

Unaudited Interim Financial Statements Announcement for the 12-Month Period Ended 30 June 2007

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	
	30/06/2007 S\$'000	30/06/2006 S\$'000
Revenue from supply of building materials		
Project sales	3,918	8,328
Retail sales	1,188	2,093
Revenue from rental	22	-
Revenue from interior design & renovation	955	1,590
	6,083	12,011
Costs and expenses		
Changes in inventories of trading goods	(2,477)	(1,032)
Purchases and services consumed	(3,499)	(7,701)
Staff costs	(1,371)	(2,070)
Depreciation of property, plant and equipment	(715)	(856)
Write-back of impairment losses of property, plant and equipment	1,352	343
Other operating expenses	(2,381)	(2,774)
Other income	1,574	86
Finance costs	(808)	(704)
	(8,325)	(14,708)
Loss before taxation	(2,242)	(2,697)
Taxation	(396)	-
Loss attributable to shareholders	(2,638)	(2,697)

The following profit and loss comparative figures have been reclassified to conform with current year's presentation:

	Group	
	As restated S\$'000	As previously stated S\$'000
<u>Profit & Loss Account</u>		
Purchases and services consumed	(7,701)	(8,551)
Other operating expenses	(2,774)	(1,924)

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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	
	30/06/2007 S\$'000	30/06/2006 S\$'000
Bad trade debts recovered	32	4
Allowance for uncollectible trade debts	(18)	(3)
Allowance for uncollectible non-trade debts	(29)	-
Allowance for lower of cost and market value of quoted investments	-	(3)
Investment acquired from conversion of trade debt	4	-
Amount due to a director written off	1,600	-
Interest expenses	(793)	(668)
(Loss) / gain on disposal of property, plant and equipment	(68)	48
Property, plant and equipment written off	(270)	-
(Allowance) / Write-back for inventory obsolescence	(1,494)	485
Gain on disposal of quoted investments	104	-
Gain on disposal of subsidiary	61	-
Foreign exchange gain/(loss)	50	(61)

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	
	30/06/2007 S\$'000	30/06/2006 S\$'000	30/06/2007 S\$'000	30/06/2006 S\$'000
Property, plant and equipment	7,293	7,487	-	-
Investments	-	30	-	-
Subsidiaries	-	-	6,902	3,402
Amount due from a subsidiary (non-trade)	-	-	-	3,500
Current assets				
Inventories	4,809	7,286	-	-
Trade receivables	2,295	1,997	-	-
Other receivables	160	180	-	-
Prepayments	38	35	1	-
Tax recoverable	18	278	17	18
Amount due from a subsidiary (non-trade)	-	-	4,852	201
Fixed deposits (secured)	14	14	-	-
Cash and bank balances	43	53	5	4
	7,377	9,843	4,875	223
Assets classified as held for sale (Note 1)	1,350	4,405	-	-
	8,727	14,248	4,875	223

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	Group		Company	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	\$'000	\$'000	\$'000	\$'000
Current liabilities				
Trade payables	1,207	2,770	-	-
Bills payable to banks (secured)	3,630	3,517	-	-
Construction contracts - work-in-progress	-	19	-	-
Amount owing to directors	-	1,750	-	-
Other payables	917	1,217	234	127
Bank borrowings (Note 2)	2,193	6,301	-	-
Bank overdrafts (secured)	2,432	2,621	-	-
Lease obligations	98	141	-	-
	10,477	18,336	234	127
Net current (liabilities)/assets	(1,750)	(4,088)	4,641	96
Non-current liabilities				
Lease obligations	38	283	-	-
Convertible loan (Note 3)	4,997	-	4,997	-
	508	3,146	6,546	6,998
Equity				
Share capital	13,193	13,193	13,193	13,193
Accumulated losses	(12,685)	(10,047)	(6,647)	(6,195)
	508	3,146	6,546	6,998

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. The freehold property and one leasehold property has been disposed during the period.

Note 2: In compliance with FRS 1 (revised): Presentation of Financial Statements, which became applicable to the Group from 1 July 2005, the Group had 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 announcement dated 25 April 2007 on the Convertible Loan Agreement entered into with Merryland Pacific Limited, Lee Yong Miang, Lim Oon Hock, Ong Soon Liong, Chua Beng Huat and Lee Kian Soo, the loan of \$4.997 million has been fully advanced to the Company.

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 30/06/2007		As at 30/06/2006	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	4,290	433	8,507	556
Amount repayable after one year	38	-	283	-

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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

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 30/06/2007	01/07/2005 to 30/06/2006
	S\$'000	S\$'000
Cash flow from operating activities		
Loss before taxation	(2,242)	(2,697)
Adjustments for:		
Bad trade debts recovered	(32)	4
Allowances for uncollectible trade debts	18	(3)
Allowances for uncollectible non-trade debts	29	-
Amount due to a director written off	(1,600)	-
Allowances for lower of cost and market value of quoted investments	-	3
Investment acquired from conversion of trade debt	(4)	-
Depreciation of property, plant and equipment	715	856
Write-back of impairment losses on property, plant and equipment	(1,352)	(343)
Interest expenses	793	668
Loss / (gain) on disposal of property, plant and equipment	68	(48)
Property, plant and equipment written off	270	-
Allowances / (write-back) for inventory obsolescence	1,494	(485)
Gain on disposal of quoted investments	(104)	-
Gain on disposal of subsidiary	(61)	-
Operating cashflow before working capital changes	(2,008)	(2,045)
(Increase) / decrease in assets		
Inventories	983	1,517
Trade receivables	(354)	1,525
Other receivables and prepayments	(26)	99
Increase / (decrease) in liabilities		
Trade payables	(1,293)	54
Other payables	(244)	358
(Repayment of) / amount owing to directors	(150)	1,030
Construction contracts - work-in-progress	(19)	(63)
Cash (used in) / generated from operations	(3,111)	2,475
Interest paid	(793)	(668)
Income tax paid	(136)	-
Net cash (used in) / generated from operating activities	(4,040)	1,807

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Cash flow from investing activities

Proceeds from sales of quoted equity investments	138	-
Disposal of subsidiary, net of cash disposed (Note B)	(44)	-
Proceeds from sales of property, plant and equipment	3,411	426
Purchase of property, plant and equipment	-	(67)
Net cash generated from investing activities	3,505	359

Cash flow from financing activities

Repayment of bank borrowings	(4,108)	(1,624)
Repayment of lease obligations	(288)	(131)
Increase / (decrease) in bills payable to banks	113	(326)
Proceeds from issuance of unsecured convertible loans	4,997	-
Net cash generated from / (used in) financing activities	714	(2,081)
Net increase in cash and cash equivalents	179	85
Cash and cash equivalents at beginning of period / year	(2,568)	(2,653)
Cash and cash equivalents at end of period / year	(2,389)	(2,568)

Note A: Cash and Cash Equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts as at 30 June:

	30/06/2007 \$'000	30/06/2006 \$'000
Cash and bank balances	43	53
Fixed deposit	14	14
Bank overdrafts (secured)	(2,432)	(2,621)
	(2,375)	(2,554)
Less: fixed deposits pledged	(14)	(14)
	(2,389)	(2,568)

Note B: Disposal of Subsidiary

During the financial period, the net assets/liabilities disposed on disposal of subsidiary comprise the following:

	\$'000
Property, plant and equipment	137
Trade receivables	70
Other receivables	14
Cash and bank balances	44
Trade payables	(270)
Other payables	(56)
Net liabilities of subsidiary disposed of	(61)
Gain on disposal of subsidiary	61
Proceeds from disposal of subsidiary^^	-
Less: Cash and bank balances of subsidiary disposed	(44)
Cash flow on disposal of subsidiary, net of cash disposed	(44)

^^The subsidiary was disposed at a nominal sum of \$1.

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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	(7,350)	5,843
Transfer of share premium reserve to share capital account (Note 4)	197	(197)	-	-
Net loss for the year	-	-	(2,697)	(2,697)
As at 30/06/2006	<u>13,193</u>	<u>-</u>	<u>(10,047)</u>	<u>3,146</u>
As at 01/07/2006	13,193	-	(10,047)	3,146
Net loss for the 12-month interim period	-	-	(2,638)	(2,638)
As at 30/06/2007	<u>13,193</u>	<u>-</u>	<u>(12,685)</u>	<u>508</u>
Company				
As at 01/07/2005	12,996	197	(6,074)	7,119
Transfer of share premium reserve to share capital account (Note 4)	197	(197)	-	-
Net loss for the year	-	-	(121)	(121)
As at 30/06/2006	<u>13,193</u>	<u>-</u>	<u>(6,195)</u>	<u>6,998</u>
As at 01/07/2006	13,193	-	(6,195)	6,998
Net loss for the 12-month interim period	-	-	(452)	(452)
As at 30/06/2007	<u>13,193</u>	<u>-</u>	<u>(6,647)</u>	<u>6,546</u>

Note 4: As a result of the Companies (Amendment) Act 2005, which came into effect on 30 January 2006, the concept of authorised share capital and par value has been abolished. Thus, the amount in the share premium account was transferred to the Company's share capital account in the previous financial year.

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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 then 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.

- 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	
	30/06/2007	30/06/2006
	Cents	Cents
Loss per share based on loss attributable to shareholders		
* Based on existing issued share capital	4.06	4.15
** Based on fully diluted basis	4.06	4.15

* Loss per share for the twelve-month period ended 30 June 2007 and for financial year ended 30 June 2006 are computed based on 64,977,825 number of shares in issue.

** There have been no potentially dilutive securities in issue during the twelve-month period.

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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	
	30/06/2007	30/06/2006	30/06/2007	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	0.78	4.84	10.07	10.77

* The net asset value per share is computed based on issued shares of the Group and Company as at 30 June 2007 and 2006.

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 Group recorded a turnover of \$6.08 million and a loss after tax of \$2.64 million for the 12 months of FY2007 ended 30 June 2007. This compares against a turnover of \$12.01 million and a loss after tax of \$2.70 million for the corresponding period in FY2006 ended 30 June 2006.

The low turnover recorded in the current period resulted from the completion of most supply contracts and orders in hand. During this period, the Group was burdened with financial constraints and had to prioritise its limited financial resources and banking facilities to service and fulfill existing commitments and contracts in hand. This resulted in a reduction of turnover as the Group refrained from active participation for new orders which required immediate imports and deliveries, whilst management actively engage in discussions with various parties in the search for new funding.

The Directors are pleased to report that, despite operating within such financial constraints, the Group has continued to fulfill its contractual obligations and commitments.

The \$0.06 million decrease in Group losses resulted mainly from a \$4.36 million gain from:

- Increase in other income - director's loan written off	\$1.60 million
- Reversal of impairment losses on property, plant and equipment	\$1.00 million
- Decrease in operating expenses and depreciation	\$0.78 million
- Decrease in salaries and CPF contributions	\$0.70 million
- Increase in gain on disposal of quoted share investments	\$0.17 million
- Increase in gain from foreign exchange	\$0.11 million
	<u>\$4.36 million</u>

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This was offset by a \$4.30 million loss from:

- Loss of profits from decrease in turnover	\$1.62 million
- Decrease in gross profits arising from increase in provision for stock obsolescence	\$1.49 million
- Additional provision for tax	\$0.40 million
- Increase in loss from disposal of property, plant and equipment	\$0.39 million
- Increase in professional fees and interest expenses	\$0.35 million
- Decrease in gross profits arising from decrease in selling prices	\$0.05 million
	<u>\$4.30 million</u>

Further to the Announcements made by the Company on the \$4.997 million convertible loan agreement (the "Convertible Loan Agreement") entered into by the Company with the investors (the "Investors") on 25 April 2007 and the additional loan of \$1.052 million pursuant to a supplemental agreement (the "Supplemental Agreement") on 12 June 2007, the new Board, including the recently appointed Directors, Mr Von Lee Yong Miang and Mr Kenny Lim Oon Cheng, has reviewed the business operations of all the operating subsidiaries of the Group, viz. Nam Huat Tiling & Panelling Co Pte Ltd ("NHTP"), Nam Tat Pte Ltd ("NT"), Living Elements Pte Ltd ("LE") and Nam Hong Properties Pte Ltd ("NHP"), with the objective of refocusing on the core strengths of the Group; reducing operational and other costs expeditiously and significantly; disposing of non-profitable assets; and redeployment of resources to ride the recovery and anchor onto the surge of property developmental and construction activities currently abounding in the Singapore economy.

The Board is also pleased to note that, with the injection of fresh funds and repayment of certain bank loans, the Principal Bankers have reformalised their banking facilities granted to the Group.

Notably, NHTP has also proceeded to secure new contracts for the supply of premium marble/granite and ceramic tiles to a number of prestigious projects, including:

<u>Project Name</u>	<u>Developer</u>	<u>Supply Value</u>
TATE RESIDENCE	Hong Leong Holdings Ltd	\$5.4 million
NASSIM RESIDENCE	Hong Leong Holdings Ltd	\$2.3 million
SKY @eleven	SPH - Times Development Pte Ltd	\$0.5 million

These supply contracts are expected to be completed within the next financial year.

Focusing on the core strengths and reducing costs on value-added considerations, the Group relinquished the rental premises of NHTP and NT at Tower 3 (Podium B), HDB Centre, Jalan Bukit Merah, in March 2007, and moved the showroom to the Group's premises at 1&3 Tuas Avenue 8, reducing Retail direct operating costs by approximately \$85,000 per month. These premises contributed only \$0.57 million Retail sales for the 6 months ended 31 December 2006, and the Directors do not expect the Retail sector to recover sufficiently to justify the rental expenses. As the showroom renovation costs had been expensed (and not capitalised) accordingly in earlier financial periods, the closure of the showroom would be reflected in reduced current and future fixed operating expenses for the Group.

On 15 May 2007, the Company announced the disposal of LE for \$1. LE has been loss-making since it commenced operations in 2004. The disposal was in line with the redeployment of the Group's resources and disposal of non-profitable assets.

The Group intends to dispose of its property at #01-10 E-Centre, Jalan Bukit Merah, and further reduce bank borrowings. Pending sale of the unit, the 2,788 sqft industrial shop is currently generating a rental income of \$8,364 per month for the Group.

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In accordance with the Convertible Loan Agreement, the Company has received the cash sum of \$4.997 million by 4 May 2007. The cash has been deployed within the Group as working capital.

The additional \$1.052 million cash, to be received from the Supplemental Agreement, will be used by the Group for working capital and business growth.

On 3 April and 1 June 2007, the Securities Industry Council has waived the requirement under Rule 14 of the Singapore Code on Takeovers and Mergers for the Investors to make a general offer for the Company in the event that the Investors acquire Conversion Shares representing 75.42% of the Company's enlarged issued share capital as a result of conversion of the Loan, subject to certain conditions being satisfied.

The Company has made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for, *inter alia*, the listing and quotation of new ordinary shares in the capital of the Company to be allotted and issued to the Investors under the Convertible Loan Agreement upon exercise by such Investors of their conversion rights under the Convertible Loan Agreement. The allotment and issue of the new ordinary shares to the Investors is also subject to approval by shareholders at an extraordinary general meeting to be convened.

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 prevailing booming property market augurs well for the Group's business, especially in the residential and commercial sectors, particularly of premium grade apartments and commercial centres for which NHTP has established a long track record in the provision of professional services and high quality marble/granite, ceramic tiles and other finishing materials for such project works. The Directors anticipate positive business leads from these sectors in the coming years.

The injection of fresh funds and pending equity participation by the new Investors 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.

In accordance with Rule 705 of the SGX-ST Listing Manual, the Company will be releasing its unaudited financial results for the 15-month Financial Year ending 30 September 2007 within 60 days from 30 September 2007 and hold its Annual General Meeting on or before 31 January 2008.

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 interim twelve months ended 30 June 2007 to be false or misleading.

BY ORDER OF THE BOARD

Paul Goh Moh Chye
Managing Director
21 August 2007