $2,944,000 (2010: $2,840,000), $4,829,000 (2010: $4,923,000) and $35,229,000 (2010: $37,099,000) respectively at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses, capital allowance and investment allowance in their respective countries of incorporation. The tax losses, capital allowances and investment allowances have no expiry date.

15 Share capital

	Group and Company			
	No. of shares 2011	Amount 2011	No. of shares 2010	Amount 2010
	'000	$'000	'000	$'000
Beginning of financial year	582,484	82,833	238,557	48,705
Exercise of employee share option	-	-	13	-*
Rights issue	-	-	238,557	23,856
Share issuance expense	-	-	-	(263)
Warrants conversion	5	1	105,357	10,535
End of financial year	582,489	82,834	582,484	82,833

* Less than $1,000

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividend as and when declared by the Company.

On 4 March 2010, the Company issued 238,557,000 ordinary shares for a total consideration of $23,855,700 for cash by way of right issue to provide funds for working capital, repayment of bank borrowings and for investment (if opportunities arise). The newly issued shares rank pari passu in all respects with the previously issued shares.

15 Share capital (Continued)

Warrants

On 6 January 2010, the Company announced a renounceable rights issue of shares with warrants at the issue price of $0.10 for each right share with warrant, each warrant carrying the right to subscribe for 1 new ordinary share at an exercise price of $0.10, on the basis of 1 rights share with 1 warrant for every 1 existing ordinary shares

On 4 March 2010, the Company allotted and issued 238,557,000 rights shares and 238,557,000 warrants for valid acceptances received. The warrants are exercisable within three years from the date of issue of warrants and will expire on 1 March 2013. As at balance sheet date, the outstanding warrants were 133,196,319 (2010: 133,200,319).

Pursuant to the Company's rights issue exercise on 4 June 2007, 58,709,475 warrants convertible into one ordinary share each were issued. These warrants are exercisable within 5 years from the date of issue of the warrants and will expire on 29 May 2012. Outstanding warrants of 58,709,475 which were issued by the Company on 4 June 2007 (the "2007 Warrants") were adjusted to 65,231,718 and the exercise price was adjusted from $0.40 to $0.36 as a result of the Company's rights issue exercise on 4 March 2010. As at balance sheet date, 65,230,052 (2010: 65,231,718) warrants were outstanding.

Share options

The UPP Employee Share Option Scheme (the "Option Scheme") for any director (including a Non-Executive Director) or confirmed employee of the Group selected by the Committee (the "Participant") was approved by members of the Company at an Extraordinary General Meeting on 21 April 2011.

The purpose of the Option Scheme is to provide an opportunity for employees of the Group who have contributed significantly to the growth and performance of the Group, as well as directors, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the Option Scheme will help the Group to attract and retain the services of appropriate, qualified and experienced employees who would be able to contribute to the Group's business and operations.

Under the Option Scheme, subject to the absolute discretion of the Committee, options to subscribe for the ordinary shares of the Company are granted to Participants who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and, where applicable, who have, as of the Date of Grant, been in the employment of the Group for a period of at least 12 months, or such shorter period as the Committee may determine, and Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group. The exercise price of the options is determined at the Market Price as quoted on the Singapore Exchange, or at a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price. Once the options are granted, they are exercisable within five years from the Date of Grant of the options. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Option Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

There were no options granted during the financial year to subscribe for unissued shares of the Company.

16 Other reserves

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Capital reserve	712	712	74	74
Currency translation reserve	(6,255)	(5,247)	-	-
Fair value reserve	(163)	(135)	(163)	(135)
	(5,706)	(4,670)	(89)	(61)

Other reserves are non-distributable. Included in capital reserve of the Group is an amount of $638,000 (2010: $638,000) which relates to contribution by a non-controlling interest in excess of its shareholding.

17 Dividends

	Group	
	2011	2010
	$'000	$'000
Final dividend paid in respect on the previous financial year of 0.10 cents (2010: Nil) per share	583	-

At the Annual General Meeting on 20 April 2012, a final dividend of 0.10 cents per share amounting to a total of $583,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2012.

18 Revenue

	Group	
	2011	2010
	$'000	$'000
Sale of goods	49,873	51,491
Rental income (Note 8)	1,252	1,301
	51,125	52,792

19 Other losses, net

	Group	
	2011	2010
	$'000	$'000
Gain on disposal of an investment property	-	237
Gain on disposal of property, plant and equipment	2	22
(Allowance)/write-back of allowance for impairment of trade receivables, net	(5)	20
Government grant - Jobs Credit Scheme	-	3
Interest income		
- Bank deposits	171	132
- Available-for-sale financial assets	210	96
Loss on disposal of available-for-sale financial assets	(416)	-
Net foreign exchange loss	(268)	(559)
Others	57	33
	(249)	(16)

20 Expenses by nature

	Group	
	2011	2010
	$'000	$'000
Fees on audit services paid/payable to:		
- Auditor of the Company	45	58
- Other auditor*	12	21
Fees on non-audit services paid/payable to:		
- Auditor of the Company	9	19
- Other auditor*	5	13
Purchase of inventories	31,898	29,718
Manufacturing overhead	3,042	3,033
Transportation expenses	1,729	2,204
Depreciation of property, plant and equipment (Note 7)	2,844	2,836
Depreciation of investment property (Note 8)	211	245
Employee compensation (Note 21)	3,625	3,669
Rental expenses on operating leases	169	149
Business development expenses	282	392
Directors' fees	160	186
General and professional fees	179	358
Utilities	7,510	8,011
Others	849	813
Changes in inventories	(1,641)	(1,249)
Total cost of sales, selling and distribution, administrative and other operating expenses	50,928	50,476

* Include auditor of subsidiaries which is the network of member firms of Nexia International.

21 Employee compensation

	Group	
	2011	2010
	$'000	$'000
Salaries and wages	3,202	3,061
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	183	192
Other short-term benefits	240	416
	3,625	3,669

22 Finance expenses

	Group	
	2011	**2010**
	$'000	$'000
Interest expense:		
- Bank borrowings	216	539
- Bankers' acceptance	124	149
- Bank overdrafts	5	8
- Finance lease liabilities	1	1
- Others	-	4
	346	701

23 Income tax expenses

	Group	
	2011	**2010**
	$'000	$'000
Tax expense attributable to results are made up of:		
(Loss)/profit from current financial year		
- Current income tax	2	107
- Under/(over) provision in prior year	15	(4)
	17	103
Deferred income tax (Note 14)	30	23
	47	126

The reconciliation between the income tax expense and the product of accounting multiplied by the applicable corporate tax for the year ended 31 December are as follows:

	Group	
	2011	**2010**
	$'000	$'000
(Loss)/profit before income tax	(398)	1,599
Tax at domestic rates applicable to (loss)/profit in the countries where the Group operates	47	561
Effect of:		
- Expenses not deductible for tax purposes	325	426
- Income not subject to tax	(37)	(111)
- Under/(over) provision of tax in previous years	15	(4)
- Utilisation of previously unrecognised deferred tax assets	(344)	(797)
- Deferred tax assets not recognised	41	51
	47	126

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

24 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2011	**2010**
	$'000	$'000
Net (loss)/profit attributable to equity holders of the Company	(612)	937
Weighted average number of shares outstanding for (loss)/basic earnings per share	582,489	507,130
Basic (loss)/earnings per share (cents)	(0.11)	0.18

For purpose of calculating diluted earnings per share, (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Diluted (loss)/earnings per share for operations attributable to equity holders of the Company is calculated as follows:

	Group	
	2011	**2010**
	$'000	$'000
Net (loss)/profit attributable to equity holders of the Company	(612)	937
Weighted average number of shares outstanding for (loss)/basic earnings per share	582,489	507,130
Adjusted for effect of dilutive warrants	-*	49,950
	582,489	557,080
Diluted (loss)/earnings per share (cents)	(0.11)	0.17

* The Group's dilutive potential ordinary shares are the warrants. However, there is no impact on the Group's loss per share as the exercise of the dilutive warrants will result in anti-dilution of loss per share.

25 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2011	**2010**
	$'000	$'000
Salaries and wages	1,384	1,079
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	42	40
Other short-term benefits	17	11
	1,443	1,130
Comprise amounts paid to:		
Directors of the Company	1,165	825
Other key management personnel	278	305
	1,443	1,130

Details on directors' remuneration are disclosed in the Report on Corporate Governance.

26 Operating lease commitments

(i) Operating lease commitments – where the Group is a lessee

The Group has entered into commercial leases for the use of properties as lessee. These leases have an average tenure of 60 to 99 years with no renewal option and contingent rent provision included in the contracts. There are no restrictions placed upon the Group by entering into these leases. The Group has sub-leased one of the properties to a third party.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2011	**2010**
	$'000	$'000
Not later than one year*	259	250
Between one and five years*	1,462	1,406
Later than five years	5,460	5,777
	7,181	7,433

* The lease payments amounting to $685,000 (2010: $935,000) shall be indemnified by the sub-tenant up to 21 July 2014 upon the exercise of a renewal option.

26 Operating lease commitments (Continued)

(ii) Operating lease commitments – where the Group is a lessor

The Group has entered into commercial property lease on its investment property. This non-cancellable lease has remaining lease terms of 3 years (2010: 4 years).

The future minimum rentals receivables under non-cancellable operating lease contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2011	**2010**
	$'000	$'000
Not later than one year	1,273	1,252
Later than one year but not later than five years	2,016	3,290
	3,289	4,542

27 Contingent liabilities

(i) Contingent liabilities

Corporate guarantees given to bankers in respect of facilities granted to:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Subsidiaries	-	-	4,575	1,330
Non-related party	-	539	-	539

(ii) Financial support

The Company provided letters of financial support for certain of its subsidiaries to enable these subsidiaries to operate as going concern and to meet their liabilities as and when they fall due.

28 Financial risk management

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

28 Financial risk management (Continued)

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade to other receivables. For other financial assets (including cash and deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group		**Company**	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Corporate guarantees provided to banks on subsidiaries and a non-related party's bank facilities	-	539	4,575	1,869

The trade receivables of the Group comprise 3 debtors (2010: 5 debtors) that individually represented 5-12% of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group			
	2011		**2010**	
	$'000	**% of total**	**$'000**	**% of total**
By country				
Singapore	440	4	709	6
Malaysia	10,674	96	10,308	94
	11,114	100	11,017	100

<u>Financial assets that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Bank deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

28 Financial risk management (Continued)

(i) Credit risk (Continued)

Financial assets that are either past due or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Past due < 1 month	2,459	2,449	193	204
Past due 1 to 3 months	1,685	1,535	-	37
Past due over 3 months	1,004	749	-	-
	5,148	4,733	193	241

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2011	**2010**
	$'000	$'000
Gross amount	458	458
Less: Allowance for impairment	(458)	(458)
	-	-

	Group	
	2011	**2010**
	$'000	$'000
Beginning of the financial year	458	528
Currency translation differences	(5)	6
Allowance made	5	25
Allowance utilised	-	(56)
Allowance written back	-	(45)
End of the financial year	458	458

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

28 Financial risk management (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group manages its liquidity risk by ensuring the availability of funding through adequate amount of committed facilities from banks.

Short-term funding is obtained mainly from trade financing and short-term borrowing from banks. The Group monitors working capital projections regularly, taking into account the available banking and other borrowing facilities to ensure that the Group has adequate working capital to meet current requirements.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Trade and other payables	**Borrowings**	**Financial guarantee contracts**
	$'000	$'000	$'000
Group			
2011			
Less than one year	4,830	4,575	-
2010			
Less than one year	5,775	11,893	539
Company			
2011			
Less than one year	212	-	4,575
2010			
Less than one year	337	-	1,869

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to cash flow interest rate risk arises mainly from their borrowings and bank deposits at variable rates.

At the balance sheet date, if market interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's (loss)/profit for the year would have been $13,000 (2010: $101,000) lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings and cash and bank balances.

28 Financial risk management (Continued)

(iv) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchase that denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Malaysian Ringgit (MYR). The foreign currency in which these transactions are denominated is mainly United States Dollar (USD). To minimise exposure on foreign currency risk, the Group usually settles such transactions within the given credit period.

If the USD change against the SGD and MYR respectively by 5% (2010: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Group Profit before tax	
	2011	**2010**
	$'000	$'000
USD against SGD		
- Strengthened	49	77
- Weakened	(49)	(77)
USD against MYR		
- Strengthened	20	15
- Weakened	(20)	(15)

(v) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a debt-equity ratio. The debt-equity ratio is calculated as total liabilities divided by net assets.

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Total liabilities	10,134	18,376	212	337
Net assets	119,121	121,344	78,820	78,685
Debt-equity ratio (times)	0.085	0.151	0.003	0.004

The Group and the Company do not have any externally imposed capital requirements for the financial year ended 31 December 2011 and 2010.

28 Financial risk management (Continued)

(vi) Fair value measurements

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	$'000	$'000	$'000
Group and Company				
2011				
Financial assets				
Available-for-sale				
- SGD corporate bonds	-	6,737	-	6,737
Group				
2010				
Financial assets				
Available-for-sale				
- SGD corporate bonds	-	6,765	-	6,765
- Equity instruments	-	-	719	719
	-	6,765	719	7,484
Company				
2010				
Financial assets				
Available-for-sale				
- SGD corporate bonds	-	6,765	-	6,765

Fair value of unquoted SGD corporate bonds is determined by reference to the potential settlement to holders of the bonds.

The carrying amount less impairment allowance of trade receivables and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amount.

28 Financial risk management (Continued)

(vii) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Note 10 to the financial statements, except for the following:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Loans and receivables	36,997	45,080	56,532	56,376
Financial liabilities at amortised cost	9,405	17,668	212	337

29 Segment information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments.

(1) The paper mill and recycled fibre divisions manufactures and sells industrial grade paper products, collect and trades in waste paper products and recycled fibre.

(2) Others which included investment/corporate segment focus on identifying new investment opportunities locally and overseas that has the potential to increase revenue streams and produce good returns on investments.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Group's management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis.

29 Segment information (Continued)

	Paper Mill and Recycled Fibre*		Others		Total		Adjustments and Elimination			Per consolidated Financial Statements	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**Note**	**2011**	**2010**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
Revenue:											
External customers	49,861	51,491	1,264	1,301	51,125	52,792	-	-		51,125	52,792
Inter-segment	-	21,424	-	-	-	21,424	-	(21,424)	A	-	-
Total revenue	49,861	72,915	1,264	1,301	51,125	74,216	-	(21,424)		51,125	52,792
Results:											
Finance costs	(346)	(701)	-	-	(346)	(701)	-	-		(346)	(701)
Interest income	2	-	379	228	381	228	-	-		381	228
Depreciation	(2,722)	(2,790)	(333)	(291)	(3,055)	(3,081)	-	-		(3,055)	(3,081)
Segment profit/(loss) before taxation	1,366	3,572	(1,764)	(1,973)	(398)	1,599	-	-		(398)	1,599
Assets:											
Additions to non-current assets	1,229	753	4	476	1,233	1,229	-	-	B	1,233	1,229
Segment assets	90,498	90,669	38,757	49,051	129,255	139,720	-	-		129,255	139,720
Liabilities:											
Segment liabilities	8,752	16,885	653	783	9,405	17,668	729	708	C	10,134	18,376

* The Group merged the Recycled Fibre operations into Paper Mill division in January 2011.

29 Segment information (Continued)

Note A: Inter-segment revenues are eliminated on consolidation.

Note B: Additions to non-current assets consist of additions to property, plant and equipment.

Note C: The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet.

	Group	
	2011	**2010**
	$'000	$'000
Deferred income tax liabilities	650	620
Current income tax liabilities	79	88
	729	708

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2011	**2010**	**2011**	**2010**
	$'000	$'000	$'000	$'000
Singapore	3,731	4,868	8,604	8,935
ASEAN	43,862	43,415	68,515	71,369
Rest of Asia	2,044	3,354	-	-
Others	1,488	1,155	-	-
	51,125	52,792	77,119	80,304

Non-current assets information presented above consist of property, plant and equipment and investment property as presented in the consolidated balance sheet.

30 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2012 or later periods and which the Group has not early adopted:

- Amendments to FRS 107 Disclosures – Transfer of Financial Assets (effective for annual periods beginning on or after 1 July 2011)
- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- Amendments to FRS 12 – Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)
- FRS 19 (revised 2011) – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (revised 2011) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 110 – Consolidated Financial Statements (effective for annual report on or after 1 January 2013)
- FRS 112 – Disclosure of Interest in Other Entities (effective for annual report on or after 1 January 2013)
- FRS 113 – Fair Value Measurement (effective for annual report on or after 1 January 2013)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

Material Contracts

Since the end of the financial year ended 31 December 2011, the Company and its subsidiary companies did not enter into any material contracts involving interests of the Chief Executive Officer, Directors or controlling shareholders and no such material contract still subsist at the end of the financial year, save for Interested Person Transactions disclosed on page 15 of this Annual Report.

List of Major Properties

The following properties are owned/leased by the Group:

Location	Description	Land area (sq. m)	Tenure
UPP Industries Pte. Ltd. 35 Tuas View Crescent Singapore 637608	Office and factory	15,999	30 years commencing from 1 December 1999 (with an option to extend for an additional 30 years)
UPP Pulp & Paper (M) Sdn. Bhd. Lots 225-227 & Lots 240-242 Jalan Kuala Selangor, 45620 Ijok Batang Berjuntai, Selangor Malaysia	Office and factory	121,657	Freehold
Lot 538, Mukim of Ijok Kuala Selangor, Selangor Malaysia	Land	6,891	99 years commencing from 17 May 1984
Lot 2772, Mukim of Ijok Kuala Selangor, Selangor Malaysia	Land	3,518	99 years commencing from 13 May 1992
3, Persiaran Sungei Chua Pusat Perindustrian Sungei Chua 43000 Kajang, Selangor Malaysia	Office and factory	5,567	99 years commencing from 23 November 2007

SHAREHOLDING STATISTICS

As at 19 March 2012

ISSUED AND FULLY PAID UP CAPITAL	:	S$84,750,012
NO. OF SHARES ISSUED	:	597,049,747
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	146	3.99	4,997	0.00
1,000 - 10,000	1,905	52.09	8,975,774	1.50
10,001 - 1,000,000	1,571	42.96	100,093,766	16.77
1,000,001 and above	35	0.96	487,975,210	81.73
Total	**3,657**	**100.00**	**597,049,747**	**100.00**

TOP 20 SHAREHOLDERS

S/No.	Name	Number of Shares Held	%
1	LIM ENG HOCK	191,246,925	32.03
2	UOB KAY HIAN PTE LTD	161,281,000	27.01
3	DBS VICKERS SECURITIES (S) PTE LTD	14,725,000	2.47
4	DBS NOMINEES PTE LTD	14,194,060	2.38
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	13,145,851	2.20
6	HARTONO TJAHJADI	12,900,000	2.16
7	CITIBANK NOMINEES SINGAPORE PTE LTD	8,290,000	1.39
8	NG KOK HIN OR ANG POH YEAN	8,000,000	1.34
9	OCBC SECURITIES PRIVATE LTD	6,529,090	1.09
10	YEO JOHAR	5,438,000	0.91
11	OCBC NOMINEES SINGAPORE PTE LTD	5,196,000	0.87
12	CHEW CHOO POH	4,000,000	0.67
13	LIM TIEN LOCK CHRISTOPHER	3,429,000	0.57
14	KHOO POH KOON	3,200,001	0.54
15	BNP PARIBAS SECURITIES SERVICES	2,985,000	0.50
16	HSBC (SINGAPORE) NOMINEES PTE LTD	2,545,000	0.43
17	CHEW PIN CHIN	2,500,000	0.42
18	BANK OF SINGAPORE NOMINEES PTE LTD	2,492,000	0.42
19	PHILLIP SECURITIES PTE LTD	2,132,279	0.36
20	ALPHA SECURITIES PTE LTD	2,000,000	0.33
	Total	**466,229,206**	**78.09**

Source: The Central Depository (Pte) Limited

Substantial Shareholders	Number of Shares Direct Interest	Number of Shares Deemed Interest
Lim Eng Hock	191,246,925	-
Tong Kooi Ong[2]	159,931,000[1]	-

Notes:
[1] Shares held in the name of the registered holder, UOB Kay Hian Pte Ltd.
[2] Mr. Tong Kooi Ong also holds 53,630,000 warrants in the name of UOB Kay Hian Pte Ltd.

Approximately 38.01% of the issued Ordinary Shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

WARRANTS 2012 (W120529)
LISTING DATE : 4 JUNE 2007
EXPIRY DATE : 29 MAY 2012

Size of Warrantholdings	Number of Warrantholders	%	Number of Warrants	%
1 - 999	171	9.01	93,367	0.14
1,000 - 10,000	1,442	75.97	4,810,006	7.37
10,001 - 1,000,000	271	14.28	14,669,176	22.49
1,000,001 and above	14	0.74	45,657,503	70.00
Total	**1,898**	**100.00**	**65,230,052**	**100.00**

TOP 20 WARRANTHOLDERS

S/No.	Name	Number of Warrants Held	%
1	SSP INNOVATIONS PTE LTD	15,018,888	23.02
2	DBS VICKERS SECURITIES (S) PTE LTD	6,979,998	10.70
3	UOB KAY HIAN PTE LTD	3,833,444	5.88
4	LIM ENG HOCK	2,525,306	3.87
5	TANG SONG HEE @ CHERN CHIANG CHENG	2,311,000	3.54
6	HARTONO TJAHJADI	2,249,999	3.45
7	HAN NGI KWANG @ HAN BO ANG	2,201,111	3.37
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,007,476	3.08
9	CHIEW POH CHENG	1,846,666	2.83
10	LIM TIEN LOCK CHRISTOPHER	1,821,666	2.79
11	CITIBANK NOMINEES SINGAPORE PTE LTD	1,501,110	2.30
12	CHUA CHAI TIANG	1,176,000	1.80
13	OCBC SECURITIES PRIVATE LTD	1,141,366	1.75
14	DBS NOMINEES PTE LTD	1,043,473	1.60
15	DMG & PARTNERS SECURITIES PTE LTD	857,777	1.32
16	OCBC NOMINEES SINGAPORE PTE LTD	829,820	1.27
17	PHILLIP SECURITIES PTE LTD	578,308	0.89
18	TOH PENG HUI	461,111	0.71
19	JEONG CHANG SUB	398,000	0.61
20	TAN CHOR KHER TERRY	388,888	0.60
	Total	**49,171,407**	**75.38**

Source: The Central Depository (Pte) Limited

WARRANTS 2013 (W130301)
LISTING DATE : 8 MARCH 2010
EXPIRY DATE : 1 MARCH 2013

Size of Warrantholdings	Number of Warrantholders	%	Number of Warrants	%
1 - 999	49	13.88	4,251	0.00
1,000 - 10,000	119	33.71	736,000	0.62
10,001 - 1,000,000	173	49.01	21,392,666	18.03
1,000,001 and above	12	3.40	96,503,002	81.35
Total	**353**	**100.00**	**118,635,919**	**100.00**

TOP 20 WARRANTHOLDERS

S/No.	Name	Number of Warrants Held	%
1	UOB KAY HIAN PTE LTD	55,929,000	47.14
2	CITIBANK NOMINEES SINGAPORE PTE LTD	19,958,000	16.82
3	CHEW CHOO POH	4,000,000	3.37
4	KHOO POH KOON	3,014,000	2.54
5	GOH SU PING	2,214,000	1.87
6	LIM SER HENG	2,150,000	1.81
7	HARTONO TJAHJADI	2,099,000	1.77
8	NG KOK POH	1,709,000	1.44
9	OCBC SECURITIES PRIVATE LTD	1,647,000	1.39
10	DBS NOMINEES PTE LTD	1,363,002	1.15
11	TAN PECK CHENG	1,360,000	1.15
12	GOH CHONG HUA	1,060,000	0.89
13	HSBC (SINGAPORE) NOMINEES PTE LTD	1,000,000	0.84
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	986,250	0.83
15	TAN CHOR KHER TERRY	965,000	0.81
16	TAN LIAN NEO WINNIE	960,000	0.81
17	SIH LAI PENG	750,000	0.63
18	TAN HAI HONG	700,000	0.59
19	TAN JONG BEAW	609,000	0.51
20	VASHDEV DADLANI	600,000	0.51
	Total	**103,073,252**	**86.87**

Source: The Central Depository (Pte) Limited

UPP HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 196700346M)

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of **UPP HOLDINGS LIMITED** (the "**Company**") will be held on Friday, 20 April 2012 at 2.00 p.m. at Buona Vista Room, No. 87, Science Park Drive, Science Hub, Singapore 118260 for the following purposes:

AS ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve a final dividend of 0.1 cent tax exempt (one tier) dividend per share for the financial year ended 31 December 2011. **(Resolution 2)**

3. To approve the payment of Directors' fees of up to S$180,000 payable by the Company for the year ending 31 December 2012. **(Resolution 3)**

4. To re-elect Mr. Ong Pang Liang, retiring pursuant to Article 110 of the Articles of Association of the Company. *(See Explanatory Notes (i))* **(Resolution 4)**

5. To re-elect Mr. Tong Kooi Ong retiring pursuant to Article 120 at the Articles of Association of the Company. **(Resolution 5)**

6. To record the retirement of Mr. Hardjanto Adiwana under Article 110 of the Articles of Association of the Company and who has decided not to seek re-election. *(See Explanatory Notes (iii))* **(Resolution 6)**

7. To record the retirement of Mr. Lim Chow Cher Charles under Article 110 of the Articles of Association of the Company and who has decided not to seek re-election. *(See Explanatory Notes (iv))* **(Resolution 7)**

8. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

9. To transact any other ordinary business which may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

10. That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**CA**") and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be and are hereby authorised and empowered to issue:

    (i) shares in the capital of the Company ("**shares**"); or
    (ii) convertible securities; or

(iii) additional convertible securities issued pursuant to adjustments; or
(iv) shares arising from the conversion of the securities in (ii) and (iii) above,

(whether by way of rights, bonus or otherwise in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority or thereafter) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

provided that:

1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company as calculated in accordance with sub-paragraph (2) below ("**Issued Shares**"), provided that the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of Issued Shares;

2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of Issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities;
   (ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual; and
   (iii) any subsequent bonus issue, consolidation or subdivision of shares;

3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

4) (unless revoked or varied by the Company in General Meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company ("**AGM**") or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note (v)) **(Resolution 9)**

BY ORDER OF THE BOARD
Koh Kim Huat
Chairman and CEO
30 March 2012

Notes

(i) A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two (2) proxies to attend and vote in his stead.

(ii) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

(iii) The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the time appointed for holding the Meeting.

(iv) If the member is a corporation, the instrument appointing the proxy must be under common seal or the hand of an officer or attorney duly authorised.

Explanatory Notes

(i) Ordinary Resolution 4

Mr. Ong Pang Liang, when re-elected, will relinquish his position of Finance Director and take on a new position as Non-Executive Director. It is also recommended that he replaces Mr. Hardjanto Adiwana and Mr. Lim Chow Cher Charles in their respective positions in the Audit Committee, Remuneration Committee and Nominating Committee.

(ii) Ordinary Resolution 5

Mr. Tong Kooi Ong, when re-elected will be a Non-Executive Director. Upon his re-election, Mr. Tong Kooi Ong will assume the chairmanship of the Board in place of Mr. Koh Kim Huat.

(iii) Ordinary Resolution 6

The Board would like to express its appreciation to Mr. Hardjanto Adiwana for his invaluable contributions to the Board and Company.

(iv) Ordinary Resolution 7

The Board would like to express its appreciation to Mr. Lim Chow Cher Charles for his invaluable contributions to the Board and Company.

(v) Ordinary Resolution 9

The Ordinary Resolution 9 proposed above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant convertible securities, and to issue shares in pursuance of such convertible securities, without seeking any further approval from shareholders in general meeting, up to a number not exceeding fifty per cent. (50%) of the total number of Issued Shares of which up to twenty per cent. (20%) of the total number of Issued Shares may be issued other than on a pro rata basis to shareholders.

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PROXY FORM

UPP Holdings Limited
(Company Registration No. 196700346M)

ANNUAL GENERAL MEETING TO BE HELD ON 20 APRIL 2012
(Before completing this form, please see notes below)

IMPORTANT:
1. For investors who have used their CPF monies to buy shares in the capital of UPP Holdings Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of UPP Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)
and/or *(delete as appropriate)*			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("**AGM**") of the Company to be held on Friday, 20 April 2012 at 2.00 p.m. at Buona Vista Room, No. 87, Science Park Drive, Science Hub, Singapore 118260, and at any adjournment thereof in the following manner indicated below: (Please indicate with a cross ("**X**") in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit.)

No.	Resolution	For	Against
	ORDINARY BUSINESS		
1	Adoption of Directors' Report and Audited Accounts		
2	Approval of final dividend of 0.1 cent tax exempt (one tier) dividend per share for financial year ended 31 December 2011		
3	Approval of Directors' Fees for financial year ending 31 December 2012		
4	Re-election of Mr. Ong Pang Liang as Director		
5	Re-election of Mr. Tong Kooi Ong as Director		
6	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
7	To authorise Directors to issue shares and convertible securities under Section 161 of the Companies Act, Chapter 50		

Dated this _______ day of ________ 2012

Total Number of Shares held:	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) / Common Seal
Important: Please read notes overleaf

PROXY FORM

Notes

1. If you have shares in the capital of the Company ("**Shares**") entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore (the "**Act**")), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against his name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument of proxy shall be deemed to relate to all the Shares held by you.

2. A member of the Company ("**Member**") entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Member.

3. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 1 Kim Seng Promenade, #14-01 Great World City East Tower, Singapore 237994, not less than forty-eight (48) hours before the time appointed for holding the AGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.

General

The Company shall be entitled to reject the instrument of proxy if it is incomplete, improperly completed or illegible or where the true intentions of the Member is not ascertainable from the instructions specified in the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if the Member, being the appointor, is not shown to have Shares entered against his name in the Depository Register forty-eight (48) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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