

Full Year Financial Statement And Dividend Announcement for the Year Ended 30 June 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	
	30/06/2006	30/06/2005
	S\$'000	S\$'000
Revenue from supply of building materials		
Project sales	8,328	11,173
Retail sales	2,093	3,828
Revenue from interior design & renovation	1,590	1,615
	12,011	16,616
Costs and expenses		
Changes in inventories of trading goods	(1,032)	(1,471)
Purchases and services consumed	(8,551)	(11,987)
Salaries and employee benefits	(2,070)	(2,401)
Depreciation of property, plant and equipment	(856)	(1,061)
(Write-back)/impairment losses of property, plant and equipment	343	(2,162)
Other operating expenses	(1,924)	(2,356)
Other income	86	63
Financial costs	(704)	(643)
	(14,708)	(22,018)
Loss before taxation	(2,697)	(5,402)
Taxation	-	403
Loss attributable to shareholders	(2,697)	(4,999)

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	
	30/06/2006	30/06/2005
	S\$'000	S\$'000
Bad trade debts recovered	3	5
Write-back of allowances for uncollectible trade debts	25	1

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Allowances for diminution in value of club membership / quoted investments	(3)	(27)
Allowances for uncollectible trade debts	(29)	(29)
Amortisation of preliminary expenses	-	(4)
Interest expenses	(668)	(587)
Gain on disposal of property, plant and equipment	48	4
Write-back/(allowances) for inventory obsolescence	485	(432)
Foreign exchange (loss)/gain	(61)	59

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	
	30/06/2006 S\$'000	30/06/2005 S\$'000	30/06/2006 S\$'000	30/06/2005 S\$'000
Property, plant and equipment	7,487	12,356	-	-
Intangible assets	-	-	-	-
Investments	30	33	-	-
Subsidiaries	-	-	3,402	3,402
Amount due from subsidiaries (non-trade)	-	-	3,500	3,500
Current assets				
Inventories	7,286	8,318	-	-
Trade receivables	1,998	3,524	-	-
Other receivables, deposits and prepayments	493	592	18	51
Amount due from subsidiaries (non-trade)	-	-	201	249
Fixed deposit	14	14	-	-
Cash and bank balances	53	57	4	5
	9,844	12,505	223	305
Assets classified as held for sale (Note 1)	4,405	-	-	-
	14,249	12,505	223	305
Current liabilities				
Trade payables	2,770	2,716	-	-
Bills payable to banks (secured)	3,517	3,843	-	-
Progress billings in excess of work-in-progress	19	82	-	-
Amount owing to a director	1,750	720	-	-
Other payables and accruals	1,217	859	127	88
Bank borrowings (Note 2)	6,301	3,523	-	-
Bank overdrafts	2,621	2,710	-	-
Lease obligations	141	97	-	-
	18,336	14,550	127	88
Net current (liabilities)/assets	(4,087)	(2,045)	96	217

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Non-current liabilities

Bank borrowings (Note 2)	-	4,402	-	-
Lease obligations	283	98	-	-
	3,147	5,844	6,998	7,119

Equity

Share capital	13,193	12,996	13,193	12,996
Share premium	-	197	-	197
Accumulated losses	(10,046)	(7,349)	(6,195)	(6,074)
	3,147	5,844	6,998	7,119

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.

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 30/06/2006		As at 30/06/2005	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	8,507	556	5,711	619
Amount repayable after one year	283	-	4,500	-

Details of any collateral:

The Group's borrowings are secured by the following:

- Legal mortgage on a subsidiary's leasehold properties and freehold property
- Debenture by way of charge over a subsidiary's machinery
- Finance leases secured by a subsidiary's motor vehicles
- Corporate guarantee

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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	
	Year ended 30/06/2006 S\$'000	Year ended 30/06/2005 S\$'000
Cash flow from operating activities		
Loss before taxation	(2,697)	(5,402)
Adjustments for:		
Bad trade debts recovered	(25)	(5)
Write-back of allowances for uncollectible trade debts	(3)	(1)
Allowances for diminution in value of club membership / quoted investments	3	27
Allowances for uncollectible trade debts	29	29
Depreciation of property, plant and equipment	856	1,061
(Write-back)/Impairment losses of property, plant and equipment	(343)	2,162
Interest expenses	668	587
Gain on disposal of property, plant and equipment	(48)	(4)
Write-back/(allowances) for inventory obsolescence	(485)	432
Operating cashflow before working capital changes	<u>(2,045)</u>	<u>(1,114)</u>
(Increase) / decrease in assets		
Inventories	1,517	1,039
Trade receivables	1,525	(806)
Other receivables, deposits and prepayments	99	(41)
Increase / (decrease) in liabilities		
Trade payables	54	716
Other payables and accruals	358	303
Amount owing to a director	1,030	720
Progress billings in excess of work-in-progress	(63)	14
Cash generated from operations	<u>2,475</u>	<u>831</u>
Interest paid	(668)	(587)
Net cash generated from operating activities	<u>1,807</u>	<u>244</u>
Cash flow from investing activities		
Proceeds from sales of quoted equity investments	-	(51)
Proceeds from sales of property, plant and equipment	426	85
Purchase of property, plant and equipment	(67)	(32)
Net cash generated from investing activities	<u>359</u>	<u>2</u>

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Cash flow from financing activities

Repayment of bank borrowings	(1,624)	(939)
Repayment of lease obligations	(131)	(111)
Increase/(decrease) in bills payable to banks	(326)	1,420
Net cash used in financing activities	(2,081)	370
Net increase in cash and cash equivalents	85	616
Cash and cash equivalents at beginning of year	(2,639)	(3,255)
Cash and cash equivalents at end of year	(2,554)	(2,639)

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 01/07/2004	12,996	197	(2,350)	10,843
Net loss for the year	-	-	(4,999)	(4,999)
As at 30/06/2005	12,996	197	(7,349)	5,844
As at 01/07/2005	12,996	197	(7,349)	5,844
Transfer of share premium reserve to share capital account (Note 3)	197	(197)	-	-
Net loss for the year	-	-	(2,697)	(2,697)
As at 30/06/2006	13,193	-	(10,046)	3,147

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	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Company				
As at 01/07/2004	12,996	197	(1,663)	11,530
Net loss for the year	-	-	(4,411)	(4,411)
As at 30/06/2005	<u>12,996</u>	<u>197</u>	<u>(6,074)</u>	<u>7,119</u>
As at 01/07/2005	12,996	197	(6,074)	7,119
Transfer of share premium reserve to share capital account (Note 3)	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>

Note 3: 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 has been transferred to the Company's share capital account in the current year.

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.

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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 2005, except for the adoption of new and revised FRSs that became effective for the Group's financial year beginning from 1 July 2005 onwards.

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 FRS and the various revisions has no significant financial impact on the financial statements of the Group and Company for the financial year ended 30 June 2006.

Certain reclassifications of balance sheet items have been made as a result of complying with these new and revised standards.

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	
		30/06/2006	30/06/2005
		Cents	Cents
Loss per share based on loss attributable to shareholders			
*	Based on existing issued share capital	4.15	7.69
**	Based on fully diluted basis	4.15	7.69

* Loss per share for the year ended 30 June 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 year.

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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	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005
	Cents	Cents	Cents	Cents
* Net asset value per ordinary share based on existing issued share capital as at the end of the period on	4.84	8.99	10.77	10.96

- * The net asset value per share is computed based on issued shares of the Group and Company as at 30 June 2006 and 2005.

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 43rd 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 operations in January 2004, is a distributor and retailer of economy ranges of ceramic tiles.

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, Singapore.

The turnover of the Group for FY2006 is \$12.01 million, a decrease of 27.7% (\$4.61 million) from the \$16.62 million recorded in FY2005.

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Turnover for the first 6 months of FY2006 ended 31 December 2005 is \$7.41 million. This is a decrease of 21.8% (\$2.06 million) from the \$9.47 million recorded in the corresponding period of FY2005 ended 31 December 2004. The Group recorded losses before tax of \$1.21 million and \$0.35 million for the two respective interim periods.

Turnover for the second 6 months of FY2006 ended 30 June 2006 is \$4.60 million. This is a decrease of 35.7% (\$2.55 million) from the \$7.15 million recorded in the corresponding period of FY2005 ended 30 June 2005. The Group recorded losses before tax of \$1.49 million and \$5.05 million for the two respective periods.

For the full FY2006, the Group incurred a loss before tax of \$2.70 million. This is against a loss before tax of \$5.40 million in FY2005.

The \$2.70 million decrease in Group losses for FY2006 resulted mainly from a \$3.77 million improvement from (i)reduction in impairment losses of leasehold & freehold premises (\$2.51 million); (ii)reduction in operating expenses (\$0.30 million); (iii)reduction in depreciation (\$0.20 million); (iv)reduction in wage costs (\$0.31 million); (v)reduction in directors' remuneration (\$0.17 million); (vi)increase in selling prices (\$0.14 million); and (vii)increase in other income (\$0.14 million). This was partially offset by a \$1.07 million loss from (i)reduction in profits due to decrease in turnover (\$0.87 million); (ii)reduction in foreign exchange gains (\$0.12 million); and (iii)increase in interests paid (\$0.08 million).

Turnover	June 2006		June 2005	
	S\$'000	%	S\$'000	%
Project Segment				
Public Sector	3,142	26.2	4,330	26.1
Private Sector	5,186	43.2	6,843	41.2
Retail Segment	2,093	17.4	3,828	23.0
Interior Design & Renovation Segment	1,590	13.2	1,615	9.7
	<u>12,011</u>	<u>100.0</u>	<u>16,616</u>	<u>100.0</u>

In the material supply Project Segment, turnover decreased by 25.4% (\$2.84 million) to \$8.33 million in FY2006 from \$11.17 million in FY2005

NHTP's Project order book, as at 30 June 2006, stands at \$11.20 million. This compares favourably against the order book as at 30 June 2005; 30 June 2004; 30 June 2003; at the end of each of the previous financial year ends, of \$9.00 million; \$7.19 million; and \$6.91 million; respectively.

In the material supply Retail Segment, turnover decreased by 45.2% (\$1.73 million) to \$2.10 million in FY2006 from \$3.83 million in FY2005.

Despite the growth in the economy during the financial year, home renovations continued to be suppressed, adding another year of weak demand that has continued to decimate many firms in the Home Renovation Industry. LE has since devoted more resources to office renovation and refurbishment works.

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The weakness in the Retail segment dampened anticipated improvements to Group cash flow, turnover and profitability in FY2006.

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

In the announcement of the Group's Interim Results for the six months ended 31 December 2005, made on 14 February 2006, the Directors stated that "barring any unforeseen circumstances, the Directors expect the Group to improve on its losses from the previous financial year."

However, due to the slow take-up tenancy rate at Podium C, and continued low demand in the Retail segment, the anticipated increase in revenue did not materialise in FY2006. Furthermore, the Project segment registered a decline due to delays in completion of certain projects.

Nonetheless, the Directors are pleased to note that the Group succeeded in reducing its losses in FY2006.

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 Directors are cautiously anticipating a better performance by the Group for the current financial year, although the first half may still be challenging. This is on account of the various Retail programmes initiated by the operating subsidiaries, which would begin to show results as the benefits of the economic growth filter down to the general population. NHTP's current Project order book also reflects the long awaited improvement in the Construction Industry.

Barring unforeseen circumstances, the Group is expected to perform better in the current financial year.

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.

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(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 2005.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2 & Q3 or Half Year Results)
13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediate preceding year.

	Building Materials Project segment S\$'000	Retail segment S\$'000	Interior Design & Renovation S\$'000	Rental S\$'000	Adjustment & Elimination S\$'000	Group S\$'000
2006						
Turnover	8,328	2,291	2,022	670	(1,300)	<u>12,011</u>
Loss before taxation	1,239	(3,043)	(83)	(203)	97	(1,993)
Unallocated expenses						(704)
Taxation						-
Net loss for the year						<u>(2,697)</u>
Assets	8,945	15,957	123	57	(3,595)	21,487
Unallocated assets						279
Total assets						<u>21,766</u>
Liabilities	3,095	1,747	665	249	-	5,756
Unallocated liabilities						12,863
Total liabilities						<u>18,619</u>
Capital expenditure	267	125	11	-	24	427
Depreciation of property, plant and equipment	339	563	27	-	(73)	856
(Write-back)/Impairment losses of property, plant and equipment	(103)	(240)	-	-	-	(343)

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2005

Turnover	11,173	4,205	2,420	242	(1,424)	<u>16,616</u>
Loss before taxation	289	(7,798)	(746)	(9)	3,506	(4,758)
Unallocated expenses						(644)
Taxation						403
Net loss for the year						<u>(4,999)</u>
Assets	10,635	17,868	288	14	(4,218)	24,587
Unallocated assets						307
Total assets						<u>24,894</u>
Liabilities	2,346	1,281	747	3	-	4,377
Unallocated liabilities						14,673
Total liabilities						<u>19,050</u>
Capital expenditure	226	663	9	-	(866)	32
Depreciation of property, plant and equipment	392	627	47	-	(5)	1,061
Impairment losses of property, plant and equipment	649	1,513	-	-	-	2,162

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.

Please refer to preceding paragraph 8.

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15 A breakdown of sales.

	FY2006 S\$'000	Group FY2005 S\$'000	% increase / (decrease)
(a) Sales reported for first half year	7,408	9,467	(21.75)
(b) Operating loss after tax	(1,209)	(352)	N/M
(a) Sales reported for second half year	4,603	7,149	(35.61)
(a) Operating loss after tax	(1,488)	(4,647)	(67.98)

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

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	-	-
Preference	-	-
Total	-	-

BY ORDER OF THE BOARD
Ricky Paul Goh Moh Chye
Managing Director
28 August 2006