

For beauty.

For quality.

For modern living.

NH Ceramics Ltd.

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Office / Warehouse
-TUAS

Since establishment, NH Ceramics Ltd, through its wholly-owned operating subsidiary of 38 years, Nam Huat Tiling and Panelling Co Pte Ltd, continues to stock, supply and distribute an extensive range of ceramic and marble tile products to public and private sector projects, renovation contractors and homeowners. Our reputation as a ceramic tile specialist is the result of uncompromising product quality and superb professional service that we provide.

NH Ceramics has always been focused to fulfill customer satisfaction. We attribute our success to the unwavering support of and close collaboration with world-renowned manufacturers and the professionalism and commitment of our staff.

Backed with an outstanding track record, NH Ceramics continues to seek new opportunities and prospects in the industry.

"Beautiful homes begin with NH Ceramics"

Chairman's Statement and Operations Review



“As we embark into the 21st Century, we are proud and privileged to receive world-renowned recognition as a premium name.”

On behalf of the Board of Directors, Management & Staff of the Group, it is with heartfelt gratitude and pride to acknowledge and record the achievements and contributions of our Founding Members, Mr Goh Cheng Meng and Mr Tan Hung Lim. Against overwhelming difficulties, they determinedly established the business in 1963 and laid the foundation for the Group to grow to what it is today.

With the fulfillment of their vision in seeing the Group through to a coveted listing on SGX in 2000, Mr Goh and Mr Tan, both of whom are already in their 70s, retired as Chairman and Director respectively from all the Group companies on 31st August 2001.

However, in view of the vast experience and business links of the Founders, they have been retained as Business Advisors by our subsidiary, NAM HUAT TILING & PANELLING CO. PTE LTD ("NHTP").

The Board thanks both Founders for their valuable contributions and entrepreneurship over these 38 years, and look forward to receive their continued inputs and advice as the Group embarks on a new plane of growth into the 21st Century.

With the confidence of the Board, it is indeed my privilege to take the Chair, as the Group engages the challenging and exciting new business environmental and paradigm shifts not only in Singapore and the Region, but also in the World.

Financial Performance

The main operating subsidiary of the Group is Nam Huat Tiling & Panelling Co Pte Ltd ("NHTP"), whose activities remain unchanged as 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.



The Bencoolen-
Condominium

“Looking forward, we are appreciative of the contribution and dedication of our team in light of recent developments.”

For Financial Year 2001, in the midst of an extremely difficult domestic construction industry coupled with the general decline in the economy, reminiscent of the Singapore Recession of 1986-1987, the Group suffered a loss after tax of \$0.83 million. This arose mainly from a drop in turnover by \$6.12 million (18.3 per cent.) to \$27.26 million in FY2001 from \$33.38 million in FY2000.

Against this setback, however, the Board remains optimistic and excited on the Group's progress and strengthening of its internal and market developments. This is targeted at enhancing profitability and returns on shareholders' funds in the medium and longer term, especially anticipating the recovery that must come.

The Group is proud to have a 38-year proven track through the past recessions and market turmoil to emerge ever stronger. There is commitment, confidence and continued "passion and fire in the hearts" of the Management and Staff of the Group, which has been the key to achieve success and growth despite all odds in the past. The Directors are pleased to report increased recognition and references of confidence and reliability by Architects, Designers and Contractors. This "Opportunity in Adversity" philosophy adopted by the Group in past recession years has always propelled the Group's growth thereafter.

Notwithstanding the loss incurred for FY2001, we are pleased to recommend a first and final dividend of 0.3 cents per ordinary share, less 24.5 per cent. tax, to thank the shareholders who continue to support the Group despite the difficult financial year.

Review of the Performance of the Company and its Principal Subsidiary

Turnover decreased by 14.8 per cent. in the first half of FY2001 from the corresponding period in FY2000, resulting in an interim loss of \$0.45 million. Turnover in the second half of FY2001 fell further by 21.4 per cent. from that in FY2000. This resulted in an overall 18.3 per cent. decrease in turnover in FY2001 as compared to FY2000. The significant drop in the second half of FY2001 arose from the rapidly deteriorating financial health of contractors and the downturn in demand for home renovations in Second Quarter 2001.



Azalea Park Condominium



	Jun 2001		Jun 2000	
	S\$'000	%	S\$'000	%
Project Segment				
Public Sector	14,450	53.0	12,446	37.3
Private Sector	5,628	20.6	12,640	37.9
Retail Segment	7,185	26.4	8,294	24.8
	27,263	100.0	33,380	100.0



The Makena
Condominium

Project Division

In the Project Segment, despite having orders in hand, the Group took a cautious approach in the management of delivery of materials, payments and receivables. This resulted in a drastic slow down in the pace of deliveries and invoicing, which led to the significant drop in turnover. The Group also refrained from active bidding in a difficult environment to safeguard against unprofitable contracts and risky collectibles. This was to avoid simply running a turnover that would lead not only to bad debts, but further consequential damages and losses arising from accompanying disputes and litigation.

Total project turnover declined by 20.0 per cent. (\$5.01 million) to \$20.08 million in FY2001 from \$25.09 million in FY2000.

Public Sector

The intensified marketing efforts for government projects, initiated in FY2000, continued to bear fruit with an increase in turnover of \$2.00 million (16.1 per cent.) to \$14.45 million in FY2001 from \$12.45 million in FY2000.

Major contracts completed in FY2001 include 10 military camps, schools and institutions of higher learning; 24 IUPs (Interim Upgrading Programme) and R&R (repairs and redecoration) jobs by Town Councils; & 7 MUPs (Main Upgrading Programme) and Design & Build contracts by HDB.

Outstanding public sector orders as at 30th June 2001 stood at \$10.08 million from a total of 60 contracts.

Private Sector

The economic downturn is reflected fully in the turnover from private sector projects, which dropped by \$7.01 million (55.5 per cent.) to \$5.63 million in FY2001 from \$12.64 million in FY2000.

Outstanding private sector orders at 30th June 2001 stood at \$4.04 million from a total of 26 contracts.

Retail Division

The Retail segment reflected the generally poor economic sentiments. Turnover dropped by \$1.11 million (13.4 per cent.) to \$7.18 million in FY2001 from \$8.29 million in FY2000.

Notwithstanding the decline in demand for this segment, which led to price erosion, the Group was able to retain competitiveness of our products and yet ensure operating profitability of sales without sacrificing on quality. This is possible with further improved discounts and terms from overseas manufacturers and principals, with whom the Group established strong commercial relationships and coordination in marketing activities.

Operating Results

For the 6 months ended 31st December 2000, the Group reported a turnover of \$13.21 million and outstanding contracts amounting to \$15.40 million. This was expected to bring the full year results for FY2001 in excess of \$28.61 million. However, due to the slowdown in the pace of completion, approximately \$6.26 million out of this \$15.40 million was uncompleted as at end FY2001.

With a further \$7.86 million of new projects secured in 2001, the Group's order book as at 30th June 2001 stood at \$14.12 million.

Overhead expenses in FY2001 increased by \$1.56 million or 22.2% over that of FY2000. The increase was mainly due to:

- i) \$0.67 million increase in wage costs arising from staff salary adjustments that had been held in abeyance since the 1997 Asian crisis, and the partial restoration in CPF contributions;
- ii) \$0.30 million increase in Directors' remuneration arising from the implementation of the service agreements of the four Executive Directors and remuneration of two Independent Directors. In view of the poor performance of the Group, all the Executive Directors waived their 13th month salary entitlements as provided in the service agreements. The cost saving was approximately \$63,000;
- iii) \$0.11 million increase in bad debts to \$0.16 million from \$0.05 million in FY2000;
- iv) \$0.45 million increase in promotion and advertising expenses. This resulted from the launch of two sales campaigns for HDB homeowners, and the further entrenchment of "NH CERAMICS" as a house name in the domestic retail sector for home ceramic and marble finishes.

The decline in turnover against the increase in overhead expenses resulted in a Group loss after tax of \$0.83 million for FY2001.

New Showrooms

In FY2001, the Group purchased a 410 sq.m. freehold shop at Kembangan Court, within a short distance from the Kembangan MRT station, to house its new Main Showroom. The old showroom was established in 1985 at the HDB Outram Park Shopping Complex. As Outram Park was marked for en-bloc redevelopment, the Group returned the rented premises to HDB in end May 2001. A total gratuity of \$192,000 was received and included as other income in FY2001.

In FY2001, the Group further purchased a HDB shop-house at the popular Hougang Central, within a short distance from the new Kovan MRT station. Strategically located at Blk 210, Hougang Street 21, this double-storey shop-house is under renovation to become the Group's North-Eastern "Hougang Showcase" for HDB homeowners. It will complement the main Eastern "Kembangan Showroom".

Another Showroom is also being set up at the Group's leasehold premises in Tuas. This "Tuas Showroom" will be of interest to renovation contractors and homeowners from the Western part of Singapore.

These three Showrooms, strategically located across the Island, herald a new era of the Group's dedicated services to Customers.

The Directors believe this network of Showrooms will significantly enhance the presence and potential of the Group in the Retail Segment.

Contributions of New Ranges of Products

Over the years, foreign manufacturers and exporters have recognized the Group as a premium name handling products with integrity and professionalism. Henceforth, the Group has been proud and privileged to continue to receive the close collaboration of world-renowned ceramic tile manufacturers dedicated to the same ideals. In FY2001, the Group confirmed and intensified its cooperation with three additional Brands (two Italian and one Taiwanese). The new ranges, representing the latest new technological and innovative tiles in the industry, have further enhanced the competitiveness and capabilities of the Group.



Kembangan Court Showroom



Showroom: Display Panel



Showroom: Display Panel

Contributions of Tile Cutting & Profiling Capabilities

The two cutting lines were fully operational in FY2001. Continuing upgrades were made to enhance the complexity of profiling works. In view of the depressed market, plans to launch the service to other tile importers were withheld, whilst the lines focused on in-house work that, otherwise, would have to be outsourced. Cost savings for FY2001 amounted to approximately \$0.23 million.

This in-house cutting and profiling capability has also contributed to the Group's overall competitiveness in the bid for projects.

NH-Marble Automated Selection Line ("NH-MASLine")

NH-MASLine is currently in the Prototype stage. The Prototype is expected to be completed in FY2002.

Development of New Services

The Group reviewed policies on the development of new services for Marble Works. In view of the depressed market, which is especially daunting for "Marble Supply and Installation" works, the Group refrained from launching this new service in FY2001.

With new opportunities and prospects appearing, the Group may also consider "Mergers and Acquisitions" of services and businesses as options in the development of new services.

The Group, however, has no plans and does not intend to venture outside its core competency.

Market Outlook and Prospects

With the construction industry in testing times, and retail home renovations at a low, the Group had been consolidating its resources to maximise contributions and productivity returns through tight project management and cost controls.

The Group continues to actively seek out opportunities, even in adverse times. The Group had also initiated consolidation plans to ride out the difficult period by focusing on its internal development and external marketing programme to further strengthen its manpower, professional and organisational capabilities. Project management, credit control, purchasing and inventory programmes had already been reviewed and tightened.

Prior to the terrorist attack in the USA, although the Directors had already expected the difficult business environment to continue into FY2002, we were of the opinion that the performance of the Group in FY2002 would not be worse than that in FY2001.

However, in the aftermath of this horrendous event, the resultant immense uncertainties and widespread fears of world-wide conflict and economic turmoil have caused the Directors to be concerned of a prolonged downturn in the economy and industry, which may have an adverse impact on the Group in FY2002.

As FY2002 is expected to be plagued with grave uncertainties, the Group will continue its consolidation. The Directors are of the opinion that the Group, though not spared from the storm, will tighten down and ride the difficult waves that are expected to capsize many fellow vessels in a congested and chaotic waterway. A clear sky with bright sunshine will reward emerging beacons of strength on a transformed orderly and spacious water-highway. The Group intends to be one of the beacons.

Ricky Paul Goh Moh Chye
Chairman and Managing Director
NH CERAMICS LTD



Summerdale



Ricky Paul Goh Moh Chye
Chairman and Managing Director



Tay Kiam Peng



Stephen Tay Chye Heng



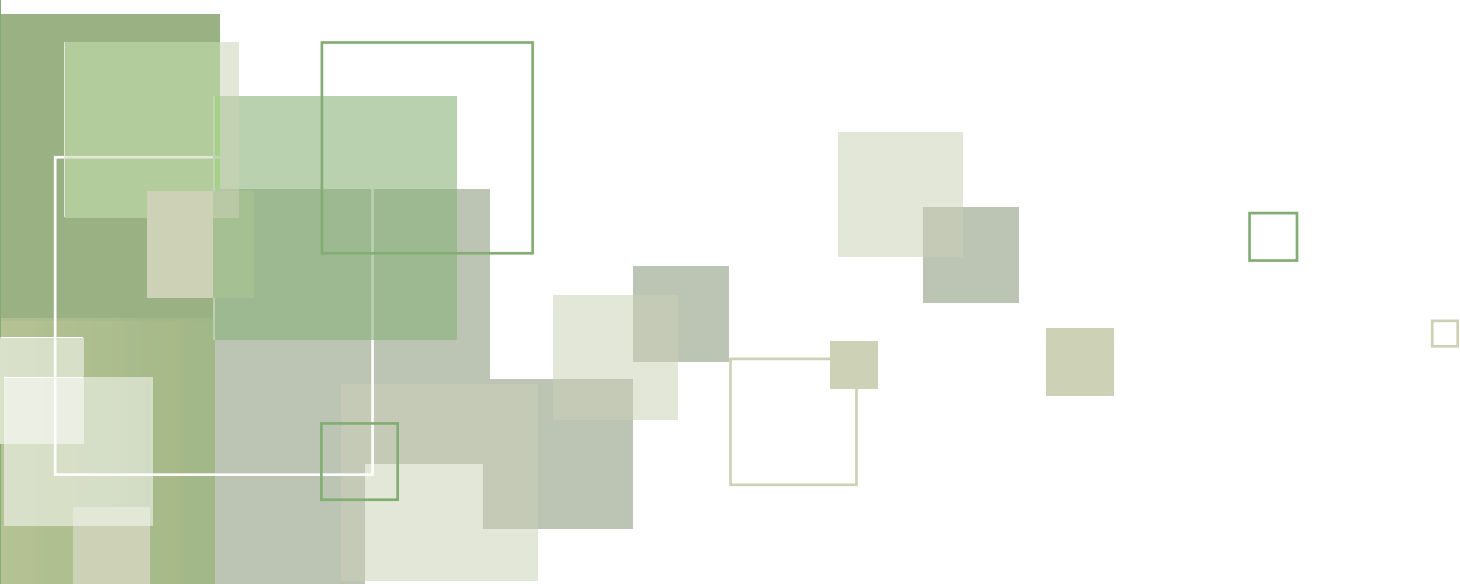
Margaret Tay Hui Hia



Wee Piew



Robbie Ooi Seng Soon



Financial Highlights

Turnover

	YEAR	\$'000
Proforma Group	1997	32,962
	1998	27,102
	1999	33,181
Group	2000	33,380
	2001	27,263

Profit / (Loss) After Tax

	YEAR	\$'000
Proforma Group	1997	670
	1998	334
	1999	2,149
Group	2000	2,570
	2001	(830)

Earnings / (Loss) Per Share

	YEAR	CENTS
Proforma Group	1997	1.29
	1998	0.64
	1999	4.13
Group	2000	4.84
	2001	(1.28)

Net Tangible Assets

	YEAR	\$'000
Proforma Group	1997	8,230
	1998	8,559
	1999	10,389
Group	2000	15,468
	2001	14,495

Note:

The financial results of the Proforma Group have been prepared on the basis that the Proforma Group had been in existence throughout the periods under review.

For comparative purposes, the earnings per share for FY 1997 to 1999 is calculated based on the profit after taxation but before extraordinary item and the pre-invitation share capital of 51,977,825 shares.

Earnings per share for FY2000 is calculated by dividing the Group's profit after taxation by the weighted average number of shares in issue during the year of 53,061,158 shares.

Earnings per share for FY2001 is calculated by dividing the Group's loss after taxation by the number of shares in issue during the year of 64,977,825 shares.

The directors are pleased to present their report to the members together with the audited financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2001.

Directors

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

Ricky Paul Goh Moh Chye	(Chairman and Managing Director)
Tay Kiam Peng	
Stephen Tay Chye Heng	
Margaret Tay Hui Hia	
Wee Piew	(appointed on 17 January 2001)
Robbie Ooi Seng Soon	(appointed on 17 January 2001)

Principal Activities

The Company, incorporated in Singapore, is a public company listed on the Singapore Exchange Securities Trading Limited. The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Employees

The total number of employees in the Company and the Group at the end of the financial year was Nil and 72 respectively (2000: Nil and 69).

Results for The Financial Year

	Group	Company
	\$	\$
(Loss) profit after tax	(830,259)	310,782
Accumulated profits brought forward	2,279,111	172,667
	1,448,852	483,449
Proposed dividend, net	(147,175)	(147,175)
	1,301,677	336,274
Accumulated profits carried forward	1,301,677	336,274

Transfers to or from Reserves or Provisions

Except as shown in the financial statements, there were no material transfers to or from reserves or provisions during the financial year.

Acquisition or Disposal of Subsidiaries

There was no acquisition or disposal of subsidiaries during the financial year.

Issue of Shares or Debentures

No shares or debentures were issued by any company in the Group during the financial year.

Arrangements to Enable Directors to Acquire Shares or Debentures

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

Directors' Interest in Shares or Debentures

The interests of the directors who held office at the end of the financial year in the shares of the Company and related corporations were as follows:

	Held by director as at			Other shareholdings in which the director is deemed to have an interest as at		
	1 July 2000 or date of appointment if later	30 June 2001	21 July 2001	1 July 2000 or date of appointment if later	30 June 2001	21 July 2001
Company						
Ordinary shares of \$0.20 each						
Ricky Paul Goh Moh Chye	17,429,690	17,429,690	17,429,690	27,500,000	27,500,000	27,500,000
Goh Cheng Meng (resigned on 31 August 2001)	2,528,160	2,528,160	2,528,160	27,500,000	27,500,000	27,500,000
Tay Kiam Peng	2,528,165	2,528,165	2,528,165	–	–	–
Stephen Tay Chye Heng	1,688,905	1,688,905	1,688,905	–	–	–
Margaret Tay Hui Hia	1,688,905	1,688,905	1,688,905	–	–	–
Robbie Ooi Seng Soon	30,000	30,000	30,000	–	–	–

By virtue of Section 7 of the Companies Act, Cap. 50, Ricky Paul Goh Moh Chye and Goh Cheng Meng are deemed to be interested in the shares held by the Company in each of its subsidiaries.

No other directors of the Company had an interest in any shares of the Company or related corporations at the beginning (or date of appointment, if later) and end of the financial year or on 21 July 2001.

Directors' Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed as directors' remuneration and fees in the accompanying financial statements) 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.

Dividends

Dividends paid or proposed since the end of the previous financial year were as follows :

\$

A first and final dividend of 0.3 cents per share, less tax at 24.5%, in respect of the financial year ended 30 June 2001 proposed by the directors and subject to approval at the annual general meeting of the Company

147,175

A first and final dividend of 0.6 cents per share, less tax at 25.5%, paid in respect of the previous financial year as shown in the directors' report for that year

290,451

Bad and Doubtful Debts

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and providing for doubtful debts of the Company and satisfied themselves that no debts of the Company need to be written off as bad and that no provision for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render the amount of bad debts written off or the amount of provision for doubtful debts in the Group inadequate to any substantial extent.

Current Assets

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or that adequate provision had been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges on Assets and Contingent Liabilities

At the date of this report, no charge on the assets of the Company or any other corporation in the Group which secures the liabilities of any other person has arisen since the end of the financial year and no contingent liability of the Company or any other corporation in the Group has arisen since the end of the financial year.

Ability to Meet Obligations

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other Circumstances Affecting the Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

Unusual Items

In the opinion of the directors, the results of the operations of the Company and of the Group for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual Items after the Financial Year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

Share Options

During the financial year, no options to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries. There were no unissued shares of the Company or of its subsidiaries under option at the end of the financial year.

Corporate Governance

The Company is committed to raising the standard of corporate governance in order to protect the interests of its shareholders. The Board of Directors comprises an executive chairman, three executive directors and two non-executive directors. The Board meets regularly and where applicable, shall establish various self-regulatory and monitoring mechanism to ensure that effective corporate governance is practised.

The Board supervises the management of the business and affairs of the Group. Apart from its statutory responsibilities, the Board approves the Group's strategic plans, key operational initiatives, major investments and funding decisions; identifies principal risks of the Group's business and ensures the implementation of appropriate systems to manage these risks; reviews the financial performance of the Group and evaluates the performance and compensation of senior management personnel. These functions are carried out either directly or through Board committees like the Audit Committee. The Board of Directors fully supports the developments to improve corporate governance and confirms compliance with the Singapore Exchange's Best Practices Guide relating to Audit Committees.

Audit Committee

The Audit Committee comprises one executive director and two independent non-executive directors, one of whom is also the Chairman of the Audit Committee. The members of the Audit Committee are:

Wee Piew	(Independent Director, Chairman of Audit Committee)
Robbie Ooi Seng Soon	(Independent Director)
Ricky Paul Goh Moh Chye	(Executive Director)

The Audit Committee carried out its functions in accordance with the Companies Act, Cap. 50 and the Singapore Exchange Securities Trading Limited Listing Manual.

In performing those functions, the Audit Committee reviewed the overall scope of the audit and the assistance given by the Company's officers to the auditors. The Audit Committee met with the external auditors to discuss the results of their audit and their evaluation of the systems of internal accounting controls. The Audit Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the year ended 30 June 2001, as well as the external auditors' report thereon.

The Audit Committee held two meetings up to the date of this report.

The Audit Committee recommends to the Board of Directors the nomination of Arthur Andersen for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Interested person transactions

There were no interested person transactions during the financial year.

Other information required by Singapore Exchange Securities Trading Limited

No material contracts to which the Company or its subsidiaries is a party and which involve directors' interests subsisted at, or have been entered into since the end of the previous financial year.

Auditors

Arthur Andersen have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

RICKY PAUL GOH MOH CHYE
Director

TAY KIAM PENG
Director

Singapore
7 September 2001

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 16 to 36 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 30 June 2001 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended, and 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 Board of Directors

RICKY PAUL GOH MOH CHYE
Director

TAY KIAM PENG
Director

Singapore
7 September 2001

We have audited the financial statements of NH Ceramics Ltd and the consolidated financial statements of NH Ceramics Ltd and its subsidiaries as at 30 June 2001 and for the year then ended set out on pages 16 to 36. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard in Singapore and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group as at 30 June 2001 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 207(3) of the Act.

Arthur Andersen
Certified Public Accountants

Singapore
7 September 2001

Balance Sheets as at 30 June 2001

(Amounts in Singapore dollars)

	Note	Group		Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Share capital and reserves					
Share capital	3	12,995,565	12,995,565	12,995,565	12,995,565
Share premium	4	197,384	197,384	197,384	197,384
Accumulated profits		1,301,677	2,279,111	336,274	172,667
		<hr/>	<hr/>	<hr/>	<hr/>
		14,494,626	15,472,060	13,529,223	13,365,616
		<hr/>	<hr/>	<hr/>	<hr/>
Fixed assets	5	14,897,103	10,758,045	–	–
Subsidiaries	6	–	–	10,395,563	10,395,563
Investments	7	38,033	82,033	–	–
Preliminary expenses	8	–	4,470	–	4,470
Due from a subsidiary (non-trade)	9	–	–	3,102,269	3,297,392
Current assets					
Stocks	10	12,480,286	12,932,821	–	–
Trade debtors	11	9,589,703	11,621,992	–	–
Other debtors, deposits and prepayments	12	514,311	221,093	270,880	7,795
Cash and bank balances		25,644	89,511	5,094	31,739
		<hr/>	<hr/>	<hr/>	<hr/>
		22,609,944	24,865,417	275,974	39,534
		<hr/>	<hr/>	<hr/>	<hr/>

Balance Sheets (Continued)

	Note	Group		Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Current liabilities					
Trade creditors		4,100,576	4,672,122	–	–
Bills payable to banks (secured)	13	4,046,950	4,625,323	–	–
Other creditors and accruals	14	626,220	515,230	97,408	80,892
Provision for taxation		361,504	1,321,836	–	–
Lease obligations (current portion)	15	379,532	291,092	–	–
Term loans (current portion)	16	1,027,216	886,404	–	–
Bank overdrafts (secured)	17	4,801,800	2,135,823	–	–
Proposed dividend		147,175	290,451	147,175	290,451
		15,490,973	14,738,281	244,583	371,343
Net current assets (liabilities)		7,118,971	10,127,136	31,391	(331,809)
Non-current liabilities					
Lease obligations (non-current portion)	15	362,515	316,969	–	–
Term loans (non-current portion)	16	6,840,966	4,826,655	–	–
Deferred tax	18	356,000	356,000	–	–
		14,494,626	15,472,060	13,529,223	13,365,616

The accompanying notes are an integral part of the financial statements.

Statements of Profit and Loss for the Year Ended 30 June 2001

(Amounts in Singapore dollars)

	Note	Group		Company	
		2001 \$	2000 \$	2001 \$	2000 \$
Turnover	19	27,262,781	33,379,803	656,000	656,000
Other operating income	20	296,534	576,472	-	-
Changes in stocks of trading goods		(452,535)	(25,598)	-	-
Purchases and services consumed		(19,337,177)	(23,118,279)	-	-
Personnel expenses	21	(3,943,807)	(2,904,752)	(89,473)	(22,500)
Depreciation of fixed assets		(860,614)	(1,127,078)	-	-
Other operating expenses		(2,903,511)	(2,056,966)	(103,556)	(10,382)
Profit from operations	22	61,671	4,723,602	462,971	623,118
Financial expenses - net	23	(900,650)	(941,320)	(189)	-
(Loss) profit before tax		(838,979)	3,782,282	462,782	623,118
Tax	24	8,720	(1,212,720)	(152,000)	(160,000)
Net (loss) profit attributable to shareholders		(830,259)	2,569,562	310,782	463,118
(Loss) earnings per share (in cents)	25				
- basic		(1.28)	4.84		
- diluted		(1.28)	4.84		

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Equity for the Year Ended 30 June 2001
(Amounts in Singapore dollars)

	Share capital	Share premium	Accumulated profits	Total
	\$	\$	\$	\$
Group				
Balance at 30 June 1999	2	-	-	2
Issue of new shares	12,995,563	1,170,000	-	14,165,563
Expenses on issue of shares	-	(972,616)	-	(972,616)
Net profit for the year	-	-	2,569,562	2,569,562
Proposed dividend (Note 26)	-	-	(290,451)	(290,451)
Balance at 30 June 2000	12,995,565	197,384	2,279,111	15,472,060
Net loss for the year	-	-	(830,259)	(830,259)
Proposed dividend (Note 26)	-	-	(147,175)	(147,175)
Balance at 30 June 2001	12,995,565	197,384	1,301,677	14,494,626
Company				
Balance at 30 June 1999	2	-	-	2
Issue of new shares	12,995,563	1,170,000	-	14,165,563
Expenses on issue of shares	-	(972,616)	-	(972,616)
Net profit for the year	-	-	463,118	463,118
Proposed dividend (Note 26)	-	-	(290,451)	(290,451)
Balance at 30 June 2000	12,995,565	197,384	172,667	13,365,616
Net profit for the year	-	-	310,782	310,782
Proposed dividend (Note 26)	-	-	(147,175)	(147,175)
Balance at 30 June 2001	12,995,565	197,384	336,274	13,529,223

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows for the Year Ended 30 June 2001

(Amounts in Singapore dollars)

	Note	2001 \$	2000 \$
Cash flow from operating activities			
(Loss) profit before tax		(838,979)	3,782,282
Adjustment for:			
Provision for diminution in club membership		16,000	-
Provision for doubtful trade debts		147,292	-
Provision for doubtful trade debts written back		-	(20,578)
Depreciation of fixed assets		860,614	1,127,078
Interest expense		817,518	817,497
Preliminary expenses written off		4,470	-
Amortisation of preliminary expenses		-	2,235
Dividend income		(200)	(100)
Gain on disposal of fixed assets		(20,032)	(3,194)
Stocks written off (back)		364,685	(153,937)
Gain on disposal of quoted investments		(10,679)	-
		<hr/>	<hr/>
Operating profit before working capital changes		1,340,689	5,551,283
(Increase) decrease in:			
Stocks		87,850	179,535
Trade debtors		1,884,997	(3,883,395)
Other debtors, deposits and prepayments		(293,218)	(103,370)
Increase (decrease) in:			
Trade creditors and bills payable to banks		(1,149,919)	(849,934)
Other creditors and accruals		110,990	4,294
Due to directors		-	(31,102)
		<hr/>	<hr/>
Cash generated from operations		1,981,389	867,311
Interest paid		(817,518)	(817,497)
Income taxes paid		(951,612)	(782,684)
		<hr/>	<hr/>
Net cash generated from (used in) operating activities		212,259	(732,870)
		<hr/>	<hr/>
Cash flow from investing activities			
Investment in quoted equity shares		-	(28,000)
Proceeds from sale of quoted investments		38,679	-
Proceeds from sale of fixed assets		52,211	3,194
Purchase of fixed assets	A	(1,446,471)	(227,945)
Preliminary expenses		-	(6,705)
Dividend income received		200	100
Acquisition of subsidiary, net of cash		-	(1,039,863)
		<hr/>	<hr/>
Net cash used in investing activities		(1,355,381)	(1,299,219)
		<hr/>	<hr/>

Consolidated Statement of Cash Flows (Continued)

	Note	2001 \$	2000 \$
Cash flow from financing activities			
Proceeds from issue of new ordinary shares		–	2,797,384
Repayment of term loans		(924,877)	(886,404)
Repayment of lease obligations		(371,394)	(408,204)
Dividends paid to shareholders		(290,451)	(1,517,001)
		<hr/>	<hr/>
Net cash used in financing activities		(1,586,722)	(14,225)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(2,729,844)	(2,046,314)
Cash and cash equivalents at beginning of year		(2,046,312)	2
		<hr/>	<hr/>
Cash and cash equivalents at end of year	B	(4,776,156)	(2,046,312)
		<hr/>	<hr/>

A. Fixed assets

During the financial year, the Group acquired fixed assets with an aggregate cost of \$5,031,851 (2000 : \$669,344) of which \$505,380 (2000 : \$441,399) was acquired by means of finance leases and \$3,080,000 (2000 : \$Nil) was acquired by means of term loans. Cash payments of \$1,446,471 (2000 : \$227,945) were made to purchase fixed assets.

B. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2001 \$	2000 \$
Cash and bank balances	25,644	89,511
Bank overdrafts	(4,801,800)	(2,135,823)
	<hr/>	<hr/>
Cash and cash equivalents	(4,776,156)	(2,046,312)
	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements - 30 June 2001

(Amounts in Singapore dollars unless otherwise stated)

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

1. GENERAL

The Company, incorporated in Singapore, is a public company listed on the Singapore Exchange Securities Trading Limited. The principal activity of the Company is that of an investment holding company. The address of the Company's registered office and principal place of business is 1 & 3 Tuas Avenue 8, Jurong Industrial Estate, Singapore 639217. The principal activities of the subsidiaries are disclosed in Note 6.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, which are expressed in Singapore dollars, are prepared in accordance with Statements of Accounting Standard in Singapore and under the historical cost convention.

Basis of consolidation

The Group financial statements include the financial statements of the Company and of its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the year are included in or excluded from the Group financial statements with effect from the respective dates of acquisition or disposal. Significant intercompany balances and transactions have been eliminated on consolidation.

Subsidiaries

Investment in subsidiaries is stated in the financial statements of the Company at cost. Provision is made where there is a decline in value that is other than temporary.

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Fixed assets

Fixed assets are stated at cost, net of depreciation and any impairment loss.

Depreciation is provided on all fixed assets at the following rates calculated to write off the cost, less estimated residual value of \$Nil, of each asset on a straight-line basis over its estimated useful life as follows:

	Years
Freehold property	50
Leasehold properties	30-50
Motor vehicles	10
Plant and machinery	10
Production machinery	10
Computers	3
Furniture and fittings	10
Office equipment	10
Warehouse equipment	10

During the financial year, the Group revised the estimated useful lives of motor vehicles, plant and machinery and production machinery from 5 years, 5 years and 8 years respectively, to 10 years. The directors are of the opinion that the revision more accurately reflects the economic useful lives of these assets. The effect of this change in accounting estimate is to reduce loss before tax for the financial year ended 30 June 2001 by approximately \$486,000.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis.

Investment in club membership held on a long term basis is stated at cost. Provision is made where there is a decline in value other than temporary.

Preliminary expenses

Preliminary expenses are stated at cost and written off to the profit and loss statement.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

Turnover and revenue recognition

Income from sale of goods is recognised upon delivery of goods and acceptance by customers.

Dividend income from investments is recognised on the date the dividends are declared payable.

Finance leases

Fixed assets acquired under finance leases are capitalised and depreciated over their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to income over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Income tax

Income tax expense is determined on the basis of tax effect accounting, using the liability method and is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

Foreign currencies

Transactions in foreign currencies are recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective measurement currencies at exchange rates approximating those ruling at the date. All resulting exchange differences are charged to the profit and loss account.

Derivative financial instruments

The Group has forward exchange contracts entered into for hedging purposes that do not qualify for special hedge accounting. Accordingly, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the profit and loss account.

Notes to the Financial Statements (Continued)

3. SHARE CAPITAL

	Group and Company	
	2001 \$	2000 \$
Authorised		
- 100,000,000 ordinary shares of \$0.20 each	20,000,000	20,000,000
	<hr/>	<hr/>
Issued and fully paid		
- 64,977,825 ordinary shares of \$0.20 each	12,995,565	12,995,565
	<hr/>	<hr/>

4. SHARE PREMIUM

	Group and Company	
	2001 \$	2000 \$
At beginning of year	197,384	-
Premium arising from the issue of 13,000,000 ordinary shares of \$0.20 each at \$0.29 per share	-	1,170,000
Less initial public offering expenses	-	(972,616)
	<hr/>	<hr/>
At end of year	197,384	197,384
	<hr/>	<hr/>

5. FIXED ASSETS

	Freehold property	Leasehold properties	Motor vehicles	Plant and machinery	Production machinery	Computers	Furniture and fittings	Office equipment	Warehouse equipment	Total
Group Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at 1.7.2000	-	9,648,052	2,677,575	1,014,260	985,027	254,062	394,096	226,820	55,021	15,254,913
Additions	2,775,600	1,179,100	678,168	-	50,074	39,320	269,148	24,441	16,000	5,031,851
Disposals	-	-	(376,399)	-	-	-	-	-	-	(376,399)
As at 30.6.2001	2,775,600	10,827,152	2,979,344	1,014,260	1,035,101	293,382	663,244	251,261	71,021	19,910,365
Accumulated depreciation										
As at 1.7.2000	-	1,111,583	1,781,324	808,556	236,074	198,055	172,991	144,567	43,718	4,496,868
Charge for the year	55,512	345,184	176,109	34,148	109,452	49,508	66,324	17,779	6,598	860,614
Disposals	-	-	(344,220)	-	-	-	-	-	-	(344,220)
As at 30.6.2001	55,512	1,456,767	1,613,213	842,704	345,526	247,563	239,315	162,346	50,316	5,013,262
Charge for 2000	-	321,602	375,267	202,852	123,128	43,588	39,409	15,730	5,502	1,127,078
Net book value										
As at 30.6.2001	2,720,088	9,370,385	1,366,131	171,556	689,575	45,819	423,929	88,915	20,705	14,897,103
As at 30.6.2000	-	8,536,469	896,251	205,704	748,953	56,007	221,105	82,253	11,303	10,758,045

Motor vehicles with a net book value of approximately \$1,230,000 (2000 : \$736,000) were acquired under finance leases. Production machinery with net book values of approximately \$690,000 (2000: \$749,000), freehold property and leasehold properties of net book values of approximately \$12,091,000 (2000 : \$8,536,000) have been pledged to certain banks (see Notes 13, 16 and 17).

Notes to the Financial Statements (Continued)

6. SUBSIDIARIES

	Company	
	2001 \$	2000 \$
Unquoted equity shares, at cost	10,395,563	10,395,563

The Company had the following subsidiaries as at 30 June 2001:

Name of Company	Principal activities	Country of incorporation and place of business	Percentage of equity held		Cost of investment by the Company	
			2001 %	2000 %	2001 \$	2000 \$
<u>Held by the Company</u>						
Nam Huat Tiling & Panelling Co. Pte. Ltd. ("NHTP")	Specialist supplier and stockist of ceramic tiles, marble and other finishing and building products; processing, fabrication and precision cutting of building materials.	Singapore	100	100	10,395,563	10,395,563
<u>Held by NHTP</u>						
Nam Tat Pte Ltd	Dormant	Singapore	100	100	–	–
					<u>10,395,563</u>	<u>10,395,563</u>

7. INVESTMENTS

	Group	
	2001 \$	2000 \$
Club membership, at cost	44,033	44,033
Less provision for permanent diminution in value	(16,000)	-
	28,033	44,033
Quoted equity investments, at cost	34,000	62,000
Less provision for lower of cost and market value	(24,000)	(24,000)
	10,000	38,000
	38,033	82,033
Market value of club membership	28,000	45,000
Market value of quoted equity investments	14,000	39,250
Movements in provision during the year are as follows:		
At beginning of year	24,000	-
Attributable to acquisition of subsidiary during the year	-	24,000
Provision for permanent diminution in club membership	16,000	-
	40,000	24,000

8. PRELIMINARY EXPENSES

	Group and Company	
	2001 \$	2000 \$
Preliminary expenses	4,470	6,705
Less written off during the year	(4,470)	-
Less accumulated amortisation, representing movement for the year	-	(2,235)
	-	4,470

9. DUE FROM A SUBSIDIARY (NON-TRADE)

This amount is unsecured, non-interest bearing and is not expected to be repaid within the next twelve months.

Notes to the Financial Statements (Continued)

10. STOCKS

	Group	
	2001 \$	2000 \$
Trading stocks, at cost	12,392,383	12,861,094
Goods-in-transit	87,903	71,727
	<hr/>	<hr/>
	12,480,286	12,932,821
	<hr/>	<hr/>

11. TRADE DEBTORS

	Group	
	2001 \$	2000 \$
Trade debtors	9,854,802	11,739,799
Less provision for doubtful trade debts	(265,099)	(117,807)
	<hr/>	<hr/>
	9,589,703	11,621,992
	<hr/>	<hr/>

Movements in provision for doubtful trade debts during the year are as follows:

At beginning of year	117,807	141,948
Provision for the year	147,292	-
Write back of provision	-	(20,578)
Written off against provision	-	(3,563)
	<hr/>	<hr/>
At end of year	265,099	117,807
	<hr/>	<hr/>

12. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Other debtors	201,335	14,350	247,640	515
Deposits	212,875	154,215	-	-
Prepayments	37,323	17,936	7,240	-
Staff loans	46,778	27,312	-	-
Tax recoverable	16,000	7,280	16,000	7,280
	<hr/>	<hr/>	<hr/>	<hr/>
	514,311	221,093	270,880	7,795
	<hr/>	<hr/>	<hr/>	<hr/>

13. BILLS PAYABLE TO BANKS (SECURED)

This comprises the following:

	Group	
	2001 \$	2000 \$
Bills payable A	234,481	1,800,049
Bills payable B	3,812,469	1,141,594
Bills payable C	-	1,683,680
	4,046,950	4,625,323

Details of the bills payable are as follows:

Bills payable A are secured by way of a legal mortgage on certain leasehold properties of a subsidiary with a net book value of approximately \$8,215,000 (2000 : \$8,536,000) and are guaranteed by the Company.

Bills payable B are guaranteed by the Company.

Bills payable C are personally guaranteed by certain directors of a subsidiary.

14. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Other creditors	313,968	74,917	-	-
Accrued expenses	312,252	440,313	97,408	80,892
	626,220	515,230	97,408	80,892

15. LEASE OBLIGATIONS

	Group					
	2001			2000		
	Payments \$	Interest \$	Principal \$	Payments \$	Interest \$	Principal \$
Less than 1 year	418,730	(39,198)	379,532	324,749	(33,657)	291,092
Between 1 to 5 years	408,849	(46,334)	362,515	350,551	(33,582)	316,969
	827,579	(85,532)	742,047	675,300	(67,239)	608,061

Lease terms range from 3 years to 7 years. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing.

Notes to the Financial Statements (Continued)

16. TERM LOANS

	Group	
	2001 \$	2000 \$
Secured term loans		
Bank loans A	4,466,555	5,266,535
Bank loans B	360,100	446,524
Bank loans C	3,041,527	-
	7,868,182	5,713,059
Classified as:		
Current portion - due within 12 months	1,027,216	886,404
Non-current portion - due after 12 months	6,840,966	4,826,655
	7,868,182	5,713,059

Details of secured term loans are as follows:

Bank loans A are secured by way of a legal mortgage on a subsidiary's certain leasehold properties with a net book value of approximately \$8,215,000 (2000 : \$8,536,000) and are guaranteed by the Company. The loans are repayable in 71 equal instalments and interest is payable at 5.25% (2000: 6.75%) per annum for the first year, 5.50% per annum for the second and third years. Thereafter at 0.5% per annum over the bank's prime lending rate.

Bank loans B are secured on 3 machinery of a subsidiary with a net book value of approximately \$690,000 (2000 : \$749,000) and are guaranteed by the Company. The loans are repayable in 84 equal instalments over 7 years and interest is payable at 4% (2000 : 4%) per annum under the Local Enterprise Finance Scheme.

Bank loans C are secured by way of a legal mortgage on a subsidiary's freehold property and a certain leasehold property with a net book value of approximately \$2,720,000 and \$1,156,000 (2000 : \$Nil and \$Nil) respectively and are guaranteed by the Company. The loans are repayable in 180 equal instalments over 15 years and interest is payable at the average of certain banks' prime lending rates on the last day of the proceeding month for the first three years. Subsequently, interest is payable at 0.375% above the average of certain banks' prime lending rates on the last day of the proceeding month.

17. BANK OVERDRAFTS (SECURED)

These balances are secured by:

- (i) a legal mortgage on certain leasehold properties with a net book value of approximately \$8,215,000 (2000: \$8,536,000); and
- (ii) a guarantee by the Company; and
- (iii) a guarantee by certain directors of a subsidiary.

18. DEFERRED TAX

Deferred tax of the Group arises substantially from the tax effect of the timing differences on the excess of capital allowances claimed over the depreciation of fixed assets.

19. TURNOVER

Turnover comprises the following:

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Project segment sales	20,078,041	25,085,734	–	–
Retail segment sales	7,184,740	8,294,069	–	–
Dividend income from unquoted subsidiary	–	–	656,000	656,000
	<u>27,262,781</u>	<u>33,379,803</u>	<u>656,000</u>	<u>656,000</u>

Intra-group transactions have been excluded from Group turnover.

20. OTHER OPERATING INCOME

	Group	
	2001 \$	2000 \$
Compensation income received for the relocation of showroom	192,000	–
Gain on disposal of quoted investments	10,679	–
Gain on disposal of fixed assets	20,032	3,194
Bad trade debts recovered	32,840	46,838
Exchange gain, net	1,592	134,612
Miscellaneous income	39,191	391,728
Dividend income	200	100
	<u>296,534</u>	<u>576,472</u>

21. PERSONNEL EXPENSES

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Wages, salaries and bonuses	3,399,584	2,536,487	89,473	22,500
Central Provident Fund Contributions	373,164	255,565	–	–
Other personnel expenses	171,059	112,700	–	–
	<u>3,943,807</u>	<u>2,904,752</u>	<u>89,473</u>	<u>22,500</u>

Personnel expenses include the amount shown as Directors' remuneration in Note 22.

Notes to the Financial Statements (Continued)

22. PROFIT FROM OPERATIONS

This is determined after charging (crediting) the following:

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Auditors' remuneration	60,000	44,000	7,000	5,000
Amortisation of preliminary expenses	–	2,235	–	2,235
Bad trade debts written off	4,989	24,600	–	–
Depreciation of fixed assets	860,614	1,127,078	–	–
Director's fees	89,473	22,500	89,473	22,500
Directors' remuneration	895,665	666,555	–	–
Non-trade debts written off	428	2,536	–	–
Write back of provision for doubtful trade debts	–	(20,578)	–	–
Stocks written off (back)	364,685	(153,937)	–	–
Provision for doubtful trade debts	147,292	–	–	–
Write-off of preliminary expenses	4,470	–	4,470	–
Operating lease expenses	390,930	392,750	–	–

23. FINANCIAL EXPENSES - NET

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Interest expense				
– lease obligation	43,250	36,866	–	–
– term loans	371,852	436,282	–	–
– bills payable to banks	179,506	158,616	–	–
– bank overdraft	222,910	185,733	–	–
Others				
– bank charges	83,132	123,823	189	–
	<u>900,650</u>	<u>941,320</u>	<u>189</u>	<u>–</u>

24. TAX

	Group		Company	
	2001 \$	2000 \$	2001 \$	2000 \$
Current tax – current year	(8,720)	1,212,720	152,000	160,000

Company

The Company's current year tax charge is higher than the amount obtained by applying the statutory tax rate due to certain non-deductible items added back for tax purposes.

Group

As at 30 June 2001, the Group has unutilised capital allowances and tax losses amounting to approximately \$314,000 and \$146,000 (2000: \$Nil and \$141,000) respectively, available for offset against future taxable profits, subject to agreement with the Income Tax Authorities and compliance with the relevant provisions of the Singapore Income Tax Act. The potential deferred tax asset arising from these unutilised capital allowances and tax losses has not been recognised in the financial statements in accordance with the accounting policy in Note 2 to the financial statements.

25. (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is calculated by dividing the Group's loss after taxation of \$830,259 (2000 : profit after tax of \$2,569,562) by the number of shares of 64,977,825 shares in issue during the financial year (2000 : 53,061,158 shares).

As there were no share options and warrants granted during the financial year, the basic and fully diluted (loss) earnings per share are the same.

26. DIVIDEND

	Group and Company	
	2001 \$	2000 \$
First and final dividend proposed of 0.3 cents per share (2000: 0.6 cents per share) less tax at 24.5% (2000 : 25.5%)	147,175	290,451

27. NON-CANCELLABLE LEASE COMMITMENTS, FORWARD FOREIGN EXCHANGE CONTRACTS AND CONTINGENT LIABILITIES**(a) Non-cancellable operating lease commitments**

The Group has an operating lease agreement for its premise. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group	
	2001 \$	2000 \$
Within 1 year	302,000	446,000
Between 1 and 5 years	1,210,000	1,517,000
After 5 years	6,049,000	8,129,000
	7,561,000	10,092,000

(b) Forward foreign exchange contracts

As at 30 June 2001, the Group had entered into forward foreign exchange contracts for the purchase of Euro Dollar 2,268,216 (2000 : Italian Lira 800,000,000 and Euro Dollar 1,286,598) in respect of hedging of firm purchase commitments.

(c) Contingent liabilities, unsecured

	Company	
	2001 \$	2000 \$
Unsecured guarantees issued to certain banks and an insurance company in respect of banking and insurance facilities granted to a subsidiary	25,220,000	-
	25,220,000	-

28. SEGMENT INFORMATION**Business sectors**

The Group is organised into two main operating divisions, namely:

- Project segment
- Retail segment

2001	Project Segment	Retail Segment	Group
	\$	\$	\$
Turnover	20,078,041	7,184,740	27,262,781
Operating profit (loss)	109,972	(48,301)	61,671
Financial expenses – net			(900,650)
Tax			8,720
Net loss			(830,259)
Assets			
Total assets	16,316,158	21,228,922	37,545,080
Liabilities			
Allocated liabilities	12,563,267	9,745,140	22,308,407
Unallocated liabilities			742,047
Total liabilities			23,050,454
Capital expenditure			5,031,851
Depreciation and amortisation			860,614
2000			
Turnover	25,085,734	8,294,069	33,379,803
Operating profit (loss)	4,772,815	(49,213)	4,723,602
Financial expenses - net			(941,320)
Tax			(1,212,720)
Net profit			2,569,562
Assets			
Total assets	16,451,751	19,258,214	35,709,965
Liabilities			
Allocated liabilities	11,779,068	7,850,776	19,629,844
Unallocated liabilities			608,061
Total liabilities			20,237,905
Capital expenditure			669,344
Depreciation and amortisation			1,129,313

There is no breakdown by geographical markets as the Group's operations and customers are based in Singapore.

29. DIRECTORS' REMUNERATION

The remuneration of directors of the Company in the various remuneration bands is as follows:

	2001			2000		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
\$500,000 and above	–	–	–	–	–	–
\$250,000 to \$499,999	1	–	1	–	–	–
\$0 to \$249,999	3	5	8	4	3	7
	<u>4</u>	<u>5</u>	<u>9</u>	<u>4</u>	<u>3</u>	<u>7</u>

30. COMPARATIVES

The presentation and classification of items in the financial statements have been changed due to the adoption of the requirements of Statement of Accounting Standard No. 1 (Revised 1999) "Presentation of financial statements", Statement of Accounting Standard No. 15 (Revised 1999) "Leases" and Statement of Accounting Standard No. 23 "Segment Reporting". As a result, additional line items have been included on the face of the statement of profit and loss, and statements of changes in equity have been presented as required by Statement of Accounting Standard No. 1 (Revised 1999). Finance lease obligations have been analysed to disclose a reconciliation of total minimum lease payments at the balance sheet date, and their present value, for periods less than one year and between one year to five years as required by Statement of Accounting Standard No. 15 (Revised 1999). Segment information has also been analysed to include additional information on segment liabilities and capital expenditure. Comparative figures have been adjusted to conform with the current year's presentation.

Major properties of the Group are as follows:

Description	Location	Area (square metres)	Tenure of lease	Net book value	
				2001 \$	2000 \$
Freehold property	5 Jalan Masjid #01-09 Kembangan Court Singapore 418924	410	NA	2,720,088	-
Leasehold properties	1 & 3 Tuas Avenue 8, Jurong Industrial Estate Singapore 639217	8,855	30 years from 1 January 1997	8,214,867	8,536,469
	Block 210, #01-243 Hougang Street 21 Singapore 530210	166	90 years from 1 April 1993	1,155,518	-
				<u>12,090,473</u>	<u>8,536,469</u>

Statistics of Shareholdings as at 19 September 2001

Ordinary Shares of S\$0.20 each fully paid up
 Voting Rights: - on a show of hands: 1 vote
 - on a poll: 1 vote for each ordinary share

ANALYSIS OF SHAREHOLDINGS AS AT 19 SEPTEMBER 2001

Range of Shareholdings	Number of Shareholders	%	No of Shares	%
1 - 1,000	255	40.87	255,000	0.39
1,001 - 10,000	243	38.94	943,000	1.45
10,001 - 1,000,000	118	18.91	6,055,000	9.32
1,000,001 and above	8	1.28	57,724,825	88.84
	<u>624</u>	<u>100.00</u>	<u>64,977,825</u>	<u>100.00</u>

TOP 21 SHAREHOLDERS LIST AS AT 19 SEPTEMBER 2001

S/NO	NAME	Number of Shares Held	%
1	NH INVESTMENTS PTE LTD	27,500,000	42.32
2	RICKY PAUL GOH MOH CHYE	17,449,690	26.85
3	TAN TIEN SENG	3,000,000	4.62
4	TAY KIAM PENG	2,528,165	3.89
5	GOH CHENG MENG	2,528,160	3.89
6	MARGARET TAY HUI HIA	1,688,905	2.60
7	STEPHEN TAY CHYE HENG	1,688,905	2.60
8	NG ENG SENG	1,341,000	2.06
9	KIM ENG SECURITIES PTE LTD	307,000	0.47
10	JOSEPH HO SENG KAN	250,000	0.38
11	MARTINA HO NGIET MEE	250,000	0.38
12	CHONG BUAY HUA	230,000	0.35
13	CHAN SIANG LIM	203,000	0.31
14	CHUA AH HOOI	200,000	0.31
15	TANG KOK ONN SIMON	191,000	0.29
16	NG YONG BU	153,000	0.23
17	TEO SOON CHAI MICHEAL	144,000	0.22
18	CHUA SEOW LIM	129,000	0.20
19	SEET CHRISTINA	122,000	0.19
20	CHEONG CHING HING	120,000	0.18
21	LEE KAO CHONG SYLVESTER	120,000	0.18
		<u>60,143,825</u>	<u>92.56</u>

SUBSTANTIAL SHARHOLDER

Substantial Shareholder	Shareholdings beneficially held by the substantial shareholder		Other shareholdings in which the substantial shareholder is deemed to have an interest	
	No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
NH Investments Pte Ltd	27,500,000	42.32	-	-
Ricky Paul Goh Moh Chye	17,449,690	26.85	27,500,000	42.32

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at 1 & 3 Tuas Avenue 8 Jurong Industrial Estate Singapore 639217 on 2 November 2001 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive and consider the audited accounts for the year ended 30 June 2001 and the reports of the Directors and Auditors thereon.
2. To declare a final dividend of 0.3 cents per share less tax for the year ended 30 June 2001.
3. To approve Directors' Fees of S\$87,863.00 for the year ended 30 June 2001. [Year 2000 : S\$24,109.60].
4. To re-elect Mr Stephen Tay Chye Heng retiring by rotation in accordance with Article 94 of the Company's Articles of Association.
5. To re-elect Mr Robbie Ooi Seng Soon retiring in accordance with Article 95 of the Company's Articles of Association. [See Explanatory Note (a)]
6. To re-elect Mr Wee Piew retiring in accordance with Article 95 of the Company's Articles of Association. [See Explanatory Note (b)]
7. To re-appoint Arthur Andersen as Auditors and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolution with or without amendments as an ordinary resolution:-
 - 8.1 Authority to Issue Shares

“That pursuant to Section 161 of the Companies Act, Cap. 50, approval be and is hereby given to the Directors of the Company to allot and issue shares in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 50 per cent of the total issued share capital of the Company for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed 20 per cent of the total issued share capital of the Company for the time being, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.” [See Explanatory Note (c)]
9. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

LOUIS PANG NGHEE THIAM
SECRETARY

Singapore,

Date : 18 October 2001

Notice of Annual General Meeting

Proxies :-

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

An instrument appointing a proxy must be deposited at the Company's registered office at 1 & 3 Tuas Avenue 8 Jurong Industrial Estate Singapore 639217 not less than 48 hours before the time appointed for holding the Meeting.

Notes :-

- (a) Mr Robbie Ooi Seng Soon, if re-elected, will remain as an audit committee member and will be considered as an independent director.
- (b) Mr Wee Piew, if re-elected, will remain as an audit committee member and will be considered as an independent director.
- (c) The ordinary resolution set out in item 8.1 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to issue shares in the Company. The number of shares which the Directors may issue under this Resolution would not exceed fifty per cent (50%) of the issued share capital of the Company for the time being. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per cent (20%) of the total issued share capital of the Company for the time being.

NH CERAMICS LTD
(Incorporated in the Republic of Singapore)

PROXY FORM

I/We _____, NRIC/Passport no. _____

of _____

being a member/members of NH Ceramics Ltd hereby appoint

Name	Address	NRIC/Passport No.	No. of Shares

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	No. of Shares

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 of the Company to be held at 1 & 3 Tuas Avenue 8 Jurong Industrial Estate Singapore 639217 on 2 November 2001 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
1	Adoption of reports and accounts		
2	Declaration of a final dividend		
3	Approval of Directors' Fees		
4	Re-election of Mr Stephen Tay Chye Heng retiring under Article 94		
5	Re-election of Mr Robbie Ooi Seng Soon retiring under Article 95		
6	Re-election of Mr Wee Piew retiring under Article 95		
7	Re-appointment of Arthur Andersen as auditors		
8.1	Authority to issue shares		

Dated this ____ day of _____ 2001

Total Number of Shares Held

Signature(s) of Member(s) or Common Seal

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes

- 1 Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- 2 A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- 3 The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 1 & 3 Tuas Avenue 8 Jurong Industrial Singapore 639217 not less than 48 hours before the time appointed for the meeting.
- 4 Where a member appoints more than one proxy, he shall specify the number of shares to be represented by each proxy, failing which, the appointment shall be deemed to be in the alternative.
- 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 its attorney or by an officer on behalf of the corporation.
- 6 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
- 7 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 meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
- 8 The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

BOARD OF DIRECTORS

Ricky Paul Goh Moh Chye,
(Chairman and Managing Director)
Tay Kiam Peng
Stephen Tay Chye Heng
Margaret Tay Hui Hia
Wee Piew
Robbie Ooi Seng Soon

AUDIT COMMITTEE PRINCIPAL BANKERS

Wee Piew (Chairman)
Robbie Ooi Seng Soon
Ricky Paul Goh Moh Chye

Keppel TatLee Bank Limited
10 Hoe Chiang Road
Keppel Towers
Singapore 089315

COMPANY SECRETARIES

Louis Pang Nghee Thiam
Chang Sow Kuen

ABN-AMRO Bank NV (Singapore Branch)
63 Chulia Street
Singapore 049514

REGISTERED OFFICE (OFFICE & WAREHOUSE)

1 & 3 Tuas Avenue 8
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Website : <http://www.nhceramics.com.sg>

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Telefax : 226 3641

SHOWCASE

Blk 210 Hougang Street 21
#01-243 Singapore 530210
Telephone : 285 5333
Telefax : 289 4023

RHB Bank Bhd
90 Cecil Street
Singapore 069531

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M&C Services Private Limited
138 Robinson Road
#17-00 Hong Leong Centre
Singapore 068906

AUDITORS

Arthur Andersen
Certified Public Accountants
10 Hoe Chiang Road
#18-00 Keppel Towers
Singapore 089315

Partner-in-charge:
Max Loh Khum Whai



NH CERAMICS LTD

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Website: www.nhceramics.com.sg