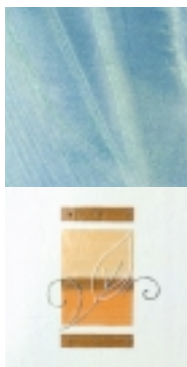
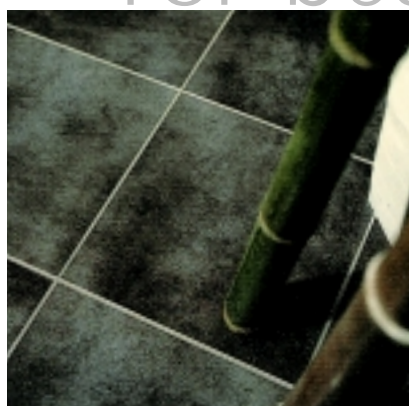


annual report 2002



for beauty for quality
for modern living
NH Ceramics Ltd





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"beautiful homes begin with NH Ceramics"

Since establishment, NH Ceramics Ltd, through its wholly-owned operating subsidiary of 39 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.



Hougang Showcase



Tuas Showroom



Kembangan Showroom



Ricky Paul Goh Moh Chye
Chairman and Managing Director

General Market Conditions

The financial year ended 30 June 2002 has been a difficult year for the Building Finishes Industry as a whole, and correspondingly for NH Ceramics Ltd ("the Group").

The demand for ceramic and marble tile products is directly linked to general construction activity in both the private and public sectors, and the general economic climate in the country. The pace and level of general construction activities provide the revenue for project deliveries and the economic well-being of the population at large, which determines the propensity to spend for home renovations and upgrading, provides retail revenue. We saw a significant decline in general demand for both project and retail segments in FY2002.

Other than development projects that were already in progress since the last millennium, there were not many new major private commercial and residential developments in FY2002. New HDB residential developments, too, had been trimmed since FY2001, arising from the surplus of completed units in hand.

The overall poor economic environment for the past year was marked by high levels of retrenchment, a restructuring in the employment market and a general wage freeze and restraint. This resulted in poor consumer sentiment with drastic declines in home renovations in terms of expenditure level and quantity.

Adding to the difficulties during this period of significantly reduced market, another problem gained momentum during the year. This was the rapidly deteriorating financial health of many Main Contractors as many of the projects that were competitively tendered for in prior years proved to be not profitable and cash flows were hampered by the lack of new projects.

This had led to a market consolidation and of the Construction Industry, with many Main Contractors novating or terminating projects that they were unable to complete due to their inability to pay for supplies and sub-contract work. The risk of defaults on payments was extremely high as a result.

Financial Performance

The main operating subsidiary of the Group is Nam Huat Tiling & Panelling Co Pte Ltd ("NHTP").

Our 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 and retailing to renovation contractors and homeowners.

The Group, anticipating extreme adverse market conditions based on prior years' experience, had instituted tight project management controls and engaged in contracts with extreme caution. This was necessary to avoid unprofitable contracts and collection problems.

An added important safeguard adopted by the Group was to be alert and focused on its performance and contractual commitments. This was to avoid getting into risky situations whereby counter-claims would be more damaging than mere uncollected debts.

Other than battling the difficulties, the Group took the opportunity to further strengthen and position ourselves within the Building Finishes Industry. This strategy has enabled the Group to reap an increase in market share and establish a stronger market presence among project developers, contractors and homeowners.



“The Group is well poised with our NH Ceramics Branding and established track records in all sectors of the Industry as a leading professional firm in the supply of premium grade ceramic and marble tile products and services.”

The Group achieved a turn-back to profitability to a profit after tax of \$0.45 million in FY2002 from a loss after tax (adjusted) of \$0.90 million in FY2001. This is on the back of a 13.1 per cent increase in turnover to \$30.82 million in FY2002 from \$27.26 million in FY2001.

Although the gains are not significant in absolute numbers, the results achieved by the Group against the backdrop of an extremely adverse environment, were creditable. The positive results in such a treacherous climate testify to the commitment, competence and diligence of the management and staff of the Group. The Board wishes to thank the management and staff for their efforts and urge them to continue their drive to strive for even better results.

The Directors remain optimistic and excited on the Group's progress and remained focused on strengthening our internal processes and marketing efforts. These are targeted at enhancing profitability and returns on shareholders' funds in the medium and longer term, preparing for a recovery that will eventually come.

Turnover	Jun 2002		Jun 2001	
	S\$'000	%	S\$'000	%
Project Segment				
Public Sector	17,595	57.1	14,450	53.0
Private Sector	7,178	23.3	5,628	20.6
Retail Segment	6,050	19.6	7,185	26.4
	30,823	100.0	27,263	100.0

The Board is pleased to recommend a second and final dividend of 0.3 cents per ordinary share, less 22.0 per cent tax, to thank our shareholders who continue to support the Group despite the poor economic environment.

This is in addition to the interim dividend of 0.3 cents per ordinary share, less 22.0 per cent tax, making it a total of 0.6 cents per ordinary share, less 22.0 per cent tax for FY2002.

Review of the Performance of the Company and its Principal Subsidiary

The turnover of the Group in the first half of FY2002 increased by 24.1 per cent to \$16.39 million from the corresponding period in FY2001 of \$13.21 million, with an interim profit of \$0.35 million. In the second half of FY2002, turnover further increased by 2.7 per cent to \$14.43 million from the corresponding period in FY2001 of \$14.05 million.

This gave rise to an overall increase in turnover by 13.1 per cent to \$30.82 million for FY2002 from \$27.26 million in FY2001. The increase was primarily a result of rush orders from contractors for on-going projects that encountered problems of unfulfilled deliveries from their appointed suppliers. The slower pace experienced in the second half of FY2002 stemmed from the seasonal reduced level of construction activity during the long Chinese New Year holiday season and a particularly dampened retail demand in second quarter 2002.



Tuas Showroom



Project Division

In the Project Segment, given the poor economic environment, the Group maintained a cautious approach, with tight management control over projects, materials, manpower deployment, payments and receivables.

During FY2002, the Group secured additional orders for the urgent completion of certain projects that had been contracted to other suppliers in prior years. The range and level of ready stocks in our Tuas facility provided a crucial advantage for the Group to secure a bigger share of the shrinking project market.

The Group recorded a total project turnover of \$24.77 million in FY2002, an increase of 23.4 per cent over the \$20.08 million achieved in FY2001.

Public Sector

The intensified marketing efforts for government projects, initiated in FY2000, continued to bear fruit with an increase in turnover of 21.8 per cent to \$17.60 million in FY2002 from \$14.45 million in FY2001.

Major works completed in FY2002 included supply contracts to 42 sports facilities, government buildings, community centres, military installations, schools and institutions of higher learning; 25 IUPs (Interim Upgrading Programme) and R&R (repairs and redecoration) jobs by Town Councils; 16 MUPs (Main Upgrading Programme), Design & Build and standard housing building projects by HDB. The comparable numbers of completed contracts in FY2001 were 10, 24, & 5 respectively.

Outstanding public sector orders as at 30 June 2002 stood at \$4.43 million from a total of 38 contracts.



Kembangan Showroom

Private Sector

A series of urgent orders for both ceramic and marble tiles, contributed to an increase in turnover of 27.5 per cent to \$7.18 million in FY2002 from \$5.63 million in FY2001.

Outstanding private sector orders as at 30 June 2002 stood at \$4.18 million from a total of 13 contracts.

Retail Division

The Retail Segment, however, saw a decrease in turnover by 15.8 per cent to \$6.05 million in FY2002 from \$7.19 million in FY2001.

The traditional retail peak period from March to June 2002 was a disappointment, despite the regular promotional activities of the Group during this period, which coincided with the island-wide "Singapore Sale". This resulted in a lower than anticipated Fourth Quarter FY2002 retail turnover.

Notwithstanding the decline in demand in this segment, which led to lower prices, the Group was able to retain competitiveness of our products and yet ensure operating profitability of sales without sacrificing quality. This was possible with continued discounts and improved terms from overseas manufacturers and Principals, with whom the Group had established strong commercial relationships and coordination in marketing activities.





Head Office - Tuas

However, the Retail Division suffered an overall net loss, resulting from the decrease in Retail turnover, increase in retail manpower costs, and higher depreciation charges for our Showrooms.

New Showrooms

In the Fourth Quarter FY2002, the Group launched our 3-Showroom network to geographically expand and enhance our retail services. These are:

- a) Main Showroom - at Kembangan Court, a 410 sqm freehold shop, which is within a short distance from the Kembangan MRT station. This Showroom is expected to service all customers including architects, developers, contractors and homeowners.
- b) Hougang Showcase - a HDB double-storey shop-house at the popular Hougang Central, which is within a short distance from the Kovan MRT station on the new North East MRT Line. This Showcase is expected to service HDB homeowners.
- c) Tuas (Head Office) Showroom - to service renovation contractors and homeowners from the western part of Singapore.

This network of Showrooms would significantly enhance the presence and potential of the Group in the Retail Segment in due course, although current market sentiments may not reflect this potential.

NH-Authorised Retailers (Renovation Contractors)

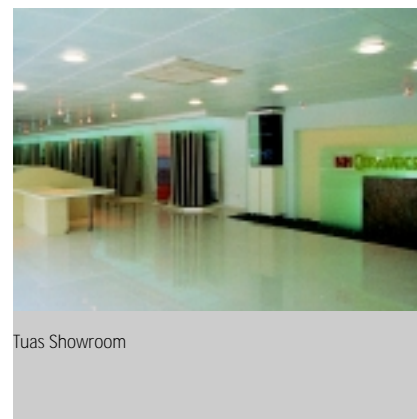
During the financial year, the Group took further measures to deepen our business relationships with reputable and professional renovation contractors. This enabled the Group to minimise credit risks and losses from bad debts, and further strengthen our cooperation with established reputable retailers in the sector.

Operating Costs

Overhead expenses decreased by \$0.3 million (3.5 per cent) to \$8.37 million in FY2002 from \$8.67 million in FY2001.

Decreases in operating expenses were mainly from reductions as follows:

- i) \$0.14 million in rental charges, to \$0.25 million in FY2002 from \$0.39 million in FY2001, resulting mainly from the cessation of the former showroom premises at Outram Park;
- ii) \$0.14 million in bank charges and interest costs, to \$0.76 million in FY2002 from \$0.90 million in FY2001, resulting from favourable rates granted by all the three Principal Bankers of the Group;
- iii) \$0.14 million in advertising & promotion expenses, to \$0.70 million in FY2002 from \$0.84 million in FY2001;
- iv) \$0.06 million in staff bonuses;
- v) \$0.09 million in staff welfare, to \$0.07 million in FY2002 from \$0.16 million in FY2001, on account of a fly/cruise trip to Phuket for all the Group staff in FY2001, and other reductions in monthly welfare activities in FY2002;
- vi) \$0.05 million from reduction in property taxes and utilities;
- vii) \$0.10 million in travelling and transport, entertainment, upkeep of motor vehicles and miscellaneous expenses, to \$0.37 million in FY2002 from \$0.47 million in FY2001.



Tuas Showroom



Kembangan Showroom

Increases in operating expenses were mainly from increments of:

- i) \$0.14 million in professional fees, to \$0.24 million in FY2002 from \$0.10 million in FY2001. This resulted from the engagement of two founder-business advisors and other property consultancy services;
- ii) \$0.10 million in depreciation charges, to \$0.96 million in FY2002 from \$0.86 million in FY2001, resulting from the depreciation of the two new showroom premises at Kembangan Court and Hougang;
- iii) \$0.08 million in bad debts, to \$0.24 million in FY2002 from \$0.16 million in FY2001;
- iv) \$0.10 million in repairs & maintenance, to \$0.28 million in FY2002 from \$0.18 million in FY2001.

This was for repairs and maintenance works to the Group's 18,600sqm complex, at 1 & 3 Tuas Avenue 8, which houses all the Group's administrative, marketing, processing and warehousing facilities.

Accounts Receivable & Bad Debts

A significant industry risk is that of payment defaults.

Over the years, the Group had developed and instituted preventive and protective measures and procedures in our daily sales, operation and management systems to keep bad debts within reasonable limits. These included taking up insurance against non-payment of specific account receivables. Such measures have ensured that losses through payment defaults are kept at a minimum.

These are reflected in Bad Debts of \$0.24 million or 0.8 per cent of turnover (\$30.82 million) in FY2002, and \$0.16 million or 0.6 per cent of turnover (\$27.26 million) in FY2001. The Directors are of the opinion that the Group's loss from collection defaults, as a percentage of turnover, is among the lowest in the Industry in Singapore.

Whilst we maintain tight credit controls, the Group continually reviews and proactively tailors measures so as not to lose sales opportunities or cause offence to customers.

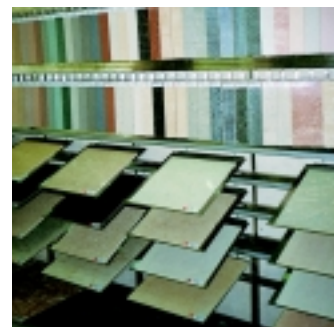
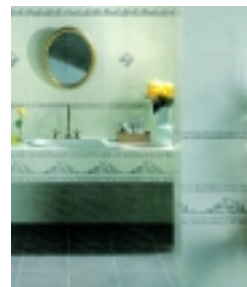
Other Income & Prior Year Item

In FY2002, the Group registered a foreign exchange gain of \$0.266 million compared with a \$0.002 million gain in FY2001. This was a result of the currency hedging policy adopted by the Group, to protect against volatile currency exchange fluctuations. This policy was necessary as the time lag, between the securing of a project supply contract with fixed prices in local Dollars and the import of the materials in foreign currencies to fulfill the contract, may be as long as 6 to 15 months.

There was a prior year adjustment for FY2001 of \$0.07 million resulting in an adjusted net loss after tax of \$0.90 million instead of \$0.83 million reported previously. This resulted from a provision of expenses for FY2001 relating to staff leave not utilized at the end of the financial year, which was mandatory according to a new Accounting Standard which came into effect during FY2002.

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. As such, 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.



Hougang Showcase



In FY2001, the Group took on two new Italian ceramic tile brands. These new ranges, representing the latest new technological and innovative tiles in the industry, further enhanced the competitiveness and capabilities of the Group, the impact of which was also reflected in project sales in FY2002.

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 FY2002. In view of the depressed market, plans to launch the service to other tile importers were withheld, whilst the lines continued to focus on in-house work that, otherwise, would have to be outsourced.

Cost savings for FY2002 amounted to approximately \$0.28 million compared to \$0.23 million in FY2001.

A smaller line for the efficient daily cutting of samples was purchased during FY2002. This freed up operation capacity of the main cutting lines.

The enhanced in-house cutting and profiling capability continued to contribute to the Group's overall efficiency and competitiveness in the bid for projects.

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

The development of the NH-MASLine has proceeded past the Prototype stage. With the aid of our consultants and vendors, the Group has concluded the prototype stage without executing the physical phase.

We will proceed onto constructing the full system, thereby saving approximately \$1 million in developmental costs and 10 months of prototype work.

The full system is expected to be operational in mid FY2004.

The Directors expect the NH-MASLine to have a positive impact on revenue and expansion of the Group's business to the region and beyond.



Hougang Showcase: Living Room

Development of New Business Initiatives

Despite the current dampened retail demand, the Group continues to further establish and expand the "NH Ceramics" household branding, offering premium ceramic and marble tile products at affordable and attractive retail prices in Singapore.

The Group will be refining the "NH Ceramics - Authorised Retailers" Network in FY2003 whereby only a small selected group of reputable Renovation Contractors will be engaged as the "Authorised Retailers" to market the Group's products and in the related provision of renovation works.

An internet-based interactive "Virtual Showroom" will be launched in FY2003. This is a first in the Industry, which unlike a simple website, allows the visitor to "shop" in the Group's Main Showroom at Kembangan, engage in personal mix and match interactive selection of products. This will then facilitate requests for samples and processing of orders.

The Directors expect these initiatives to have a positive impact on market share and revenue from FY2004.



Tuas Showroom



Tuas Showroom



Commentary on prospects for the current Financial Year

Outlook for the current FY2003 is uncertain.

In line with improving economic activity, construction demand is expected to pick up, but this would be reflected in turnover over a one-year time lag. Several new projects that are on architects' drawing boards will be in place for bidding.

The Group's order book as at 30 June 2002, amounted to \$8.61 million. This comprises 13 private sector and 38 public sector projects. The Group remains prudent and selective in its bidding of new projects to safeguard against exposure to credit losses and other unprofitable contracts. This has resulted in the smaller order book as compared to \$11.81 million as at 31 December 2001, which comprised 26 private sector and 52 public sector projects.

The long years of difficult operating environment, since the 1998 Asian Currency Crisis, has had a significant impact on all the Industry players and created a strong push factor against marginal players out of the Industry. This is expected to result in scaled-down competition, even from established competitors, and the reinforcement of a market momentum towards a more professional approach and provision of quality products and services. Such pressures are good for the industry and favour established reputable firms with emphasis on value-added services, quality of products and professionalism, rather than those operating and engaging merely on trading price wars.

The Directors are of the opinion that NHTP, now in its 40th Year, is well entrenched and diversified within the Industry sectors to ride the current recession.

The Board is anticipating the recovery with much excitement. The Group is well poised with our NH Ceramics Branding and established track records in all sectors of the Industry as a leading professional firm in the supply of premium grade ceramic and marble tile products and services.

The Group is also poised for expansion to East Asia and Australia, which will also fuel our future growth.

Barring any unforeseen events, we expect to remain profitable in FY2003.

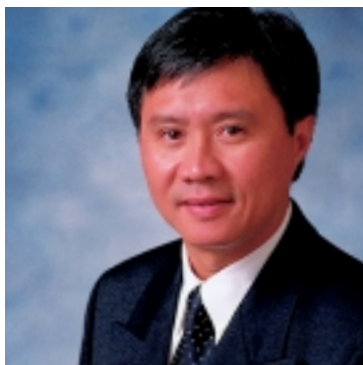
Ricky Paul Goh Moh Chye
Executive Chairman & Managing Director
NH CERAMICS LTD



Ricky Paul Goh Moh Chye
Executive Chairman and
Managing Director



Tay Kiam Peng
Executive Director



Stephen Tay Chye Heng
Executive Director



Margaret Tay Hui Hia
Executive Director

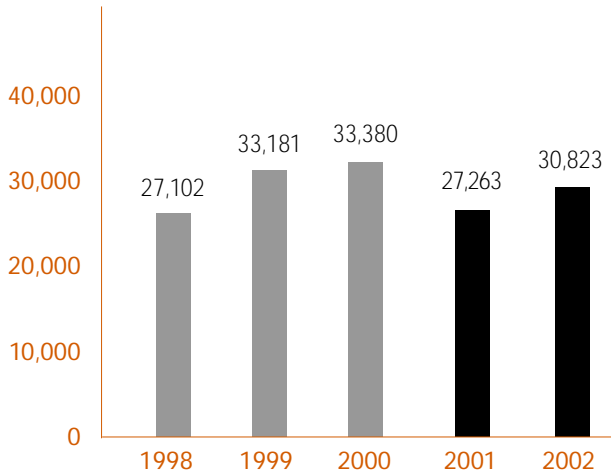


Wee Piew
Independent Director

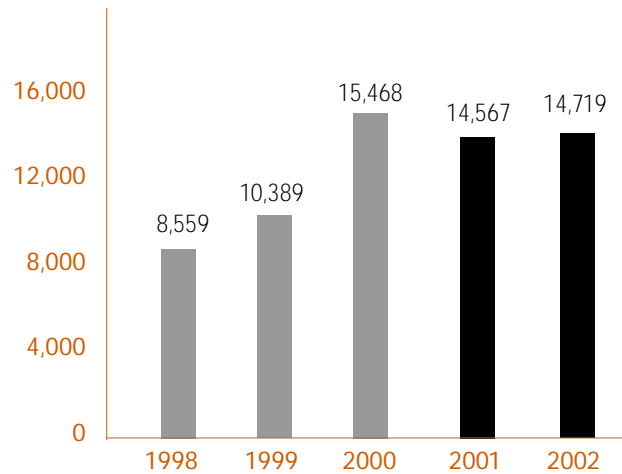


Robbie Ooi Seng Soon
Independent Director

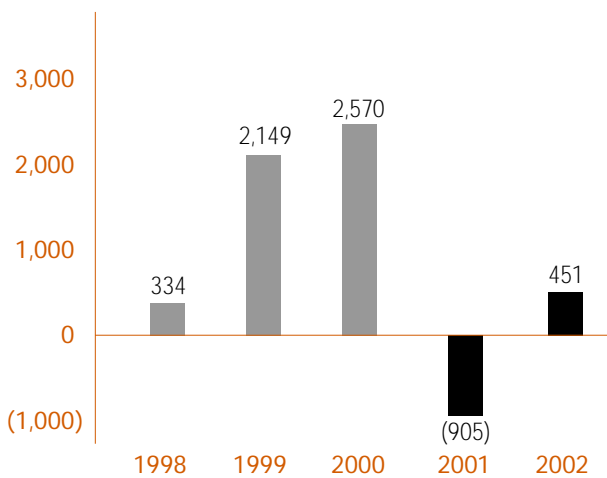
Turnover (S\$'000)



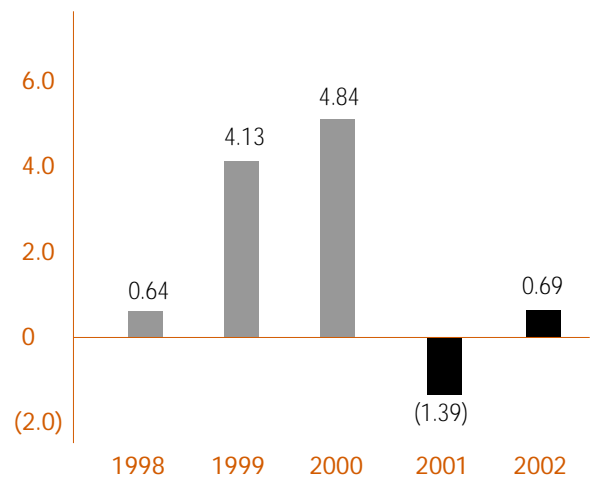
Net Tangible Assets (S\$'000)



Profit / (Loss) After Taxation (S\$'000)



Earnings / (Loss) Per Share (Cents)



■ Proforma Group ■ Group

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 1998 and 1999 are 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 / (Loss) per share for FY2001 and FY2002 are calculated by dividing the Group's Profit / (Loss) after taxation by the number of shares in issue during the year of 64,977,825 shares.

The directors 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 2002.

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	(Executive Director)
Stephen Tay Chye Heng	(Executive Director)
Margaret Tay Hui Hia	(Executive Director)
Wee Piew	
Robbie Ooi Seng Soon	

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiaries are as shown in Note 5 to the financial statements.

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

RESULTS FOR THE FINANCIAL YEAR

	Group \$	Company \$
Accumulated profits brought forward	1,301,677	336,274
Effect of adopting SAS 10	147,175	(100,465)
Effect of adopting SAS 17	(74,635)	-
Accumulated profits, as restated	1,374,217	235,809
Profit after taxation	451,482	391,912
Profits available for appropriation	1,825,699	627,721
Dividends, net	(299,223)	(299,223)
Accumulated profits carried forward	1,526,476	328,498

MATERIAL MOVEMENTS IN RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year except for normal amounts set aside as disclosed in the financial statements.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

ISSUE OF SHARES, DEBENTURES AND OPTIONS

No shares or debentures of the Company and its subsidiaries were issued and no options to take up unissued shares of the Company and its subsidiaries were granted during the financial year. As at the end of the financial year, no options over unissued shares of the Company and its subsidiaries were outstanding.

directors' report

for the year ended 30 June 2002

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose object is 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' INTERESTS IN SHARES AND DEBENTURES

The following directors who held office at the end of the financial year had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the Company and related corporations as stated below:

Name of directors	Held in the name of director		Other shareholdings in which the director is deemed to have an interest	
	At the beginning of the financial year	At the end of the financial year	At the beginning of the financial year	At the end of the financial year
The Company Ordinary shares of \$0.20 each				
Ricky Paul Goh Moh Chye	17,429,690	13,411,690	27,750,000	27,758,000
Tay Kiam Peng	2,528,165	2,528,165	8,000	8,000
Stephen Tay Chye Heng	1,688,905	1,688,905	–	–
Margaret Tay Hui Hia	1,688,905	1,688,905	–	–
Robbie Ooi Seng Soon	30,000	30,000	–	–

There was no change in any of the above mentioned interests between the end of the financial year and 21 July 2002.

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

No other director who held office at the end of the financial year had an interest in any shares or debentures of the Company, its subsidiaries or related corporations, either at the beginning or end of the financial year or on 21 July 2002, other than those disclosed above.

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%, paid in respect of the previous year as shown in the Directors' Report for that year	147,175
An interim dividend of 0.3 cents per share, less tax at 22.0%, paid in respect of the year ended 30 June 2002	152,048
A final dividend of 0.3 cents per share, less tax at 22.0%, in respect of the year ended 30 June 2002 proposed by the directors, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company	152,048

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have 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 any amount written off or provided for doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or adequate provision had been made for the diminution in the 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 of the Group misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

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

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 or 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 which would render any amount stated in the financial statements of the Company and the consolidated financial statements of the Group misleading.

UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and of the Group during 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.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

CORPORATE GOVERNANCE

The Board of Directors is responsible for the corporate governance and strategy of the Group. The Board comprises an executive chairman, three executive directors and two independent directors. The Board meets regularly at least two times a year and at other times when required. The Executive Committee comprises 4 directors and meets more frequently.

The following Committees assist the Board in discharging its responsibilities:

Executive Committee

Audit Committee

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 supports the developments to improve corporate governance and confirms compliance with the Singapore Exchange's Best Practices Guide relating to Audit Committee.

AUDIT COMMITTEE

The Audit Committee comprises one executive director and two independent 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	

The Audit Committee performs its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50 and the requirements of the Singapore Exchange Securities Trading Limited. In performing those functions, the Audit Committee reviewed the overall scope of external audits and the assistance given by the Company's officers to the auditor. The Audit Committee met with the external auditor to discuss the results of their audits 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 2002, as well as the external auditor's report thereon.

The Audit Committee has recommended to the Board that Ernst & Young, be nominated for reappointment as auditor at the forthcoming annual general meeting of the Company.

INTERESTED PARTY TRANSACTIONS

There were no interested person transactions within the meaning of Chapter 9A of the Singapore Exchange Securities Trading Limited Listing Manual during the financial year.

OTHER INFORMATION REQUIRED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

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

AUDITOR

Ernst & Young have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

RICKY PAUL GOH MOH CHYE
DIRECTOR

TAY KIAM PENG
DIRECTOR

Singapore
6 September 2002



We, Ricky Paul Goh Moh Chye and Tay Kiam Peng, being two of the directors of NH Ceramics Ltd and its subsidiaries, do hereby state that, in the opinion of the directors,

- (i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated cash flow statement together with notes thereto, set out on pages 18 to 39 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 2002 and of the results and changes in equity of the business of the Company and of the Group and cash flows of the Group for the financial year then ended; and
- (ii) 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.

The board of directors authorised these financial statements for issue on 6 September 2002.

On behalf of the Board of Directors,

RICKY PAUL GOH MOH CHYE
DIRECTOR

TAY KIAM PENG
DIRECTOR

Singapore
6 September 2002

We have audited the financial statements of NH Ceramics Ltd and its subsidiaries set out on pages 18 to 39. These financial statements comprise the balance sheets of the Company and of the Group as at 30 June 2002, the profit and loss accounts and the statements of changes in equity of the Company and of the Group and cash flows statement of the Group for the year ended 30 June 2002, and notes thereto. 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. The financial statements for the year ended 30 June 2001 were audited by another firm of certified public accountants, whose report dated 7 September 2001 expressed an unqualified opinion on those financial statements.

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 the consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Singapore Statements of Accounting Standard 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 2002, 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 on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and the 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 auditor's 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.

ERNST & YOUNG
CERTIFIED PUBLIC ACCOUNTANTS

Singapore
6 September 2002

balance sheets

as at 30 June 2002
(Amounts in Singapore dollars)



	Note	Group		Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Fixed assets	3	15,315,107	14,897,103	–	–
Investments	4	732,745	38,033	–	–
Subsidiaries	5	–	–	10,395,563	10,395,563
Due from a subsidiary (non-trade)	6	–	–	3,120,378	3,102,269
Current assets					
Stocks	7	12,286,203	12,480,286	–	–
Trade debtors	8	6,166,535	9,589,703	–	–
Other debtors, deposits and prepayments	9	1,010,773	514,311	75,704	23,240
Cash and bank balances		199,183	25,644	8,572	5,094
		19,662,694	22,609,944	84,276	28,334
Current liabilities					
Trade creditors		6,304,149	4,100,576	–	–
Bills payable to banks (secured)	10	2,388,760	4,046,950	–	–
Other creditors and accruals	11	431,411	700,855	78,770	97,408
Provision for taxation		586,582	361,504	–	–
Bank term loans (current portion)	12	4,428,570	1,027,216	–	–
Bank overdrafts (secured)	13	190,577	4,801,800	–	–
Lease obligations (current portion)	14	270,879	379,532	–	–
		14,600,928	15,418,433	78,770	97,408
Net current assets / (liabilities)		5,061,766	7,191,511	5,506	(69,074)
Non-current liabilities					
Bank term loans (non-current portion)	12	5,803,002	6,840,966	–	–
Lease obligations (non-current portion)	14	231,191	362,515	–	–
Deferred taxation	20	356,000	356,000	–	–
		14,719,425	14,567,166	13,521,447	13,428,758
Equity					
Share capital	15	12,995,565	12,995,565	12,995,565	12,995,565
Share premium	15	197,384	197,384	197,384	197,384
Accumulated profits		1,526,476	1,374,217	328,498	235,809
		14,719,425	14,567,166	13,521,447	13,428,758

The accounting policies and explanatory notes on pages 23 to 39 form an integral part of the financial statements.

statement of profit & loss

for the year ended 30 June 2002

(Amounts in Singapore dollars)

	Note	Group		Company	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenues					
Project sales		24,773,137	20,078,041	–	–
Retail sales		6,049,904	7,184,740	–	–
Dividend income from unquoted subsidiary		–	–	656,000	328,000
		30,823,041	27,262,781	656,000	328,000
Costs and expenses					
Changes in stocks of trading goods		(194,083)	(452,535)	–	–
Purchases and services consumed		(21,972,435)	(19,337,177)	–	–
Salaries and employee benefits	16	(3,895,771)	(4,018,442)	(70,055)	(89,473)
Depreciation		(964,308)	(860,614)	–	–
Other operating expenses		(2,748,732)	(2,887,511)	(65,603)	(103,556)
Other income	17	334,228	280,534	–	–
Financial costs	18	(761,286)	(900,650)	(70)	(189)
		(30,202,387)	(28,176,395)	(135,728)	(193,218)
Profit / (loss) before taxation	19	620,654	(913,614)	520,272	134,782
Taxation	20	(169,172)	8,720	(128,360)	(71,640)
Net profit / (loss) attributable to shareholders		451,482	(904,894)	391,912	63,142
Basic earnings / (loss) per share (cents)	21	0.69	(1.39)		
Diluted earnings / (loss) per share (cents)	21	0.69	(1.39)		

The accounting policies and explanatory notes on pages 23 to 39 form an integral part of the financial statements.

statement of changes in equity

for the year ended 30 June 2002
(Amounts in Singapore dollars)



	Share capital \$	Share premium \$	Accumulated profits \$	Total \$
GROUP				
Balance at 30 June 2000, as previously stated	12,995,565	197,384	2,279,111	15,472,060
Effect of adopting new / revised SAS (Note 22)	–	–	290,451	290,451
At 1 July 2000, as restated	12,995,565	197,384	2,569,562	15,762,511
Net loss, as restated (Note 22)	–	–	(904,894)	(904,894)
Dividends, as restated (Note 23)	–	–	(290,451)	(290,451)
Balance at 30 June 2001, as restated	12,995,565	197,384	1,374,217	14,567,166
Net profit (Note 22)	–	–	451,482	451,482
Dividends (Note 23)	–	–	(299,223)	(299,223)
Balance at 30 June 2002	12,995,565	197,384	1,526,476	14,719,425
COMPANY				
Balance at 30 June 2000, as previously stated	12,995,565	197,384	172,667	13,365,616
Effect of adopting new / revised SAS (Note 22)	–	–	290,451	290,451
At 1 July 2000, as restated	12,995,565	197,384	463,118	13,656,067
Net profit, as restated (Note 22)	–	–	63,142	63,142
Dividends, as restated (Note 23)	–	–	(290,451)	(290,451)
Balance at 30 June 2001, as restated	12,995,565	197,384	235,809	13,428,758
Net profit, as restated (Note 22)	–	–	391,912	391,912
Dividends (Note 23)	–	–	(299,223)	(299,223)
Balance at 30 June 2002	12,995,565	197,384	328,498	13,521,447

The accounting policies and explanatory notes on pages 23 to 39 form an integral part of the financial statements.

consolidated statement of cash flows

for the year ended 30 June 2002
(Amounts in Singapore dollars)

	Note	2002 \$	2001 \$
Cash flow from operating activities			
Profit / (loss) before taxation		620,654	(913,614)
Adjustment for:			
Bad trade debts recovered		(11,289)	(5,755)
Write-back of provision for doubtful trade debts		(7,700)	-
Provision for diminution in value of club membership / quoted investments		55,000	16,000
Provision for doubtful trade debts		93,318	153,047
Depreciation of fixed assets		964,308	860,614
Interest expense		679,553	817,518
Preliminary expenses written off		-	4,470
Dividend income from quoted investments		(100)	(200)
Gain on disposal of fixed assets		(26,107)	(20,032)
Provision for stock obsolescence		242,881	364,685
Write-back of stocks written off		(170,612)	-
Gain on disposal of quoted investments		(6,143)	(10,679)
Operating profit before working capital changes		2,433,763	1,266,054
(Increase) / decrease in:			
Stocks		121,814	87,850
Trade debtors		3,348,839	1,884,997
Other debtors, deposits and prepayments		(496,462)	(293,218)
Increase / (decrease) in:			
Trade creditors and bills payable to banks		545,383	(1,149,919)
Other creditors and accruals		(269,444)	185,625
Cash generated from operations		5,683,893	1,981,389
Interest paid		(679,553)	(817,518)
Income taxes paid		55,906	(951,612)
Net cash generated from operating activities		5,060,246	212,259
Cash flow from investing activities			
Investment in quoted equity shares		(594,733)	-
Proceeds from sale of quoted equity investments		341,148	38,679
Proceeds from sale of fixed assets		31,563	52,211
Purchase of fixed assets	A	(1,139,967)	(1,446,471)
Dividend income from quoted investments		100	200
Investment in freehold property		(489,984)	-
Net cash used in investing activities		(1,851,873)	(1,355,381)
Cash flow from financing activities			
Proceeds from / (repayments of) bank term loans		2,363,390	(924,877)
Repayment of lease obligations		(487,778)	(371,394)
Dividends paid to shareholders		(299,223)	(290,451)
Net cash generated from / (used in) financing activities		1,576,389	(1,586,722)
Net increase / (decrease) in cash and cash equivalents		4,784,762	(2,729,844)
Cash and cash equivalents at beginning of year		(4,776,156)	(2,046,312)
Cash and cash equivalents at end of year	B	8,606	(4,776,156)

consolidated statement of cash flows

for the year ended 30 June 2002

A. FIXED ASSETS

During the financial year, the Group acquired fixed assets with an aggregate cost of \$1,387,768 (2001: \$5,031,851) of which \$247,801 (2001: \$505,380) was acquired by means of finance leases and \$Nil (2001: \$3,080,000) was acquired by means of bank term loans. Cash payments of \$1,139,967 (2001: \$1,446,471) 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:

	2002 \$	2001 \$
Cash and bank balances	199,183	25,644
Bank overdrafts	(190,577)	(4,801,800)
Cash and cash equivalents	8,606	(4,776,156)

The accounting policies and explanatory notes on pages 23 to 39 form an integral part of the financial statements.

1. CORPORATION INFORMATION

The financial statements of NH Ceramics Ltd and its subsidiaries for the year ended 30 June 2002 were authorised for issue in accordance with a resolution of the directors on 6 September 2002.

The Company is a public company listed on the Singapore Exchange Securities Trading Limited, incorporated and domiciled in Singapore.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are as shown in Note 5 to the financial statements.

The registered office of the Company is located at 1 & 3 Tuas Avenue 8, Jurong Industrial Estate, Singapore 639217.

The Company and the Group employed Nil and 81 (2001: Nil and 72) employees as of 30 June 2002, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Company and of the Group, are prepared on the historical cost basis.

The financial statements have been prepared in accordance with Singapore Statements of Accounting Standard and applicable requirements of Singapore law.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The results of subsidiaries acquired or sold during the year are included in or excluded from the consolidated financial statements with effect from the respective dates of acquisition or disposal. All intercompany balances, transactions and any unrealised profit or loss on intercompany transactions are eliminated on consolidation.

(c) 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 paid or approved.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditures for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their costs and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposals is included in the profit and loss account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Depreciation

Depreciation is calculated on the straight-line method to write off the costs of fixed assets over their estimated useful lives. The estimated useful lives of fixed assets are 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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(f) 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 Company, 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.

(g) Preliminary expenses

Preliminary expenses are stated at cost and written off to the profit and loss account as incurred.

(h) Investments

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

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

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving stocks.

Provision is made for deteriorated, damaged and slow-moving stocks.

(j) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in values.

Cash on hand and in banks are carried at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Trade debtors

Trade debtors are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(l) Trade and other creditors

Liabilities for trade and other creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(m) 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.

(n) Income tax

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

(o) 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.

(p) Foreign currencies

Transactions arising in foreign currencies during the year are converted at exchange rates closely approximating those ruling on the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into local currency at exchange rates ruling at the balance sheet date. All exchange differences arising from conversion are included in the profit and loss account.

(q) Employee benefits

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund Board (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of service rendered by employees up to the balance sheet date.

3. FIXED ASSETS

Group	Freehold property \$	Leasehold properties \$	Motor vehicles \$	Plant and machinery \$	Production machinery \$	Computers \$	Furniture and fittings \$	Office equipment \$	Warehouse equipment \$	Total \$
Cost										
As at 1.7.2001	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
Additions during the year	-	-	262,300	-	249,000	53,200	796,248	23,590	3,430	1,387,768
Disposals	-	-	(114,888)	-	-	-	-	(20,095)	-	(134,983)
As at 30.6.2002	2,775,600	10,827,152	3,126,756	1,014,260	1,284,101	346,582	1,459,492	254,756	74,451	21,163,150
Accumulated depreciation										
As at 1.7.2001	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 the year	55,512	345,184	202,338	34,148	109,452	50,445	145,949	17,619	3,661	964,308
Disposals	-	-	(114,888)	-	-	-	-	(14,639)	-	(129,527)
As at 30.6.2002	111,024	1,801,951	1,700,663	876,852	454,978	298,008	385,264	165,326	53,977	5,848,043
Charge for 2001	55,512	345,184	176,109	34,148	109,452	49,508	66,324	17,779	6,598	860,614
Net book value										
As at 30.6.2002	2,664,576	9,025,201	1,426,093	137,408	829,123	48,574	1,074,228	89,430	20,474	15,315,107
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

3. FIXED ASSETS (CONT'D)

- (a) Motor vehicles with net book values of approximately \$1,103,000 (2001: \$1,230,000) were acquired under finance leases. Production machinery with net book values of approximately \$580,000 (2001: \$690,000) and freehold property and leasehold properties with net book values of approximately \$11,690,000 (2001: \$12,091,000) have been pledged to certain banks.
- (b) Included in production machinery in the current financial year is the development cost relating to the Marble Automated Selection Line (MASLine) system, amounting to \$249,000. MASLine is developed by PSB Corporation Pte Ltd, previously known as Productivity and Standards Board (PSB), and is currently in prototype stage. The development cost has not been depreciated as the fixed asset has not been put into operation in current financial year.
- (c) Major properties of the Group are as follows:

Description	Location	Area (square metres)	Tenure of lease	Net book value	
				2002 \$	2001 \$
Freehold property	5 Jalan Masjid, #01-09 Kembangan Court, Singapore 418924	410	Freehold	2,664,576	2,720,088
Leasehold properties	1 & 3 Tuas Avenue 8, Jurong Industrial Estate, Singapore 639217	8,855	30 years from 1 January 1997	7,893,266	8,214,867
	Block 210, #01-243 Hougang Street 21, Singapore 530210	166	90 years from 1 April 1993	1,131,935	1,155,518
				11,689,777	12,090,473

4. INVESTMENTS

	Group	
	2002 \$	2001 \$
Club membership, at cost	44,033	44,033
Less provision for diminution in value	(30,000)	(16,000)
	14,033	28,033
Quoted equity investments, at cost	293,728	34,000
Less provision for lower of cost and market value	(65,000)	(24,000)
	228,728	10,000
Investment in freehold property * (Note 24)	489,984	-
	732,745	38,033
Market value of club membership	14,000	28,000
Market values of quoted equity investments	228,500	14,000

* Freehold property with a cost of \$489,984 (2001: \$Nil) has been pledged to secure a bank term loan (Note 12).

4. INVESTMENTS (CONT'D)

	2002 \$	Group	2001 \$
Analysis of provision for diminution in value of investments:			
Balance at beginning of year	(40,000)		(24,000)
Provision for diminution in value of club membership (Note 19)	(14,000)		(16,000)
Provision for diminution in value of quoted investments (Note 19)	(41,000)		-
Balance at end of year	<u>(95,000)</u>		<u>(40,000)</u>

5. SUBSIDIARIES

The Company and the Group had the following subsidiaries as at 30 June 2002:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment by the Company	
			2002 %	2001 %	2002 \$	2001 \$
Held by the Company						
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
Held by NHTP						
Nam Tat Pte. Ltd.	Dormant	Singapore	100	100	-	-
					<u>10,395,563</u>	<u>10,395,563</u>

6. 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.

7. STOCKS

	Group	
	2002 \$	2001 \$
At cost		
Trading stocks, net of provision	12,248,413	12,392,383
Stocks-in-transit	37,790	87,903
	12,286,203	12,480,286
Provision for stock obsolescence	(621,263)	(548,994)
Analysis of provision for stock obsolescence:		
Balance at beginning of year	(548,994)	(184,309)
Charge during the year (Note 19)	(242,881)	(364,685)
Write-back of provision (Note 19)	170,612	-
Balance at end of year	(621,263)	(548,994)

8. TRADE DEBTORS

	Group	
	2002 \$	2001 \$
Trade debtors, net of provision	6,166,535	9,589,703
Provision for doubtful debts	(21,989)	(265,099)
Analysis of provision for doubtful debt:		
Balance at beginning of year	(265,099)	(117,807)
Charge during the year (Note 19)	(93,318)	(153,047)
Write-back of provision	18,989	5,755
Write off against provision	317,439	-
Balance at end of year	(21,989)	(265,099)

9. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Other debtors	778,544	201,335	-	-
Deposits	72,265	212,875	-	-
Prepayments	93,072	37,323	35,544	7,240
Staff loans	26,732	46,778	-	-
Tax recoverable	40,160	16,000	40,160	16,000
	1,010,773	514,311	75,704	23,240

10. BILLS PAYABLE TO BANKS (SECURED)

Bills payable to banks comprise the following:

	Group	
	2002 \$	2001 \$
Bills payable A	557,108	234,481
Bills payable B	1,831,652	3,812,469
	<u>2,388,760</u>	<u>4,046,950</u>

Details of the bills payable are as follows:

Bills payable A are secured by way of a legal mortgage on leasehold properties of a subsidiary with net book values of approximately \$7,893,000 (2001: \$8,215,000) and are guaranteed by the Company.

Bills payable B are guaranteed by the Company.

11. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Sundry creditors	142,325	313,968	–	–
Accrued operating expenses	289,086	386,887	78,770	97,408
	<u>431,411</u>	<u>700,855</u>	<u>78,770</u>	<u>97,408</u>

12. BANK TERM LOANS

	Group	
	2002 \$	2001 \$
Secured term loans		
Bank loans A	3,666,575	4,466,555
Bank loans B	273,676	360,100
Bank loans C	2,901,321	3,041,527
Bank loan D	3,000,000	–
Bank loan E	390,000	–
	<u>10,231,572</u>	<u>7,868,182</u>
Classified as:		
Current portion - due within 12 months	4,428,570	1,027,216
Non-current portion - due after 12 months	5,803,002	6,840,966
	<u>10,231,572</u>	<u>7,868,182</u>

12. BANK TERM LOANS (CONT'D)

Details of secured term loans are as follows:

Bank loans A are secured by way of a legal mortgage on a subsidiary's leasehold properties with net book values of approximately \$7,893,000 (2001: \$8,215,000) and are guaranteed by the Company. Interest is payable at 4.5% (2001: 5.25%) per annum for the first year, 4.75% (2001: 5.5%) per annum for the second and third years and, thereafter at the bank's prevailing prime lending rate (2001: 0.5% over prime lending rate).

Bank loans B are secured on 3 machinery of a subsidiary with net book values of approximately \$580,000 (2001: \$690,000) and are guaranteed by the Company. The loans are repayable in 84 equal instalments over 7 years and interest is payable at 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 leasehold property with net book values of approximately \$2,665,000 and \$1,132,000 (2001: \$2,720,000 and \$1,156,000) 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 preceding 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 preceding month.

Bank loan D is secured by way of a corporate guarantee by the Company. It is repayable within 6 months. Interest is payable at 1.5% per annum over the bank's cost of funds. The interest rate will be fixed at each drawdown at a mutually agreed rate.

Bank loan E is secured by way of a legal mortgage on a subsidiary's investment property and is guaranteed by the Company. It is repayable within 6 months. Interest is payable at 1.5% per annum over the bank's cost of funds. The interest rate will be fixed at each drawdown at a mutually agreed rate (Note 4).

13. BANK OVERDRAFTS (SECURED)

These balances are secured by:

- (i) a legal mortgage on leasehold properties of a subsidiary with net book values of approximately \$7,893,000 (2001: \$8,215,000); and
- (ii) a guarantee by the Company.

14. LEASE OBLIGATIONS

Future minimum lease payments for the lease with initial or remaining terms of one year or more are as follows:

Group	Payments \$	Interest \$	Principal \$
2002			
Less than 1 year	298,502	(27,623)	270,879
Between 1 to 5 years	260,582	(29,391)	231,191
	559,084	(57,014)	502,070
2001			
Less than 1 year	418,730	(39,198)	379,532
Between 1 to 5 years	408,849	(46,334)	362,515
	827,579	(85,532)	742,047

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

Subsequent to year end, the Group fully settled 16 out of 17 of the outstanding hire purchase contracts, prior to their maturity dates, amounting to \$389,641.

15. SHARE CAPITAL

	Group and Company	
	2002	2001
	\$	\$
Authorised		
100,000,000 ordinary shares of \$0.20 each	20,000,000	20,000,000
Issued and fully paid		
64,977,825 ordinary shares of \$0.20 each	12,995,565	12,995,565

The share premium account may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

16. SALARIES AND EMPLOYEE BENEFITS

	Group		Company	
	2002	2001	2002	2001
	\$	\$	\$	\$
Salaries, wages, bonuses and other costs	2,540,820	2,704,806	–	–
Directors' remuneration	994,865	985,137	70,055	89,473
Central Provident Fund contributions	360,086	328,499	–	–
	3,895,771	4,018,442	70,055	89,473

17. OTHER INCOME

	Group	
	2002	2001
	\$	\$
Compensation income received for relocation of showroom	–	192,000
Gain on disposal of quoted investments	6,143	10,679
Gain on disposal of fixed assets	26,107	20,032
Bad trade debts recovered	11,289	32,840
Exchange gain, net	266,357	1,592
Miscellaneous income	79,232	39,191
Dividend income from quoted investments	100	200
Provision for diminution in value of club membership / quoted investments	(55,000)	(16,000)
	334,228	280,534

18. FINANCIAL COSTS

	Group		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Financial costs				
- bank overdraft	127,573	222,910	—	—
- bank term loans	392,414	371,852	—	—
- bills payable to banks	117,040	179,506	—	—
- lease obligations	42,526	43,250	—	—
Others				
- bank charges	81,733	83,132	70	189
	761,286	900,650	70	189

19. PROFIT / (LOSS) BEFORE TAXATION

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

	Group		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Auditors' remuneration				
- auditor of the Company	50,000	—	5,800	—
- other auditors	10,000	60,000	1,200	7,000
Bad debt written off				
- trade	157,506	4,989	—	—
- non-trade	400	428	—	—
Depreciation of fixed assets (Note 3)	964,308	860,614	—	—
Directors' remuneration	924,810	895,665	—	—
Directors' fees	70,055	89,473	70,055	89,473
Preliminary expenses written off	—	4,470	—	4,470
Provision for doubtful trade debts (Note 8)	93,318	153,047	—	—
Write-back of provision for doubtful trade debts	(7,700)	(5,755)	—	—
Provision for diminution in value of club membership (Note 4)	14,000	16,000	—	—
Provision for diminution in value of quoted investments (Note 4)	41,000	—	—	—
Provision for stock obsolescence (Note 7)	242,881	364,685	—	—
Write-back of stocks written off (Note 7)	(170,612)	—	—	—
Operating lease expenses	254,130	390,930	—	—

The number of directors of the Company whose emoluments fall within the following remuneration bands are:

	2002	2001
\$250,000 to \$499,999	1	1
Below \$250,000	5	8
	6	9

20. TAXATION

Major components of income tax expense for the years ended 30 June were:

	Group		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Current tax				
- current year	(185,840)	8,720	(128,360)	(71,640)
- overprovision in respect of prior years	16,668	-	-	-
	(169,172)	8,720	(128,360)	(71,640)

A reconciliation of the statutory tax rate to the Group and the Company's effective tax rates applicable to profit before taxation for the years ended 30 June is as follows:

	Group		Company	
	2002 %	2001 %	2002 %	2001 %
Domestic statutory rate	22.0	(24.5)	22.0	24.5
Tax effect on expenses not deductible for tax purposes	29.0	17.2	1.7	28.7
Changes in tax rate	(10.2)	-	-	-
Others, net	(13.5)	6.3	1.0	-
	27.3	(1.0)	24.7	53.2

Deferred taxation at 30 June relate to the following:

	Group	
	2002 \$	2001 \$
Deferred tax liabilities		
- excess of net book value over tax written down value of fixed assets	356,000	356,000

As at 30 June 2002, the Group has unutilised tax losses amounting to approximately \$150,000 (2001: \$146,000) 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 tax losses has not been recognised in the consolidated financial statements in accordance with the accounting policy in Note 2 to the financial statements.

21. EARNINGS / LOSS PER SHARE

Basic and diluted earnings / loss per share is calculated by dividing the Group's net profit attributable to shareholders of \$451,482 (2001: loss of \$904,894) by the number of shares in issue during the financial year of 64,977,825 shares. There were no share options and warrants granted during the financial year.

22. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new/revised accounting standards and their effects

In the current financial year, the Group and the Company adopted new / revised standards in the manner elaborated below:

SAS 10 (revised 2000) - Events after the balance sheet date

The adoption of SAS 10 resulted in the Group and the Company reversing the liability for proposed final dividends. The new accounting policy is to recognise proposed final dividends only after they have been formally declared payable by shareholders. The change has been applied retrospectively by adjusting the opening balances of accumulated profits at 1 July 2000 and 2001.

SAS 17 (2001) - Employee benefits

The adoption of SAS 17 resulted in the Group making provisions for obligations in respect of short-term employee benefits in the form of accumulating compensated balances. These obligations are provided when the employees render services that increase their entitlement to future compensated absences. The new accounting policy has been applied retrospectively by adjusting the opening balances of accumulated profits at 1 July 2000 and 2001.

(b) Effects of changes in accounting policies

The changes in accounting policies, to the extent that they are applied retrospectively, have the following impact (net of tax):

	Group		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Effects of changes in accounting policy on accumulated profits:				
Opening accumulated profits, as previously reported	1,301,677	2,279,111	336,274	172,667
Effect of adopting:				
- SAS 10 (dividend proposed)	147,175	290,451	147,175	290,451
- SAS 10 (dividend income proposed by a subsidiary)	-	-	(247,640)	-
- SAS 17 (employee benefits)	(74,635)	-	-	-
	72,540	290,451	(100,465)	290,451
Opening accumulated profits, as restated	1,374,217	2,569,562	235,809	463,118

22. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) Effects of changes in accounting policies (cont'd)

Effects of changes in accounting policy on net profit / (loss) for the year:

	Group		Company	
	2002 \$	2001 \$	2002 \$	2001 \$
Net profit / (loss) before changes in accounting policies	454,595	(830,259)	144,272	310,782
Effect of adopting:				
- SAS 17 (employee benefits)	(3,113)	(74,635)	–	–
- SAS 10 (dividend income proposed by a subsidiary)	–	–	247,640	(247,640)
Net profit / (loss), as restated	451,482	(904,894)	391,912	63,142

23. DIVIDENDS

(a) Dividends paid

	Group and Company	
	2002 \$	2001 \$
First and final dividend paid in respect of the preceding financial year of 0.3 cents (2001: 0.6 cents) per share less tax at 24.5% (2000: 25.5%)	147,175	290,451
Interim dividend paid in respect of the current financial year of 0.3 cents (2001: Nil) per share less tax at 22.0% (2001: Nil)	152,048	–
	299,223	290,451

The directors propose a final dividend of 0.3 cents per share less tax at 22.0% amounting to \$152,048, in respect of the year ended 30 June 2002, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

(b) Effect of adopting SAS 10

Following the adoption of SAS 10, the proposed dividend of \$147,175 (2000: \$290,451) in respect of the preceding financial year ended 30 June 2001 have been adjusted to the accumulated profits as at 1 July 2001. The comparative information has been restated.

24. FORWARD FOREIGN EXCHANGE CONTRACTS, NON-CANCELLABLE LEASE AND CAPITAL EXPENDITURE COMMITMENTS

(a) Forward foreign exchange contracts

As at 30 June 2002, the Group had outstanding forward foreign exchange contracts for the purchase of Euro dollar 1,707,806 (2001: Euro dollar 2,268,216) and US dollar 850,547 (2001: Nil) in respect of hedging of firm purchase commitments, which do not qualify for hedge accounting.

24. FORWARD FOREIGN EXCHANGE CONTRACTS, NON-CANCELLABLE LEASE AND CAPITAL EXPENDITURE COMMITMENTS (CONT'D)

(b) Non-cancellable operating lease commitments

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

	2002 \$	Group 2001 \$
Within 1 year	302,000	302,000
Between 1 and 5 years	1,210,000	1,210,000
After 5 years	5,747,000	6,049,000
	7,259,000	7,561,000

(c) Capital expenditure commitment

	2002 \$	Group 2001 \$
Contract entered into but not provided for	734,976	–

During the financial year, a subsidiary entered into an agreement to purchase a freehold residential property, located at 27 Still Road South, #05-06, Singapore 423936. The cost of the property is \$1,224,960, payable on a percentage of completion basis. As at 30 June 2002, the Group made 4 payments, amounting to \$489,984 (Note 4) with the remaining amount treated as a non-cancellable commitment.

25. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and interest rate risk. The management reviews and agrees policies for managing these risks and they are summarised below:

Credit risk

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Group's policy to provide credit terms to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amount of trade and other debtors, and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk with any single customer.

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading. It is the Group's policy to hedge these risks through forward foreign exchange contracts if material.

At the balance sheet date, the Group's foreign currency exposure is insignificant.

25. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management objectives and policies (cont'd)

Interest rate risk

The Group's interest rate exposure relates primarily to certain bank term loans and bills payable to banks. The Group's policy is to obtain the most favourable interest rate available.

Fair values

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and bank balances, other current assets and other current liabilities

The carrying amounts of these amounts approximate fair value due to their short-term nature.

Trade debtors and trade creditors

The carrying amounts of trade debtors and trade creditors approximate fair value because these are subject to normal trade credit terms.

Due from a subsidiary

No disclosure of fair value is made for balance with its subsidiary, as it is not practicable to determine its fair value with sufficient reliability since this balance has no fixed terms of repayment.

Long-term borrowings

The fair value of the long-term loans is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile. The fair value of non-current loans, borrowings or other payables with variable interest rates approximates their carrying amounts.

Where it is practicable to estimate with sufficient reliability the fair values of financial assets and liabilities, these are indicated below for each major class:

	Carrying amount \$	Group 2002 Estimated fair value \$
Liability		
Lease obligations	502,070	525,958

26. SEGMENT INFORMATION

Business segments

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

- Project segment
- Retail segment

	Project segment \$	Retail segment \$	Unallocated \$	Group \$
2002				
Turnover	24,773,137	6,049,904	–	30,823,041
Profit / (loss) before taxation	1,173,157	(509,977)	(42,526)	620,654
Taxation				(169,172)
Net profit for the year				451,482
Assets	14,693,221	21,017,325	–	35,710,546
Liabilities	10,656,505	9,832,546	502,070	20,991,121
Capital expenditure	531,890	855,878	–	1,387,768
Depreciation	380,316	583,992	–	964,308
2001				
Turnover	20,078,041	7,184,740	–	27,262,781
Loss before taxation	(39,811)	(830,553)	(43,250)	(913,614)
Taxation				8,720
Net loss for the year				(904,894)
Assets	16,316,158	21,228,922	–	37,545,080
Liabilities	12,522,409	9,713,458	742,047	22,977,914
Capital expenditure	1,788,686	3,243,165	–	5,031,851
Depreciation	338,529	522,085	–	860,614

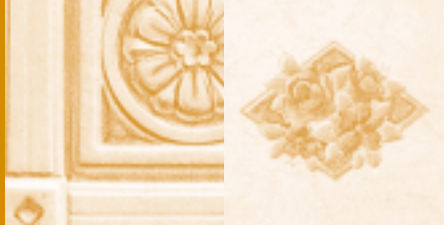
There is no breakdown by geographical markets as the Group's operations and customers are based in Singapore.

27. COMPARATIVES

Comparative financial statements have been changed from the previous year due to the adoption of the requirements of new / revised accounting standards stated in Note 22. The comparative figures were audited by a firm of certified public accountants, other than Ernst & Young.

statistics of shareholdings

as at 19 September 2002



Authorised Share Capital	-	S\$20,000,000
Issued and fully paid-up capital	-	S\$12,995,565
Class of Shares	-	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

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	488	74.73	1,199,000	1.84
10,001 - 1,000,000	157	24.04	10,264,000	15.80
1,000,001 and above	8	1.23	53,514,825	82.36
	653	100.00	64,977,825	100.00

Shareholding Held in Hands of Public

As at 19 September 2002, the percentage of shareholdings held in the hands of the public was approximately 31.06% and Rule 723 of the Listing Manual is complied with.

TOP 20 SHAREHOLDERS LIST

S/NO	NAME	Number of Shares Held	%
1	NH INVESTMENTS PTE LTD	27,500,000	42.32
2	RICKY PAUL GOH MOH CHYE	13,376,690	20.59
3	TAN TIEN SENG	3,000,000	4.62
4	TAY KIAM PENG	2,528,165	3.89
5	GOH CHENG MENG	2,391,160	3.68
6	STEPHEN TAY CHYE HENG	1,688,905	2.60
7	MARGARET TAY HUI HIA	1,688,905	2.60
8	NG ENG SENG	1,341,000	2.06
9	KIM ENG ONG ASIA SECURITIES PTE LTD	377,000	0.58
10	CHAN SIANG LIM	303,000	0.47
11	MARTINA HO NGIET MEE	258,000	0.40
12	JOSEPH HO SENG KAN	250,000	0.38
13	JEE WAI LIN JANETTE	232,000	0.36
14	CHUA SEOW LIM CINDY	230,000	0.35
15	CHONG BUAY HUA	230,000	0.35
16	NG WEE CHOONG	220,000	0.34
17	SONG YEONG YEONG	210,000	0.32
18	NG YAN HUAT	200,000	0.31
19	CHUA AH HOOI	200,000	0.31
20	TANG KOK ONN SIMON	191,000	0.29
		56,415,825	86.82

SUBSTANTIAL SHAREHOLDERS

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 (%)
Ricky Paul Goh Moh Chye	13,425,690	20.66	*27,500,000	42.32
NH Investments Pte Ltd	27,500,000	42.32	-	-

* Ricky Paul Goh Moh Chye is deemed interested in the shares (beneficially owned by NH Investments Pte Ltd) by virtue of Section 7 of the Companies Act, Cap. 50.

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 1 November 2002 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 2002 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 2002.
3. To approve Directors' Fees of S\$70,054.35 for the year ended 30 June 2002. (Year 2001: S\$87,863.00).
4. To re-elect Mr Tay Kiam Peng retiring by rotation in accordance with Article 94 of the Company's Articles of Association.
5. To re-elect Ms Margaret Tay Hui Hia retiring by rotation in accordance with Article 94 of the Company's Articles of Association.
6. To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following resolution with or without amendments as an ordinary resolution:-

7.1 Authority to Issue Shares

"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority 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 issued share capital of the Company, 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 issued share capital of the Company, and for the purpose of this resolution, the percentage of issued share capital shall be calculated based on the share capital at the time this resolution is passed, adjusted for any subsequent consolidation or subdivision of the Company's shares, 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 Notes)

8. 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
16 October 2002

notice of annual general meeting

NH CERAMICS LTD
(Incorporated in the Republic of Singapore)

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:

The ordinary resolution set out in item 7.1 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 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.

IMPORTANT

- 1 For investors who have used their CPF monies to buy NH Ceramics Ltd shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- 2 This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or proposed to be used by them.

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 1 November 2002 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 Tay Kiam Peng retiring under Article 94		
5	Re-election of Ms Margaret Tay Hui Hia retiring under Article 94		
6	Re-appointment of Ernst & Young as auditors		
7.1	Authority to issue shares		

Dated this _____ day of _____ 2002

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.



Website: www.nhceramics.com.sg



NH Ceramics Ltd 1 & 3 Tuas Avenue 8 Singapore 639217 Tel: 6861 2626 Fax: 6861 4023