

Full Year Financial Statements and Dividends Announcement for Year Ended 31 December 2008

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

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

	Note	Group		
		2008	S\$'000 2007	+/(-)%
CONTINUING OPERATIONS				
Turnover		37,761	54,270	(30.42)
Cost of sales		(30,084)	(32,401)	(7.15)
Gross Profit		7,677	21,869	(64.90)
Other operating income		1,346	43,056	(96.87)
Distribution and selling expenses		(2,286)	(2,790)	(18.07)
Administrative expenses		(8,831)	(9,652)	(8.50)
Other non-operating expenses		(47,806)	(2,619)	1,725.35
Other operating expenses		(470)	(1,571)	(70.06)
Land compensation		5,163	-	NM
(Loss)/profit from operations		(45,207)	48,293	(193.61)
Finance income		203	361	(43.68)
Finance expenses		(154)	(401)	(61.69)
Share of (loss)/ profit of associate		(31)	19	NM
(Loss)/profit before tax	1	(45,189)	48,272	(193.61)
Taxation		(817)	(2,171)	(62.36)
(Loss) / profit after tax from continuing operations		(46,006)	46,101	(199.79)
DISCONTINUING OPERATIONS				
Profit after tax from discontinued operations	2	-	(506)	(100.00)
Total (loss) / profit after tax for the year		(46,006)	45,595	(200.90)
Attributable to:				
Minority interests		1,059	(102)	(1,138.04)
Equity holders of the company		(47,065)	45,697	(202.99)
		(46,006)	45,595	(200.90)

Note

1 Profit before tax is derived at after

Crediting / (charging) :

	Group		
	2008	S\$'000 2007	+/(-)%
Depreciation of property, plant and equipment	(606)	(721)	(16)
Gain on disposal of property, plant and equipment	8	15,040	(100)
Gain on liquidation of subsidiary	-	580	(100)
Gain on disposal of furniture business	-	25,230	(100)
Land compensation	5,163	-	NM
Impairment loss on quoted equity investments	(44,922)	-	NM
Fair value loss on quoted equity investments	(1,687)	(861)	96
(Loss)/ gain on disposal of quoted equity investments	(56)	1,847	(103)
Fair value change on derivative financial instrument	-	107	(100)
Amortisation of land occupancy rights	-	(3)	(100)
Impairment loss of goodwill	-	(1,758)	(100)
Recovered/(Impairment loss) of trade debts	10	(38)	(125)
Impairment loss of property	(453)	-	NM

NM: Not meaningful

2 Discontinued Operations

On 27 July 2007, the Group disposed off its entire equity stake in the Furniture Business to TT International Ltd. The operating performance of the Furniture Business up to 27 July 2007 was presented separately on the income statement as "Discontinued Operations".

a) An analysis of the results of the discontinued operations is as follows:

	S\$'000	
	2008	2007
Revenue	-	19,661
Net expenses	-	(20,167)
(Loss) before taxation of discontinued operations	-	(506)
Taxation	-	-
(Loss) after taxation of discontinued operations	-	(506)
Gain from disposal of discontinued operations	-	25,230

b) The impact of the discontinued operations on the cashflows of the Group is as follows:

	S\$'000	
	2008	2007
Net cash generated from / (used in):		
Operating activities	-	1,329
Investing activities	-	3,596
Financing activities	-	(2,706)
Total Cash flows	-	2,219

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	
	S\$'000		S\$'000	
	2008	2007	2008	2007
Equity attributable to equity holders of the Company				
Share capital	44,615	35,210	44,615	35,210
Reserves	(13,710)	24,269	(24,473)	11,912
	30,905	59,479	20,142	47,122
Minority interests	2,103	972	-	-
Total equity	33,008	60,451	20,142	47,122
Non-current assets				
Property, plant and equipment	3,154	4,505	199	254
Land occupancy rights	-	498	-	-
Investment in associate	-	29	-	-
Investment in subsidiaries	-	-	5,126	10,746
Quoted equity investments	14,191	26,265	14,191	26,265
Due from subsidiaries (non-trade)	-	-	2,360	2,360
	17,345	31,297	21,876	39,625
Current assets				
Inventories	5,336	5,915	-	-
Trade receivables	2,950	4,078	-	43
Other receivables, deposits and prepayments	1,520	2,210	461	701
Due from subsidiaries (non-trade)	-	-	881	1,231
Quoted equity investments	509	3,616	509	821
Fixed deposits	12,110	21,500	1,151	9,242
Cash and bank balances	1,843	3,073	434	989
	24,268	40,392	3,436	13,027
Total assets	41,613	71,689	25,312	52,652

Current liabilities				
Trade payables	2,447	3,198	-	-
Bills payable	-	580	-	-
Other payables and accruals	1,190	1,208	217	282
Tax payable	1,790	1,027	886	821
Due to subsidiary (non-trade)	-	-	4,045	4,405
Due to directors of a subsidiary (non-trade)	120	200	-	-
Term loan (current portion)	224	224	-	-
Bank overdrafts	20	1,436	-	-
Lease obligations (current portion)	58	70	-	-
Deferred rental (current portion)	200	200	-	-
Unearned revenue	682	735	-	-
	6,731	8,878	5,148	5,508
Non-current liabilities				
Term loans (non-current)	859	1,082	-	-
Deferred tax liability	66	46	22	22
Deferred rental (non-current)	832	1,032	-	-
Lease obligations (non-current)	117	200	-	-
	1,874	2,360	22	22
Total liabilities	8,605	11,238	5,170	5,530
Net assets	33,008	60,451	20,142	47,122

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

Amount repayable in one year or less, or on demand

As at 31.12.08	
S\$'000	
Secured	Unsecured
244	-

As at 31.12.07	
S\$'000	
Secured	Unsecured
1,660	-

Amount repayable after one year

As at 31.12.08	
S\$'000	
Secured	Unsecured
859	-

As at 31.12.07	
S\$'000	
Secured	Unsecured
1,082	-

Details of any collateral

The Group's borrowings are secured by the following:

- a first legal mortgage on a subsidiary's leasehold property
- corporate guarantee from the company
- pledge of fixed deposits in a subsidiary

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

	2008 S\$'000	2007 S\$'000
Cash flows from operating activities:		
(Loss)/profit before tax:		
From continuing operations	(45,189)	48,272
From discontinued operations	-	(506)
	<u>(45,189)</u>	<u>47,766</u>
Adjustments for:		
Share of loss/(profit) of associate	31	(19)
Gain on disposal of furniture business	-	(24,996)
Depreciation of property, plant and equipment	606	721
Gain on disposal of property, plant and equipment	(8)	(15,040)
Land compensation	(5,163)	-
Interest expense	124	393
Interest income	(276)	(361)
(Recovered)/Impairment loss of trade debts	(10)	38
Bad debts written off	-	60
Stocks written off	7	-
Amortisation of land occupancy rights	-	3
Fair value loss on quoted equity investments	1,687	861
Impairment loss on quoted equity investments	44,922	-
Impairment loss of goodwill	-	1,758
Impairment loss of property	453	-
Translation difference	(131)	39
Fair value change on derivative financial instrument	-	(107)
	<u>(2,947)</u>	<u>11,116</u>
Operating (loss)/profit before working capital changes	(2,947)	11,116
Decrease / (increase) in :		
Inventories	572	566
Trade receivables	1,138	46
Other receivables, deposits and prepayments	690	(2,115)
Increase / (decrease) in:		
Trade payables	(752)	1,980
Bills payable	(580)	(2,014)
Other payables and accruals	(72)	313
Due to directors of a subsidiary (non trade)	(80)	(200)
	<u>(2,031)</u>	<u>9,692</u>
Cash (used in)/generated from operations	(2,031)	9,692
Interest paid	(124)	(393)
Interest received	276	361
Income taxes paid	(122)	(1,933)
	<u>(2,001)</u>	<u>7,727</u>
Net cash (used in)/generated from operating activities	(2,001)	7,727
Cash flows used in investing activities		
Purchase of property, plant and equipment	(173)	(534)
Purchase of quoted equity investments	(12,046)	(9,608)
Proceeds from disposal of property, plant and equipment	773	25,044
Proceeds from land compensation	5,661	-
Liquidation of subsidiary	-	239
Discontinued operations	-	2,776
	<u>(5,785)</u>	<u>17,917</u>
Net cash (used in)/generated from investing activities	(5,785)	17,917
Cash flows used in financing activities		
Repayment of term loans	(224)	(7,595)
Repayment of lease obligations	(94)	(315)
Issuance of new ordinary shares	-	8,100
Payment of dividends	(10,505)	(1,216)
Fixed deposit pledged to bank	754	(1,557)
Proceeds from warrant exercised	9,405	508
	<u>(664)</u>	<u>(2,075)</u>
Net cash generated from/(used in) from financing activities	(664)	(2,075)
Net (decrease)/ increase in cash and cash equivalents	(8,450)	23,569
Cash and cash equivalents at beginning of year	19,932	(3,637)
Cash and cash equivalents at end of year (Note A)	11,482	19,932

Note A: Cash and cash equivalents

	2008 S\$'000	2007 S\$'000
Cash and bank balances	1,843	3,073
Fixed deposits (unsecured)	9,659	18,295
Bank overdrafts	(20)	(1,436)
Cash and bank equivalents	11,482	19,932

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 year.

S\$'000	Group					Total
	Share Capital	Translation reserve	Other reserves	Accumulated profit	Minority interest	
Balance as at 1 January 2007	17,764	576	1,775	4,865	1,112	26,092
Net effect of exchange differences	-	101	(71)	-	(38)	(8)
Net profit/(loss) for the year	-	-	-	45,697	(102)	45,595
Dividends on ordinary shares	-	-	-	(7,444)	-	(7,444)
Issuance of new ordinary shares	17,446	-	-	-	-	17,446
Fair value adjustment on quoted shares	-	-	(21,230)	-	-	(21,230)
Balance as at 31 December 2007	35,210	677	(19,526)	43,118	972	60,451
Balance as at 1 January 2008	35,210	677	(19,526)	43,118	972	60,451
Net effect of exchange differences	-	209	-	-	71	280
Net loss for the year	-	-	-	(47,065)	1,059	(46,006)
Warrants exercised	9,405	-	-	-	-	9,405
Dividends on ordinary shares	-	-	-	(10,505)	-	(10,505)
Transfer of impairment loss on quoted shares to income statement	-	-	19,383	-	-	19,383
Balance as at 31 December 2008	44,615	886	(143)	(14,452)	2,102	33,008

S\$'000	Company			Total
	Share Capital	Other reserves	Accumulated profit	
Balance as at 1 January 2007	17,764	1,776	1,726	21,266
Net profit for the year	-	-	37,084	37,084
Dividends on ordinary shares	-	-	(7,444)	(7,444)
Issuance of new ordinary shares	17,446	-	-	17,446
Fair value adjustment on quoted shares	-	(21,230)	-	(21,230)
Balance as at 31 December 2007	35,210	(19,454)	31,366	47,122
Balance as at 1 January 2008	35,210	(19,454)	31,366	47,122
Net loss for the year	-	-	(45,263)	(45,263)
Warrants exercised	9,405	-	-	9,405
Dividends on ordinary shares	-	-	(10,505)	(10,505)
Transfer of impairment loss on quoted shares to income statement	-	19,383	-	19,383
Balance as at 31 December 2008	44,615	(71)	(24,402)	20,142

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

Changes in company's share capital:

	Quantity	Share capital S\$ '000
Balance as at 1 January 2008	302,954,700	35,210
Warrants exercised by shareholders	117,563,297	9,405
Balance as at 31 December 2008	<u>420,517,997</u>	<u>44,615</u>

The Company has 24,394,312 (2007: 141,957,609) number of outstanding warrants as at 31 December 2008. Each warrant can be used to subscribe for an ordinary share at S\$ 0.08.

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

The figures have not been audited nor reviewed by the Group's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.

There were no changes in accounting policies and methods of computation adopted in the financial statements for the current year as compared to the most recent audited annual financial statements as at 31 December 2007.

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

The adoption of the new/revised FRS is currently assessed to have no significant impact on the financial and the results of the current year and prior year of the Group.

- 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

	31.12.08	31.12.07
	cents	cents
Earnings / (loss) per ordinary share attributable to the equity holders of the company from continuing operations		
(i) Based on weighted average number of ordinary share in issue	(12.26)	16.73
(ii) On a fully diluted basis	(12.26)	15.75
Computed based on the following weighted average number of shares		
Basic	383,872,665	274,985,280
Diluted	394,632,896	292,097,978

- 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.

	<u>Group</u>		<u>Company</u>	
	S\$	S\$	S\$	S\$
	31.12.08	31.12.07	31.12.08	31.12.07
Net asset value per ordinary share based on existing share as at period	0.08	0.20	0.05	0.16

Footnote:

Net asset value per ordinary share is based on 420,517,997 ordinary shares in issue as at 31 December 2008 (31 December 2007: 302,954,700 shares)

- 8 **A review of the performance of the group to the extent necessary for a reasonable understanding of the group's business. The view must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any materials factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group's turnover for the year ended December 2008 has decreased by 30.42% from S\$ 54.2 million in prior year to S\$ 37.8 million in current year. The decrease in gross profit margin is partly due to the significant decline in dividend income received during the year. The performance by the retailing and distribution companies were generally maintained.

The Group has recorded loss before tax for the current year of S\$ 45.1 million as compared to the prior year where the Group recorded a profit before tax of S\$ 48.3 million, mainly due to "one off" capital gain of about S\$ 15 million from the sale of property, a "one off" capital gain from the divestment of the furniture business amounting to about S\$ 25 million and dividend income of S\$ 12 million from investment in quoted shares.

The current loss was mainly attributed from non-cash charges of S\$ 44.92 million from the impairment loss on the quoted investments (82% was attributed from impairment loss on investment in TT International Ltd) and S\$ 0.45 million of impairment loss of property owned by one of its subsidiary. These impairment losses have been accounted for in "other non-operating expenses" in the Income Statement. However, it was mitigated by a "one off" gain of about S\$ 5.2 million from land compensation attributed from its overseas subsidiary.

During the current year, the shareholders exercised 117,563,297 warrants for conversion into ordinary shares, resulting in an increase in share capital from S\$ 35.2 million to S\$ 44.6 million. In addition, an amount of S\$ 10.5 million was paid as dividend during the year, resulting in reduction in cash and bank balances.

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

Not Applicable.

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

In view of the current global economic environment, the Group would expect very difficult and challenging trading condition. Moving forward, the Group will continue to explore new business opportunities.

- 11 **Dividend**

- (a) **Current Financial Period Reported On**
Any dividend recommended for the current financial period report on?

None.

- (b) **Corresponding Period of the Immediately Preceding Financial Year**
Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

- (c) **Date payable**

Not Applicable.

- (d) **Books closure date**

Not Applicable.

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

No dividend has been declared / recommended for the full year ended 31 December 2008.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

	Furniture S\$'000	Beauty S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
2008					
Turnover					
External sales	1,966	35,526	269		37,761
Intersegment Sales	-	2,606	4,502	(7,108)	-
Total Sales					<u>37,761</u>
(Loss)/profit from operations	4,586	(938)	(48,855)		(45,207)
Interest income					203
Finance expense					(154)
Share of loss of associate					(31)
Loss before tax					<u>(45,189)</u>
Taxation					(817)
Minority interests					<u>(1,059)</u>
Loss for the year					<u>(47,065)</u>
Assets	3,918	14,047	31,026	(7,378)	41,613
Liabilities	(1,230)	(7,277)	(7,476)	7,378	(8,605)
Capital expenditures	2	171	-		173
Depreciation and impairment loss	32	973	54		1,059
2007					
Turnover					
External sales	3,367	37,600	13,303		54,270
Intersegment Sales	-	3,373	286	(3,659)	-
Total Sales					<u>54,270</u>
(Loss)/profit from operations	(698)	13,904	35,821	-	49,027
Finance expense					(401)
Interest income					467
Share of profit of associate					19
Profit before tax					<u>49,112</u>
Taxation					(3,011)
Minority interests					<u>102</u>
Net profit from continuing operations					46,203
Net loss from discontinued operations					<u>(506)</u>
Profit for the year					<u>45,697</u>
Assets	2,262	24,899	54,328	(9,800)	71,689
Liabilities	(522)	(12,533)	(7,973)	9,790	(11,238)
Capital expenditures	91	341	272	-	704
Depreciation and amortisation	118	585	18	-	721

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

	Sales to external customer		Assets		Capital expenditure	
	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000	2008 S\$'000	2007 S\$'000
Singapore	35,795	50,329	37,695	69,428	171	614
People's Republic of China	1,966	2,835	3,918	2,261	2	90
Taiwan	-	575	-	-	-	-
Others	-	531	-	-	-	-
	<u>37,761</u>	<u>54,270</u>	<u>41,613</u>	<u>71,689</u>	<u>173</u>	<u>704</u>

15 A breakdown of sales

	Group		Inc/Dec %
	2008 S\$'000	2007 S\$'000	
Sales reported for the first half of the year	17,564	39,049	(55.02)
Profit after tax before deducting minority interest reported for the first half of the year	1,212	22,279	
Sales reported for the second half of the year	20,197	15,221	32.69
Profit after tax before deducting minority interest reported for the second half of the year	(47,218)	23,316	

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

	Latest full year	Previous full year
	S\$'000	S\$'000
Ordinary	10,505	7,444
Preference	-	-
Total	<u>10,505</u>	<u>7,444</u>

BY ORDER OF THE BOARD

MR TOH SOON HUAT
ACTING CHAIRMAN/ CHIEF EXECUTIVE OFFICER

25 February 2009
Singapore

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor CIMB-GK Securities Pte Ltd ("Sponsor") for compliance with the relevant rules of the Exchange. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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