

Half Year Financial Statement And Dividend Announcement for the Period Ended 31 Dec 2006

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

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

	Group	
	31/12/2006	31/12/2005
	S\$'000	S\$'000
Revenue from supply of building materials		
Project sales	1,700	5,164
Retail sales	683	1,176
Revenue from rental	22	-
Revenue from interior design & renovation	535	1,068
	2,940	7,408
Costs and expenses		
Changes in inventories of trading goods	(798)	(374)
Purchases and services consumed	(1,706)	(5,336)
Staff costs	(753)	(1,101)
Depreciation of property, plant and equipment	(386)	(479)
Other operating expenses	(920)	(905)
Other income	(146)	(58)
Finance costs	(364)	(364)
	(5,073)	(8,617)
Loss before taxation	(2,133)	(1,209)
Taxation	(396)	-
Loss attributable to shareholders	(2,529)	(1,209)

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

Loss before taxation is stated after crediting / (charging) the following:

	Group	
	31/12/2006	31/12/2005
	S\$'000	S\$'000
Bad trade debts recovered	2	3
Allowances for uncollectible trade debts	(18)	-

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Write-back/(allowances) for lower of cost and market value of quoted investments	75	(6)
Interest expenses	(356)	(342)
Loss on disposal of property, plant and equipment	(295)	(15)
Write-back for inventory obsolescence	9	396
Foreign exchange gain/(loss)	16	(66)

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

	Group		Company	
	31/12/2006 S\$'000	30/06/2006 S\$'000	31/12/2006 S\$'000	30/06/2006 S\$'000
Property, plant and equipment	6,834	7,487	-	-
Investments	109	30	-	-
Subsidiaries	-	-	6,902	3,402
Amount due from a subsidiary (non-trade)	-	-	-	3,500
Current assets				
Inventories	6,488	7,286	-	-
Trade receivables	1,388	1,997	-	-
Other receivables	232	180	-	-
Prepayments	37	35	3	-
Tax recoverable	17	278	17	18
Amount due from a subsidiary (non-trade)	-	-	375	201
Fixed deposits (secured)	19	14	-	-
Cash and bank balances	47	53	4	4
	8,228	9,843	399	223
Assets classified as held for sale (Note 1)	1,220	4,405	-	-
	9,448	14,248	399	223
Current liabilities				
Trade payables	2,085	2,770	-	-
Bills payable to banks (secured)	3,670	3,517	-	-
Construction contracts - work-in-progress	27	19	-	-
Amount owing to directors	2,039	1,750	-	-
Other payables	1,533	1,217	179	127
Bank borrowings (Note 2)	2,452	6,301	-	-
Bank overdrafts (secured)	3,300	2,621	-	-
Lease obligations	121	141	-	-
Provision for taxation	119	-	-	-
	15,346	18,336	179	127
Net current (liabilities)/assets	(5,898)	(4,088)	220	96
Non-current liabilities				
Lease obligations	228	283	-	-
Advance from equity investor (Note 3)	200	-	200	-
	617	3,146	6,922	6,998

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	Group		Company	
	31/12/2006	30/06/2006	31/12/2006	30/06/2006
	\$'000	\$'000	\$'000	\$'000
Equity				
Share capital	13,193	13,193	13,193	13,193
Share premium	-	-	-	-
Accumulated losses	(12,576)	(10,047)	(6,271)	(6,195)
	<u>617</u>	<u>3,146</u>	<u>6,922</u>	<u>6,998</u>

Note 1: In adopting FRS 105: Non-Current Assets Held for Sale and Discontinued Operations, the Group has reclassified a subsidiary's freehold and leasehold properties that are intended for disposal, as assets held for sale.

Note 2: In compliance with FRS 1 (revised): Presentation of Financial Statements, which became applicable to the Group from 1 July 2005, the Group has reclassified \$4.14 million of non-current loans at 30 June 2006 to current liabilities due to delay in certain instalment payments by a subsidiary.

Note 3: Pursuant to the Company's announcements dated 21 December 2006 and 23 January 2007 on the Term Sheet entered into with Chan Ewe Teik and Ko Beng Soo, the Company has received \$200,000 as an advance on the convertible loan.

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

	As at 31/12/2006		As at 30/06/2006	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	<u>5,019</u>	<u>854</u>	<u>8,507</u>	<u>556</u>
Amount repayable after one year	<u>228</u>	<u>-</u>	<u>283</u>	<u>-</u>

Details of any collateral:

The Group's borrowings are secured by the following:

- Legal mortgage on a subsidiary's leasehold properties and freehold property
- Finance leases secured by a subsidiary's motor vehicles
- Corporate guarantee
- Joint & several personal guarantee by the directors of the Company

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

	Group	
	01/07/2006 to 31/12/2006	01/07/2005 to 31/12/2005
	S\$'000	S\$'000
Cash flow from operating activities		
Loss before taxation	(2,133)	(1,209)
Adjustments for:		
Bad trade debts recovered	(2)	(3)
Allowances for uncollectible trade debts (Write-back)/allowances for lower of cost and market value of quoted investments	18	-
Investment acquired from conversion of trade debt	(75)	6
Depreciation of property, plant and equipment	(4)	-
Interest expenses	386	479
Loss on disposal of property, plant and equipment	356	342
Write-back of allowances for inventory obsolescence	295	15
	(9)	(396)
Operating cashflow before working capital changes	<u>(1,168)</u>	<u>(766)</u>
(Increase) / decrease in assets		
Inventories	807	770
Trade receivables	593	646
Other receivables, deposits and prepayments	(54)	(86)
Increase / (decrease) in liabilities		
Trade payables	(685)	(373)
Other payables	316	46
Amount owing to directors	289	441
Construction contracts - work-in-progress	8	60
Cash generated from operations	<u>106</u>	<u>738</u>
Interest paid	(356)	(342)
Taxes paid	(16)	-
Net cash (used in)/generated from operating activities	<u>(266)</u>	<u>396</u>
Cash flow from investing activities		
Proceeds from sales of quoted equity investments	-	(2)
Proceeds from sales of property, plant and equipment	3,157	246
Purchase of property, plant and equipment	-	(31)
Net cash generated from investing activities	<u>3,157</u>	<u>213</u>

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Cash flow from financing activities

Repayment of bank borrowings	(3,849)	(514)
Repayment of lease obligations	(75)	(50)
Increase in bills payable to banks	153	-
Increase in secured fixed deposits	(5)	-
Advance from equity investor	200	-
Net cash used in financing activities	<u>(3,576)</u>	<u>(564)</u>
Net (decrease)/increase in cash and cash equivalents	(685)	45
Cash and cash equivalents at beginning of period	(2,568)	(2,653)
Cash and cash equivalents at end of period	<u><u>(3,253)</u></u>	<u><u>(2,608)</u></u>

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

	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Group				
As at 01/07/2005	12,996	197	(7,349)	5,844
Net loss for the period	-	-	(1,209)	(1,209)
As at 31/12/2005	<u>12,996</u>	<u>197</u>	<u>(8,558)</u>	<u>4,635</u>
As at 01/07/2006	13,193	-	(10,047)	3,146
Net loss for the period	-	-	(2,529)	(2,529)
As at 31/12/2006	<u>13,193</u>	<u>-</u>	<u>(12,576)</u>	<u>617</u>
Company				
As at 01/07/2005	12,996	197	(6,074)	7,119
Net loss for the period	-	-	(55)	(55)
As at 31/12/2005	<u>12,996</u>	<u>197</u>	<u>(6,129)</u>	<u>7,064</u>
As at 01/07/2006	13,193	-	(6,195)	6,998
Net loss for the period	-	-	(76)	(76)
As at 31/12/2006	<u>13,193</u>	<u>-</u>	<u>(6,271)</u>	<u>6,922</u>

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

There is no change in the Company's issued share capital since the last financial year.

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

The figures have not been audited or reviewed by the auditors.

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

Not Applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in its audited financial statements as at 30 June 2006.

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

None.

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

		Group	
		31/12/2006	31/12/2005
		Cents	Cents
Loss per share based on loss attributable to shareholders			
*	Based on existing issued share capital	3.89	1.86
**	Based on fully diluted basis	3.89	1.86
*	Loss per share for the six-month period ended 31 December 2006 and 2005 are computed based on 64,977,825 number of shares in issue.		
**	There have been no potentially dilutive securities in issue during the six-month period.		

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

		Group		Company	
		31/12/2006	30/06/2006	31/12/2006	30/06/2006
		Cents	Cents	Cents	Cents
*	Net asset value per ordinary share based on existing issued share capital as at the end of the period on	0.95	4.84	10.65	10.77
*	The net asset value per share is computed based on issued shares of the Group and Company as at 31 December 2006 and 30 June 2006.				

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The operating subsidiaries of the Group are Nam Huat Tiling & Panelling Co Pte Ltd ("NHTP"), Nam Tat Pte Ltd ("NT") and Living Elements Pte Ltd ("LE") and Nam Hong Properties Pte Ltd ("NHP").

NHTP, established in 1963 and currently in its 44th year of operations, is a major supplier, stockist and distributor of ceramic and marble tile products and other building finishing materials to public and private sector projects & retailing to renovation contractors and homeowners.

NT, which commenced full operations in January 2004, is a distributor and retail supplier of economy ranges of ceramic tiles directly to interior design and renovation contractors.

LE, which commenced operations in February 2004, is a 'Design & Renovate' firm specialising in home and office renovations and refurbishments.

NHP, which commenced operations in February 2005, is a Master Tenant for the entire shopping space (approx. 39,000 sq ft) at Podiums B & C (Towers 3 & 4), HDB Centre, Jalan Bukit Merah. Podium B (25,000 sq ft) has been taken up by NHTP and NT to house their respective Showrooms. Due to the challenging retail environment in the home renovation industry, Podium C (14,000 sq ft) was returned to HDB during the interim period.

The Group recorded a turnover of \$2.94 million and a loss before tax of \$2.13 million for the first 6 months of FY2007 ended 31 December 2006. This compares against a turnover of \$7.41 million and a loss before tax of \$1.21 million for the corresponding period in interim FY2006 ended 31 December 2005.

The low turnover recorded in the interim period resulted from a slowdown in imports of materials arising from inadequate bank import financing facilities despite continual reductions in bank borrowings by the Group. The Directors expect the Group to overcome this limitation and thereupon to improve its turnover in the second half of the financial year with new equity funds. The Board is pleased to note that the Group has continued to service its current projects and improve its order book with new contracts during this interim period.

The \$0.92 million increase in Group losses resulted mainly from a \$1.78 million loss from (i) loss of profits from decrease in turnover (\$1.02 million); (ii) increase in loss from disposal of fixed assets (\$0.28 million); (iii) decrease in gross profits arising from lower selling prices (\$0.24 million); (iv) increase in directors' remuneration (\$0.15m); and (v) increase in professional fees (\$0.09 million). This was partially offset by a \$0.86 million gain from (i) decrease in salaries and CPF contributions (\$0.34 million); (ii) reduction in marketing expenses (\$0.13 million); (iii) reduction in administrative expenses (\$0.11 million); (iv) decrease in depreciation (\$0.09 million); (v) increase in gain from foreign exchange (\$0.08 million); (vi) increase in gain on fair value adjustment of quoted share investments (\$0.08 million) and (vii) increase in other income (\$0.03 million).

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Turnover	31 Dec 2006		31 Dec 2005	
	S\$'000	%	S\$'000	%
Tiles - Project Segment				
Public Sector	265	9.0	2,010	27.1
Private Sector	1,435	48.8	3,154	42.6
Tiles - Retail Segment	683	23.2	1,176	15.9
Renovation Segment	535	18.2	1,068	14.4
Rental	22	0.8	-	-
	<u>2,940</u>	<u>100.0</u>	<u>7,408</u>	<u>100.0</u>

NHTP's projects order book, as at 31 December 2006, stands at \$11.5 million. This compares favourably to the order book of \$5.92 million as at 31 December 2005; \$6.56 million as at 31 December 2004; and \$4.76 million as at 31 December 2003.

The Retail Segment of NHTP and NT recorded a decrease in turnover to \$0.68 million in interim FY2007, down 42.37% from \$1.18 million in interim FY2006. Contrary to initial expectations, Retail sales from home renovation works continued to decrease in interim FY2007 despite the opening of the 25,000 sqft Showhouse at HDB Centre, Jalan Bukit Merah. Promotional plans are currently being made to publicise and launch the Bukit Merah Showhouse.

The Renovation Segment of LE also reflected the decrease in home renovation works, recording a decrease in turnover by 49.53% to \$0.54 million in interim FY2007, as compared against \$1.07 million in interim FY2006.

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

None.

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

The pending equity participation and injection of fresh funds by Messrs Michael Chan Ewe Teik and Ko Beng Soo would enable the Group to strengthen its equity base and re-embark on a growth strategy to capitalise on the many good business deals and projects coming on-stream from a revitalised construction sector in an active property market.

Despite a weak performance by the Group for the period ended 31 December 2006, the Directors are pleased to note that with the \$11.5 million NHTP projects in hand, amidst an expected vibrant construction sector and glowing economy in 2007, the Group expects improvements in its performance from the second half of the current financial year.

Barring any unforeseen circumstances, the Directors expect the Group to improve on its operational losses from the previous financial year.

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11 Dividend**(a) Current financial period reported on**

Any dividend declared for the current financial period reported on?

None

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not Applicable.

(d) Book closure date

Not Applicable.

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

No dividend has been declared/recommended since the end of the previous financial year ended 30 June 2006.

13 Confirmation by the Board [Pursuant to Rule 705(4) of the Listing Manual]

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the six months ended 31 December 2006 to be false or misleading.

BY ORDER OF THE BOARD

Paul Goh Moh Chye
Managing Director
13 February 2007