

NH CERAMICS



NH CERAMICS LTD

annual report
2005

NH CERAMICS LTD

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Wholly-Owned Subsidiaries

Nam Huat Tiling & Paneling Co. Pte. Ltd.

1&3 Tuas Avenue 8,
Jurong Industrial Estate,
Singapore 639217
Tel: 6861 2626 Fax: 6861 4023
email: namhuattiling@nhceramics.com.sg
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Showroom at HDB Centre

#02-13 Podium B, HDB Centre
167 Jalan Bukit Merah
Singapore 150167
Tel: 6223 5333 Fax: 6226 3641

Showroom at Tuas

3 Tuas Avenue 8
Jurong Industrial Estate
Singapore 639217
Tel: 6861 3444 Fax: 6861 5304

Nam Tat Pte. Ltd.

3 Tuas Avenue 8,
Jurong Industrial Estate,
Singapore 639217
Tel: 6862 7878 Fax: 68628778

Showroom at HDB Centre

#02-13A Podium B, HDB Centre
167 Jalan Bukit Merah,
Singapore 150167
Tel: 6276 7878 Fax: 6276 8778

Living Elements Pte. Ltd.

#01-10 E-Centre@Redhill,
3791 Jalan Bukit Merah,
Singapore 159471
Tel: 6222 1957 Fax: 6327 1284
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Nam Hong Properties Pte. Ltd.

3 Tuas Avenue 8,
Jurong Industrial Estate
Singapore 639217
Tel: 6861 1248 Fax: 6861 5956

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Proxy Form

Corporate Profile



Head Office at Tuas

About Us

Since establishment, NH Ceramics Ltd, through its wholly-owned operating subsidiary of 43 years, Nam Huat Tiling & Panelling Co. Pte Ltd, continues to stock, supply and distribute an extensive range of premier grade ceramic, marble, granite tile products to Architects, Developers, Contractors and Home Owners.



Nam Huat Tiling Showroom at HDB Centre, Jalan Bukit Merah

NH Ceramics' newly established 25,000 sq. ft. Integrated Showhouse comprising the Showrooms of Nam Huat Tiling and Nam Tat carries a Life-Style approach in Showroom Concept with full mock-up displays of Ceramic Tiles, Natural Stones products with complementary sanitary ware, kitchen cabinets and teak furniture. Our reputation as a tile specialist is the result of uncompromising product quality and superb professional service that we provide.

Through our Interior Design and Renovation subsidiary, Living Elements Pte Ltd, NH Ceramics provides value-added upmarket home and office renovations to discerning customers.



Nam Tat Showroom at HDB Centre, Jalan Bukit Merah

Our new business unit, Nam Hong Properties Pte Ltd, is the Master Tenant of Podiums B and C, HDB Centre at Jalan Bukit Merah with a total of 40,000 sq. ft. retail space. With the NH Ceramics Showhouse in Podium B as the anchor tenant and 16 other complementary trade products in Podium C, Nam Hong Properties is developing a "Renovation Products Retail Centre", a First in Singapore.

NH Ceramics has always been focused to fulfill customer satisfaction with quality products and services. We attribute our resilience and unique selling proposition to the unwavering support of and close collaboration with world-renowned manufacturers and the professionalism and commitment of our staff.



Nam Huat Tiling Showroom at Tuas



Living Elements at Jalan Bukit Merah

Chairman's Statement and Operations Review



Executive Chairman and Managing Director

General Industry Conditions

The financial year ended 30 June 2005 continued to be 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 for all sectors viz. Public Projects (including HDB developments); Private Projects and Retail remained low in FY2005.

Home renovations continued to be suppressed during the financial year, adding another year of weak demand that has decimated many firms in the Home Renovation Industry. The growth in the Singapore economy in 2004 was not widespread enough to stimulate spending in home renovations. Amidst a weak demand in numbers, many home owners further took to scaling down their desired scope of renovation works and compromised on aesthetics and quality due to budget considerations.

Financial Performance

The operating subsidiaries of the Group are Nam Huat Tiling & Panelling Co Pte Ltd ("NHTP"), Nam Tat Pte Ltd ("NT") and Living Elements Pte Ltd ("LE").

NHTP, established in 1963 and currently in its 43rd year of operations, is a major supplier, stockist and distributor of ceramic and marble tile products and other building finishing materials to public and private sector projects & retailing to renovation contractors and homeowners.

NT, which commenced full operations in January 2004, is a distributor and supplier of economy ranges of ceramic tiles directly to interior design & renovation contractors in Retail residential and office renovations.

LE, which commenced full operations in February 2004, is a 'Design & Renovate' firm specialising in home and office renovations and refurbishments.

The Group, in view of weak but improving market conditions, whilst maintaining tight project management controls in fulfillment of contracts, began to reassert our Project bids for material supply contracts for new developments, which are secured by the financially stronger Contractors emerging from the shake up in the Construction Industry.

The Directors are pleased to report that, despite a poor result from a continued low turnover for FY2005, NHTP continues to record an improved Project Order Book as at the end of FY2005. This is expected to lead to a better turnover for the current financial year.

The Board appreciates the management and staff for their committed efforts in overcoming the challenges of the past few years and urge them to continue the Group's steadfast drive towards the anticipated recovery of the Industry and the Group in the current financial year.

Review of the Performance of the Company and its Principal Subsidiaries

The turnover of the Group for FY2005 is \$16.62 million, a decrease of 3.1% (\$0.53 million) from the \$17.15 million recorded in FY2004.

Turnover for the first 6 months of FY2005 ended 31st December 2004 is \$9.47 million. This is a decrease of 1.3% from the \$9.59 million recorded in the corresponding period of FY2004 ended 31st December 2003. The Group recorded a loss before tax of \$0.35 million and \$0.93 million for the two respective interim periods.

Turnover for the second 6 months of FY2005 ended 30th June 2005 is \$7.15 million. This is a decrease of 5.4% from the \$7.56 million recorded in the corresponding period of FY2004 ended 30th June 2004. The Group recorded a loss before tax of \$5.05 million and \$0.85 million for the two respective periods.

For the full FY2005, the Group incurred a loss before tax of \$5.40 million. This is against a loss before tax of \$1.78 million in FY2004.

The \$3.62 million increase in Group losses for FY2005 resulted mainly from a \$4.37 million loss from (i) impairment losses of leasehold & freehold premises (\$2.16 million); (ii) reduction in selling prices (\$1.24 million); (iii) increase in salaries and CPF contributions (\$0.34 million); (iv) reduction in foreign exchange gains (\$0.28 million); (v) increase in provision for stock obsolescence (\$0.20 million); and (vi) reduction in turnover (\$0.15 million). This was partially offset by a \$0.75 million gain from (i) reduction in advertising expenses (\$0.31 million); (ii) reduction in bad debts (\$0.17 million); (iii) reduction in losses from disposal of fixed assets (\$0.11 million); (iv) reduction in operating expenses (\$0.08 million); (v) reduction in professional fees (\$0.05 million); and (vi) reduction in interests paid (\$0.03 million).

Turnover	Jun 2005		Jun 2004	
	S\$'000	%	S\$'000	%
Project Segment				
Public Sector	4,330	26.1	5,709	33.3
Private Sector	6,843	41.2	5,245	30.6
Retail Segment	3,828	23.0	4,745	27.7
Interior Design / Renovation	1,615	9.7	1,448	8.4
	16,616	100.0	17,147	100.0

Project Segment

In the material supply Project Segment, amidst the weak construction industry where many construction firms were facing serious financial difficulties, the Group retained a cautious approach in the bid for projects. Total Project turnover increased by 2.0% (\$0.22 million) to \$11.17 million in FY2005 from \$10.95 million in FY2004.

NHTP's Project Order Book, as at 30th June 2005, stands at \$9.00 million. This compares favourably against the order book at 31st December 2004; 30th June 2004; 31st December 2003; 30th June 2003; at the end of each of the previous 6-monthly periods, of \$6.56 million, \$7.19 million, \$4.76 million, and \$6.91 million, respectively. The Board notes that the Project Order Book has continued to register growth.



Chairman's Statement and Operations Review

Retail Segment

The material supply Retail Segment suffered a 19.3% (\$0.92 million) decline in turnover, to \$3.83 million in FY2005 from \$4.75 million in FY2004, as home renovations continue to be held back or down-scaled. The entry by NT with budget ranges helped to increase the market share of the Group in a weak overall Retail market. The Directors expect the opening of the new NHTP Showroom to contribute positively to Group turnover and profits in the current financial year.

The expected turnaround in the Group's performance for FY2005, was hampered by several factors in the second half of FY2005. The completion of the new Showrooms for NHTP and NT at Podium B, HDB Centre, Jalan Bukit Merah, by mid February 2005, was delayed. The NT Showroom commenced operations in end April 2005. The bigger NHTP Showroom is expected to be opened for business in early September 2005. The extensiveness in scale and detailing required in the planning and design of the Showrooms, which included a comprehensive review of the collaboration with existing overseas Manufacturer Principals and securing new ones, caused delays in commencement of renovation and refurbishing works. These delays resulted in the loss of Retail revenue which had been anticipated for the second half of the financial year.

This Segment incurred a loss for the financial year, resulting mainly from i) decrease in Retail turnover, ii) high inventory carrying costs, iii) high retail manpower costs, and iv) high depreciation charges for the Showrooms.

Showrooms

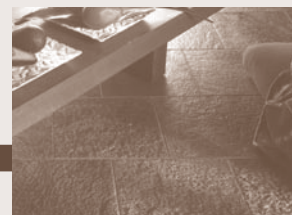
In FY2005, NHTP serviced its Retail customers from a 3-Showroom network.

The Showrooms were located at:

- Kembangan Showroom @#01-09 Kembangan Court, 5 Jalan Masjid Singapore 418924) :- a 410 sqm freehold shop, near to Kembangan MRT station. This was the primary Showroom of NHTP.
- Hougang Showcase @Blk 210 #01-243 Hougang Street 21 Singapore 530210) :- a 166 sqm HDB double-storey shop-house at Hougang Central, adjacent to Kovan MRT station of the North East MRT Line.
- Tuas Showroom @3 Tuas Avenue 8, Singapore 639217) :- located at our 18,600 sqm Head Office at Tuas.

The Hougang Showcase was closed in August 2004, and the Kembangan Showroom was closed on 31st August 2005, coinciding with the move to the new 25,000 sq.ft. "NH CERAMICS SHOWHOUSE" at Podium B, HDB Centre, Jalan Bukit Merah.

The Showroom at Tuas remains for the convenience of customers who visit our Head Office in Jurong.



“NH CERAMICS SHOWHOUSE” @PODIUM B, HDB CENTRE, JALAN BUKIT MERAH

The NHTP Showroom at Podium B, HDB Centre, commenced operations on 15th September 2005, after much delays in the extensive refurbishing and fitting up works.

This Showroom features a new concept in local tiling showroom display and servicing, with full mock-ups of interior living spaces i.e. living rooms, kitchens, bathrooms, etc, catering to all categories of customers: architects; developers; contractors and home owners.

It takes on a Life-Style approach in displaying the products of NHTP and NT as well as a “must visit” centre for a more comprehensive and interesting view and understanding of the “World of Ceramics and Marble” in an exhibition-like environment of mock ups and displays.

This is complemented by the adjacent NT Showroom, which offers economy ranged materials. With the commencement of business of these two Showrooms, the Group has introduced a new business model in Building Materials Showroom Displays for the Industry. This “NH CERAMICS Showhouse”, comprising NHTP & NT Showrooms, is expected to consolidate and significantly enhance the Group’s efforts to expand and intensify its Retail business and strengthen the Brand Name of NH Ceramics.

The key feature in the NHTP Showroom is the collaboration of products by NHTP with 4 other businesses, which are complementary requirements in renovation or refurbishment works:

- NHTP : Ceramic Tiles, Marble & Granite Tiles
- HONG SOON HARDWARE PTE LTD : Sanitaryware
- NIPPON PAINT (S) PTE LTD : Paints
- MAYWELL LIFESTYLE : Teak Furniture
- EKA BY EUREKA PTE LTD : Kitchen Cabinets

These complementary products, integrated into large mock ups and displays, provide a one-stop venue for Home Renovation or refurbishing requirements.

Interior Design / Renovation Segment

Despite losses incurred by LE for FY2005, the Directors have reviewed the professional focus and target market of LE and have initiated the process to improve LE’s business model and strategy.

In April 2005, the Group appointed a new CEO for LE, who is an Architect by profession. This was followed by a management review of the business profile and marketing focus of LE, including personnel, organisational and financial requirements.

LE continues to focus its business on Retail home and office renovations, but will intensify its collaboration with its Sub-Contractors in the securing and performance of contracts. This is expected to have a positive impact on LE’s performance for FY2006.



Chairman's Statement and Operations Review

It will also develop its Project business in the form of Design & Build services for small scale redevelopments. The Project business is expected to be launched in the latter part of FY2006 and is not expected to contribute to the current financial year.

Barring any unforeseen circumstances, the Directors are optimistic of a better FY2006 for LE and expect LE to contribute to Group profits in the current financial year.

LE, operating from #01-10 E-Centre@Redhill building, located along the same Jalan Bukit Merah, will also enhance the presence of the Group for the convenience of customers.

NEW BUSINESSES

During the financial year, a new wholly owned subsidiary, Nam Hong Properties Pte Ltd ("NHP"), was incorporated on 11th February 2005.

NHP has since signed an agreement with HDB, as Master Tenant, for the entire shopping space (approx. 25,000 sq ft) at Podium B, HDB Centre, Jalan Bukit Merah, and is currently finalising the inclusion of the entire shopping space at Podium C (approx. 14,000 sq ft).

The two Podiums B & C together will form a "NH CERAMICS -SRP (Specialist Renovation Products) CENTRE" shopping mall. The Directors believe that this SRP Centre is the First of its kind in Singapore.

The space at Podium B has been taken up for the new Showrooms of NHTP and NT.

The space at Podium C will be sublet to third parties, comprising businesses offering related renovation & refurbishing products.

NHP is expected to contribute to the turnover and profitability of the Group from the current financial year.

Accounts Receivable & Bad Debts

A significant industry risk is that of payment defaults.

The Directors are pleased to note that existing internal risk management policies and practices have protected the Group from extreme losses arising from bad debts.

The Group's bad debts amounted to \$0.14 million or 0.8% of turnover (\$16.62 million) in FY2005, as against \$0.31 million or 1.9% of turnover (\$17.15 million) in FY2004. The Directors are of the opinion that the Group's loss from collection defaults, as a percentage of turnover, are still among the lowest in the Industry in Singapore, in view of the current market environment.

Whilst maintaining 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 & Loss

(a) Foreign Exchange Gains

In FY2005, the Group registered a foreign exchange gain of \$0.06 million compared with a \$0.34 million gain in FY2004. This was the 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.

(b) Impairment Losses

The Group recognised impairment loss of \$2.16 million on its leasehold JTC factory properties at 1&3 Tuas Avenue 8; leasehold office premises at #01-10 E-Centre@Redhill at Jalan Bukit Merah; and freehold shop unit at #01-09 Kembangan Court at Jalan Masjid. The bases of the provisions were valuations provided by Colliers International (S) Pte Ltd and DTZ Debenham Tie Leung (SEA) Pte Ltd. These provisions compounded the loss for FY2005.

(c) Provision for Stock Obsolescence

Obsolete stocks were periodically identified and disposed off during the financial year.

Additional provisions for stock obsolescence were made upon management review of current market trends, especially in interior design preferences for indoor glazed tiles. This amounted to \$0.43 million compared to \$0.23 million in FY2004.

Prospectus-type information relating to risk management policies and procedures as required by the amended Rule 1207(4)(c).

a) Quality, Delivery & Performance of Products

The ceramic tile products offered by NHTP are all imported from foreign manufacturers, to be supplied against locally specified standards and conditions of contract. Any failure, defects, delays or non-compliance in the process of manufacture, shipments, conditions and performance of the products against contracted obligations would result in serious adverse consequences and losses.

Marble tiles and panels, being natural material are extremely unpredictable and problematic in conformance to required specifications or expectations. These can lead to controversies and resultant losses and project penalties.

With more than 40 years experience in this business, we have a policy of working with a selected few reputable ceramic tile manufacturers and suppliers. Only stable and selected marble types, which the Directors are confident and comfortable with, are procured and offered for projects, which require large quantities of consistent quality materials.

Besides developing strong commercial relationships with these proven product brands and sources, we also focus on interacting values of integrity, fairness, cordiality, confidence and trust with our Principals, in mutual close collaboration to compete against others. This ensures not only minimisation of defects and defaults, but greatly enhance our performance and success in our work.



Chairman's Statement and Operations Review

b) Project Management of Contracts

The bulk of the Group's turnover are derived from Project business, which requires especially in-depth product knowledge, understanding and experience involving contractual and customary laws and practices, and operational complications. Mistakes and oversight in project management can lead to significant losses and penalties.

Each of our sector sales teams is led by an Executive Director, each of whom has more than 20 years experience in this industry. The Managing Director will also be involved in the project management team for contracts that exceed \$500,000 in value or are of a complex nature.

c) Customers Credit Exposure

The risk of payment defaults is high, especially in these difficult years of the Construction Industry where many contractors have financial difficulties.

The payment terms required by or accorded to each account are decided by the respective Project Executive, Manager, sector Director, Financial Controller and Managing Director. Aging of accounts receivables and collections are monitored weekly by the Financial Controller and Managing Director.

A series of measures will be implemented once an account exceeds its approved limits or payments are overdue.

d) Fluctuations in Foreign Exchange Rates

Up to 80% of all our products sold are imported in Euro Dollars and United States Dollars. There is also a long time lag between our commitment on contracts, denominated in Singapore Dollars, and the imports in foreign currencies. We are exposed to fluctuations in foreign exchange rates which can be detrimental to our contract profitabilities.

We actively monitor foreign currency requirements arising from contractual and other expected import commitments and hedge our foreign currencies for periods of up to 12 months. The hedging exercises are carried out jointly by the Managing Director and Financial Controller. The hedging policy covers approximately up to 70% of expected currency exposure.

Commentary on prospects for the current Financial Year

With the expected turnaround in economic sentiments arising from the initiation of the Integrated Resorts and Business Financial Centre, multiplier effects will be generated on the rest of the economy. It is already the opinion of many analysts and economists that 2006 will see a pickup in the Construction Sector. This augurs well for the Group. The Directors expect improvements to turnover and profitability for the current financial year, as demand for building finishes is anticipated to pick up from the doldrums of the past years, against a significantly much improved business environment resulting from the fall out of competing firms.

The Directors expect the financial position and cash flow of the Group to improve during the current financial year. Barring unforeseen circumstances, all the respective companies in the Group are expected to perform better in the current financial year.

Despite the Industry currently remaining weak, albeit with improved sentiments and expectations for the economy and the construction industry, barring unforeseen circumstances, the Group expects to improve on its losses, with the objective of a turnaround to profitability, in FY2006.

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

Board of Directors and Key Management Staff

Ricky Paul Goh Moh Chye is the Managing Director and is responsible for the general management of the Group. He is also overall in-charge of the Finance Department of the Group. Ricky Paul Goh joined the Group in 1980 as a General Manager and under his leadership, the company had grown into one of the major suppliers of building materials to public and private sector projects and the retail market in Singapore. Prior to joining the Group, he worked as an auditor with an international public accounting firm and as an officer trainee with an international bank. Ricky Paul Goh holds a Bachelor of Accountancy Degree from the then University of Singapore. He is a member of the Institute of Certified Public Accountants of Singapore. In his personal capacity, Ricky Paul Goh has served as a Town Councillor with the Tanjong Pagar Town Council, Chairman of Duxton Plain Community Centre, Patron of Tanjong Pagar Community Club, Vice-Chairman and Treasurer of Tanjong Pagar Citizens' Consultative Committee, President of Outram Park Shopping Complex Association, member of Advisory Council on Community Relations in Defence (ACCORD), member of SAF Employers' Award Committee, member of Sub-committee For Domestic Businesses as part of Committee on Singapore's Competitiveness, member of Sub-Committee One as part of Singapore's SME 21 Committee and member of the SME21 Implementation Committee.

Tay Kiam Peng is an Executive Director responsible for marketing, product and customer service, and project management of public sector projects (excluding HDB jobs). He also oversees all ceramic tile products and accessories and their related technical matters. Tay Kiam Peng has been with the Group since 1974 and has extensive experience in the building industry, including product knowledge and installation requisites covering not only ceramic tiles, but also carpets, special vinyl floorings and computer raised floors. He is also responsible for all technical and architectural shop floor drawing.

Stephen Tay Chye Heng is an Executive Director responsible for marketing, product and customer service, and project management of HDB jobs. He joined the Group in 1986 as a sales executive and was promoted to his current position in 1991. Stephen Tay has extensive experience in HDB jobs and he oversees all products and technical matters related to HDB requirements. Prior to joining the Group, Stephen Tay worked as a sales executive with another ceramic tile company in Singapore.

Margaret Tay Hui Hia is an Executive Director responsible for the marketing, product and customer service, and project management of private sector projects. She joined the Group in 1989 as a sales executive and was promoted to her current position in 1994. Margaret Tay was instrumental in developing the marble business of the Group for more than 14 years and she oversees all marble products and related technical matters. Prior to joining the Group, Margaret Tay worked as a sales executive in another company in the marble business.

Ong Siew Peng is an Independent Director and also the Chairman of the Audit Committee. He is currently an Executive Director of Corporate Brokers International Pte Ltd, a strategic investment search company focusing on small and medium enterprises since 2001, where he is responsible for corporate mediation regarding merger and acquisition matters, providing financial and management advice, strategic business planning and strategic investor search advice. He is also the Director of Powersource International Pte Ltd., a local diesel engine distributor for the Asia Pacific Region since 2002. In 2003, he was appointed an Independent Director of Technics Group Holdings Ltd. (Sesdaq Listed), a specialist engineering service provider in the oil and gas exploration industry.

Robbie Ooi Seng Soon is an Independent Director and a member of the Audit Committee. He was a Bank Executive with ABN-Amro prior to his move to OCBC. After spending more than 24 years in the banking industry, he left to join a private company. He has also been appointed as an Independent Director of HG Metal Manufacturing Ltd with effect from February 2002.

Christine Goh Hua Shuen is the Group Financial Controller. She joined the Group in October 2005 and is responsible for managing the Finance Department and oversee financial matters of the Group. Prior to joining the Group, she worked as an Assistant Manager in a public accounting firm. She holds a Bachelor of Accountancy degree from Nanyang Technological University and is a member of the Institute of Certified Public Accountants of Singapore.



▲
Ricky Paul Goh Moh Chye
Executive Chairman and
Managing Director



▲
Stephen Tay Chye Heng
Executive Director
appointed since 7.11.2003



▲
Ong Siew Peng
Independent Director
appointed on 1.1.2005

Board of Directors and Key Management Staff



▲
Tay Kiam Peng
Executive Director
appointed since 1.11.2002

Steven Siow Kian Shing is the Chief Executive Officer of Living Elements Pte Ltd, the interior design and renovation business. He is responsible for the overall leadership and performance of the design and renovation business of the group. He graduated as an architect in 1989 at the National University of Singapore and later joined Edwin Choo & Partners in his professional development and specialising in school's design development and resort hotel projects. Subsequently he became partners in United Architect, Shing Design Atelier and AXO Architects International. He brings along an extensive and diverse experience in design and management of a wide range of projects which includes small scale houses, conservation projects, industrial buildings, schools, resort hotel and project management of retail development. His unique architectural experience and expertise will enhance the professional quality of the group in the interior design and building industries.

Martina Ho Ngiet Mee is the Purchasing Manager. She joined the Group in 1974 and has more than 30 years of experience in retail sales and customer service. She was responsible for managing the Retail business segment until 1999. She conducts in-house training for retail sales personnel in respect of product knowledge and customer service. She is also responsible for the purchase of inventories for the Retail business segment.



▲
Margaret Tay Hui Hia
Executive Director
appointed since 1.11.2002

Simon Cheong Ching Hing joined the Group as a Retail Manager in November 1999, and is also the Business Development Manager of the Group. He has a Diploma in Mechanical Engineering from Ngee Ann Polytechnic and a Diploma in Salesmanship from Managing and Marketing Sales Association Examination Board (UK). He was previously an assistant sales manager for Singapore and West Malaysia for a firm relating in hardware products. He is responsible for the Retail Business Segment, which includes the operations of the Retail Showrooms at HDB Centre Podium B & Tuas, and the Retail Network of renovation contractors. He is also an Executive Director of the interior design and renovation business of the Group.

Song Yeong Yeong joined in 1993 and currently is the Retail Project Manager and is responsible for the Sales and Marketing and management of small and medium size private sector projects. She oversees the stock control and identification of inventories for the Retail business segment. She holds a Diploma in Business Studies from Ngee Ann Polytechnic. She is also an Executive Director of the economy retailing arm of the Group.



▲
Robbie Ooi Seng Soon
Independent Director
appointed since 7.11.2003

Sylvester Lee Kao Chong is the Facilities and Works Manager. He joined the Group in 1997 and is responsible for the development and maintenance of the premises in Tuas and the retail showrooms. He is also responsible for the procurement and management of the machinery and equipment. He is involved in the development of the new activities and services. He holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic. He is also an Executive Director of the economy retailing arm of the Group.

Chan Siang Lim is the Operations Manager. He joined in 1982 and has more than 20 years of experience in warehousing and logistics management. He oversees the Operations Department and is responsible for fulfilling daily operational requirements, including product handling, and personnel and logistics management of the warehousing and delivery sections.

Louis Pang Nghee Thiam is the Administration and Human Resource Manager. He joined the Group in 1991 and is responsible for the administrative, manpower and Information Technology matters of the Group. He was instrumental in the ISO certification process and in spearheading the computerisation programmes. Prior to joining the Group, he worked in similar capacity in Human Resources Management in a multinational company. He is a fellow member of the Association of Chartered Certified Accountants and also member of the Institute of Certified Public Accountants of Singapore. He holds a Master in Business Administration from the University of Adelaide, Australia. He is also the Corporate Secretary of the Company and an Executive Director of the interior design and renovation business of the Group.

Corporate Governance Report

Board of Directors

The Board of Directors is responsible for the Corporate Governance and the Strategy of the group. The Board comprises an executive chairman, three executive directors and two independent directors. The Board meets regularly at least twice a year and at other times when required.

The Board supervises the Management of the business and affairs of the group. The principal functions of the Board are:

- (i) Approving the Group's strategic directions, plans, policies, objectives and monitoring performance of senior management.
- (ii) Identifies principal risks of the Group's business, ensures the implementation of appropriate systems to manage these risks
- (iii) Reviews the financial results of the Group and evaluates the performance and compensation of senior management.
- (iv) Approving major funding proposals, investments, divestments, mergers and acquisitions.
- (v) Assuming responsibility for corporate governance.

Directors' Attendance at Board and Audit Committee Meetings

Name	Number	Attendance
Board of Directors		
Ricky Paul Goh Moh Chye	2	100%
Tay Kiam Peng	2	100%
Stephen Tay Chye Heng	2	100%
Margaret Tay Hui Hia	2	100%
Ong Siew Peng (appointed on 1.1.2005)	1	100%
Wee Piew (resigned on 31.12.2004)	1	100%
Robbie Ooi Seng Soon	2	100%

Audit Committee

Ong Siew Peng (appointed on 1.1.2005)	1	100%
Wee Piew (resigned on 31.12.2004)	1	100%
Robbie Ooi Seng Soon	2	100%
Ricky Paul Goh Moh Chye	2	100%

Management

The Management provides the Board with reports for planning, decision-making and review of six-monthly and year-end performances for SGXNET and for public announcements. The control of the Management and operations rest with the functional heads.

The Directors may take independent professional advice and receive relevant training whenever applicable so as to maintain continuing standard and vigilance.

The Board members retires by rotation in accordance with the Articles of Association and are eligible to re-election at each Annual General Meeting.

Chairman, Managing Director

The Chairman and Managing Director are the same person who has considerable experience in the building material construction industry and is actively involved in the Management of the group. This arrangement had served us well and the Board feels that the continuation by capitalising on his expertise gained over the years in the industry will be beneficial to the group.

Company Secretary

The company secretary attends all board meetings and is responsible to ensure that the Company complies with the requirements of the Companies Act. The company secretary with other management staff are responsible for the compliance with other rules and regulations applicable to the Company.

Corporate Governance Report

Access to Corporate Information and Independent Professional Services

To enable the Board to discharge its responsibilities, management provides the executive committee with periodical updates on status of company's operations. The Directors have available access to all information of the Company and direct contact with senior management and the company secretary of the Company.

In the event that independent professional advice are needed, the company secretary will, upon the direction by the Board, appoint competent adviser based on management recommendations and approved by the Executive Chairman/Managing Director of the group. The Company shall bear the cost of professional advice.

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:-

Ong Siew Peng	(Independent Director, Chairman of Audit Committee – Appointed on 1.1.05)
Robbie Ooi Seng Soon	(Independent Director)
Ricky Paul Goh Moh Chye	(Managing Director)

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 30th June 2005, as well as the external auditors' report thereon.

The Audit Committee abides by the following specific terms of reference.

- Reviews with the external auditors the audit plan and their management letters issued arising from the evaluation of the system of internal controls in the course of the external audit and to monitor management's response and actions to correct any noted deficiencies
- Determines that no restrictions are being placed by management upon the work of external auditors
- Reviews the financial statements of the Company and the consolidated financial statements as well as the auditors' report thereon
- Reviews the appropriateness of half-year and full year announcements prior to submission to the Board for adoption and release
- Reviews interested person transactions
- Evaluates the independence of external auditors and nominates them for reappointment
- Has the authority to investigate any matter within its terms of reference

The Audit Committee has been given full access to and co-operation of the Company's management and has reasonable resources to enable it to discharge its function properly. Executive directors and executive officers had been attending the Audit Committee meetings when so invited.

The Audit Committee has reviewed Ms Ernst & Young taxation services and is of the opinion that such service does not affect the independence of the auditors.

Corporate Governance Report

Internal Controls

The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Company's management and that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Internal Audit

In view of the cost involved, the Company currently has no separate internal audit function. The Company through its principal subsidiary's accounting department reviews the Group's internal controls, risk management and compliance systems and reports findings and makes recommendations to the management. However, the Board believes that the existing system of internal controls is adequate.

The current system does not warrant a need for an independent audit department but the Audit Committee shall review the situation yearly to determine whether a separate internal audit function needs to be implemented.

Nominating Committee

The Company has decided to postpone the set-up of a Nominating Committee due to cost reasons and the urgent need to consolidate market positions in the depressed construction industry.

The Directors are identified by the Executive Chairman/Managing Director based on their appropriate expertise and background and will serve until the next Annual General Meeting retiring by rotation in Accordance with the Articles of Association.

Recruitment of Management Staff is evaluated through Board consensus on the basis of operational need and appropriateness of candidates competency. Management succession through internal promotion is much encouraged to foster commitment and loyalty.

The Company will review the need for a Nominating Committee at the appropriate time when the need arises.

Remuneration Committee

The Board has decided to operate without a Remuneration Committee because of costs concern but may seek professional consultancy firm as it deems necessary and appropriate.

The Group offers competitive remuneration to recruit and retain employees based on their responsibility, contribution to the Company and effective performances.

The Executive Directors are engaged under a two-year renewal service agreement with its principal subsidiary. No directors' fees, share plan nor share options apply to the Executive Directors.

The Non-Executive Directors are paid directors' fees subject to the approval at Annual General Meeting and are disclosed in the Annual Report. Non-Executive Directors have no service contract and their term of office is specified in the Articles of Association.

The Company will review the need for a Remuneration Committee at the appropriate time.

Corporate Governance Report

Directors' Remuneration

A breakdown showing the level and mix of each individual director's remuneration payable for the financial year ended 30th June 2005 is as follows:-

Name	Salary (%)	Fees (%)	Bonus (%)	Total (%)
Below S\$250,000				
Ricky Paul Goh Moh Chye	100	NIL	NIL	100
Tay Kiam Peng	100	NIL	NIL	100
Stephen Tay Chye Heng	100	NIL	NIL	100
Margaret Tay Hui Hia	100	NIL	NIL	100
Ong Siew Peng (appointed on 1.1.2005)	NIL	50	NIL	50
Wee Piew (resigned on 31.12.2004)	NIL	50	NIL	50
Robbie Ooi Seng Soon	NIL	100	NIL	100

Communication with Shareholders

The Company has adopted half-yearly and yearly reporting since its listing. This is broadcast to the public through the SGXNET and subsequently via the Company's website www.nhceramics.com.sg. All information on the Company's new initiatives and announcements are first disseminated via SGXNET followed by press releases.

The Company keep the public and shareholders informed of its developments through Company's website, chinese media portal www.zaobao.com and press releases.

The Company holds its annual general meeting at its registered office yearly and provides shareholders the opportunity to clarify issues or share their views regarding the proposed resolutions and the Group's businesses. The Chairman of the Board, the Board members and the external auditors are in attendance at the AGM.

Securities Transactions

[Listing Manual Rule 710 (2)]

The Company has adopted internal codes pursuant to the SGX-ST Best Practice Guide applicable to all its officers in relation to dealings in the Company's securities. Its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-yearly and yearly results and ending on the date of the announcement.

Interested Person Transactions

[Listing Manual Rules 907 and 1207(16)]

There were no interested person transaction for the financial year ended 30th June 2005 which fall under the Listing Manual of Singapore Exchange Securities Trading Limited.

Risk Management and Processes

[Listing Manual Rule 1207(4)(d)]

Information relating to risk management, objective and policies is set-out on page 41.

Best Practice Guide

The Board supports the continuing improvement on Corporate Governance and confirms compliance with the Best Practice Guide issued by SGX-ST.

Directors' Report

The Directors present their report to the members together with the audited consolidated financial statements of NH Ceramics Ltd (the "Company") and its subsidiary companies (the "Group") for the financial year ended 30 June 2005 and the balance sheet of the Company as at 30 June 2005.

Directors

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

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)
Ong Siew Peng	(Independent Director - Appointed on 1.1.2005)
Robbie Ooi Seng Soon	(Independent Director)

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 Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations as stated below:

Name of Directors	Held in name of Directors			Deemed interest		
	At the beginning of the financial year	At the end of the financial year	At 21 July 2005	At the beginning of the financial year	At the end of the financial year	At 21 July 2005

The Company

Ordinary shares of \$0.20 each

Ricky Paul Goh Moh Chye	13,481,690	13,481,690	13,481,690	27,793,000	30,326,160	30,326,160
Tay Kiam Peng	2,528,165	2,528,165	2,528,165	18,000	18,000	18,000
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 Singapore Companies Act, Cap. 50, Mr Ricky Paul Goh Moh Chye is deemed to have an interest in the shares of all the wholly-owned subsidiaries of the Company as at the beginning and end of the year.

Except as disclosed above, no other Director who held office at the end of the financial year had an interest in shares or debentures of the Company or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year or on 21 July 2005.

Directors' Report

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 (other than directors' remuneration and fees as disclosed in the notes to the financial statements) 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.

Audit Committee

The Audit Committee performed the functions specified in the Singapore Companies Act. The functions performed are detailed in the Corporate Governance Report.

Auditors

Ernst & Young, Certified Public Accountants, have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,

Ricky Paul Goh Moh Chye
Director

Tay Kiam Peng
Director

Singapore
26 September 2005

Statement by Directors

Pursuant to Section 201(15)

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

- (a) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereto, 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 2005, and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) 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
26 September 2005

Auditors' Report

to the Members of NH Ceramics Ltd and Subsidiary Companies

We have audited the financial statements of NH Ceramics Ltd (the "Company") and its subsidiary companies (the "Group") set out on pages 19 to 44 for the year ended 30 June 2005. 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2005 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Without qualifying our opinion, we draw attention to Note 2 to the financial statements. The Group incurred a net loss of \$4,998,184 for the financial year ended 30 June 2005 and as at that date, the Company's and the Group's current liabilities exceeded its current assets by \$31,734 and \$2,044,904 respectively.

The ability of the Company and the Group to continue as going concerns is dependent on several factors, which inter alia include: -

- (i) the profitability and cash flows of the Group over the next twelve months; and
- (ii) the Group continuing to receive support from financial institutions in relation to the banking and credit facilities made available to the Group.

If the Company and the Group are unable to continue in operational existence for the foreseeable future, the Company and the Group may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Company and the Group may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

ERNST & YOUNG
Certified Public Accountants

Singapore
26 September 2005

Balance Sheets

as at 30 June 2005

	Note	Group		Company	
		2005 \$	2004 \$	2005 \$	2004 \$
Non-current assets					
Fixed assets	4	12,355,943	15,627,962	–	–
Investments	5	32,925	9,348	–	–
Subsidiary companies	6	–	–	3,402,000	6,989,150
Amount due from a subsidiary company (non-trade)	7	–	–	3,749,097	4,517,782
Current assets					
Stocks	8	8,318,209	9,789,229	–	–
Trade debtors	9	3,523,491	2,740,334	–	–
Other debtors, deposits and prepayments	10	591,956	551,279	51,365	79,644
Fixed deposit		14,292	–	–	–
Cash and bank balances		57,105	59,724	4,441	10,002
		<u>12,505,053</u>	<u>13,140,566</u>	<u>55,806</u>	<u>89,646</u>
Current liabilities					
Trade creditors		2,715,693	2,001,087	–	–
Amount due to a director	11	720,360	–	–	–
Bills payable to banks (secured)	12	3,842,857	2,422,651	–	–
Other creditors and accruals	13	859,213	555,607	87,540	66,961
Bank borrowings (current portion)	14	3,523,594	2,873,874	–	–
Bank overdrafts (secured)	15	2,709,681	3,314,807	–	–
Lease obligations (current portion)	16	97,085	99,894	–	–
Construction contracts-work-in-progress	17	81,474	68,277	–	–
		<u>14,549,957</u>	<u>11,336,197</u>	<u>87,540</u>	<u>66,961</u>
Net current (liabilities)/assets		(2,044,904)	1,804,369	(31,734)	22,685
Non-current liabilities					
Bank borrowings (non-current portion)	14	4,402,494	5,990,410	–	–
Lease obligations (non-current portion)	16	97,549	206,421	–	–
Deferred income tax	24	–	402,743	–	–
		<u>5,843,921</u>	<u>10,842,105</u>	<u>7,119,363</u>	<u>11,529,617</u>
Equity					
Share capital	18	12,995,565	12,995,565	12,995,565	12,995,565
Share premium	19	197,384	197,384	197,384	197,384
Accumulated losses		(7,349,028)	(2,350,844)	(6,073,586)	(1,663,332)
		<u>5,843,921</u>	<u>10,842,105</u>	<u>7,119,363</u>	<u>11,529,617</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Profit and Loss Account

for the financial year ended 30 June 2005

	Note	2005 \$	Group 2004 \$
Revenues			
Project sales		11,172,949	10,953,488
Retail sales		3,828,128	4,745,738
Interior design and renovation income		1,615,123	1,447,984
		<u>16,616,200</u>	<u>17,147,210</u>
Costs and expenses			
Changes in stocks of trading goods		(1,471,020)	(888,123)
Purchases and services consumed		(11,986,813)	(11,512,083)
Staff costs	20	(2,400,517)	(2,092,455)
Depreciation of fixed assets	4	(1,060,836)	(1,065,154)
Impairment losses of fixed assets	4	(2,162,108)	–
Other operating expenses		(2,355,860)	(2,945,714)
Financial costs	21	(643,085)	(665,789)
		<u>(22,080,239)</u>	<u>(19,169,318)</u>
Other income	22	63,112	245,645
Loss before income tax	23	<u>(5,400,927)</u>	<u>(1,776,463)</u>
Income tax	24	402,743	109,182
Net loss for the year		<u>(4,998,184)</u>	<u>(1,667,281)</u>
Basic loss per share (cents)	25	(7.69)	(2.57)
Diluted loss per share (cents)	25	(7.69)	(2.57)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2005

Group	Share capital \$	Share premium \$	Accumulated losses \$	Total \$
Balance at 30 June 2003	12,995,565	197,384	(683,563)	12,509,386
Net loss for the year	–	–	(1,667,281)	(1,667,281)
Balance at 30 June 2004	12,995,565	197,384	(2,350,844)	10,842,105
Net loss for the year	–	–	(4,998,184)	(4,998,184)
Balance at 30 June 2005	12,995,565	197,384	(7,349,028)	5,843,921

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Cash Flow Statement

for the financial year ended 30 June 2005

	Note	2005 \$	2004 \$
Cash flow from operating activities			
Loss before income tax		(5,400,927)	(1,776,463)
Adjustments for:			
Bad trade debts recovered		(5,000)	–
Allowances for lower of cost and market value of club membership/quoted investments		26,963	17,458
Allowances for uncollectible trade debts		28,154	209,466
Depreciation of fixed assets		1,060,836	1,065,154
Impairment losses of fixed assets		2,162,108	–
Interest expenses		587,270	614,797
Dividend income from quoted investments		(51)	(100)
(Gain)/loss on disposal of fixed assets		(4,608)	106,755
Allowances for stock obsolescence		431,810	234,345
Gain on disposal of investment property		–	(855)
Operating cash flows before reinvestment in working capital		(1,113,445)	470,557
(Increase)/decrease in:			
Stocks		1,039,210	653,778
Trade debtors		(806,311)	2,582,605
Other debtors, deposits and prepayments		(40,677)	163,791
Increase/(decrease) in:			
Trade creditors		714,606	(1,197,655)
Other creditors and accruals		303,606	139,954
Amount due to a director		720,360	–
Construction contracts-work-in-progress		13,197	1,943
Cash generated from operations		830,546	2,814,973
Interest paid		(587,270)	(614,797)
Income taxes paid		–	(20)
Net cash generated from operating activities		243,276	2,200,156
Cash flow from investing activities			
Investment in quoted equity shares		(50,540)	–
Proceeds from sale of investment property		–	1,220,000
Proceeds from sale of fixed assets		85,348	2,619
Purchase of fixed assets	A	(31,665)	(1,691,809)
Dividend income from quoted investments		51	100
Investment in freehold property		–	(155,985)
Net cash generated from/(used in) investing activities		3,194	(625,075)
Cash flow from financing activities			
Increase/(decrease) in bills payable to banks		1,420,206	(1,197,663)
Repayments of bank borrowings		(938,196)	(1,785,957)
Repayment of lease obligations		(111,681)	(121,752)
Net cash generated from/(used in) financing activities		370,329	(3,105,372)
Net increase/(decrease) in cash and cash equivalents		616,799	(1,530,291)
Cash and cash equivalents at beginning of year		(3,255,083)	(1,724,792)
Cash and cash equivalents at end of year	B	(2,638,284)	(3,255,083)

Consolidated Cash Flow Statement

for the financial year ended 30 June 2005

A. Fixed assets

During the financial year, the Group acquired fixed assets with an aggregate cost of \$31,665 (2004 : \$1,951,696) of which nil (2004 : \$259,887) was acquired by means of finance leases. Cash payments of \$31,665 (2004 : \$1,691,809) were made to purchase fixed assets.

B. Cash and cash equivalents

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

	2005 \$	2004 \$
Cash and bank balances	57,105	59,724
Fixed deposit	14,292	–
Bank overdrafts (secured)	(2,709,681)	(3,314,807)
Cash and cash equivalents	<u>(2,638,284)</u>	<u>(3,255,083)</u>

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2005

1. Corporate information

The financial statements of NH Ceramics Ltd (the "Company") and its subsidiary companies (the "Group") for the financial year ended 30 June 2005 were authorised for issue in accordance with a resolution of the Directors on 26 September 2005.

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 subsidiary companies consist of acting as a specialist supplier and stockist of ceramic tiles, marble and other finishing and building products; processing, fabrication and precision cutting of building materials, and those of interior design and renovation.

On 11 February 2005, Nam Hong Properties Pte. Ltd., a wholly-owned subsidiary company was incorporated. The company is a private limited liability company incorporated and domiciled in Singapore. The principal activities of the company are that of property developer and management, investments and other related business.

There has been no other significant change in the nature of these activities during the financial year.

The registered office of the Company is located at 1 & 3 Tuas Avenue 8, Jurong Industrial Estate, Singapore 639217, which is also its principal place of business.

The Company and the Group employed Nil and 75 (2004 : Nil and 83) employees as of 30 June 2005 respectively.

2. Basis of presentation

The Group incurred a net loss of \$4,998,184 for the financial year ended 30 June 2005 and as at that date, the Company's and the Group's current liabilities exceeded its current assets by \$31,734 and \$2,044,904 respectively.

The ability of the Company and the Group to continue as going concerns is dependent on several factors, which inter alia include: -

- (i) the profitability and cash flows of the Group over the next twelve months; and
- (ii) the Group continuing to receive support from financial institutions in relation to the banking and credit facilities made available to the Group.

If the Company and the Group are unable to continue in operational existence for the foreseeable future, the Company and the Group may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Company and the Group may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2005

3. Summary of significant accounting policies

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act.

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous financial year.

The financial statements are presented in Singapore dollars ("SGD") (unless otherwise indicated) and prepared under the historical cost basis.

(b) *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary companies. The results of subsidiary companies acquired or sold during the financial 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.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(c) *Revenue recognition*

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

Revenue from interior design and renovation contracts are recognised using the percentage of completion method determined by reference to the stage of completion of the contract activity at the end of each financial year. Where the outcome of the contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, determined after considering the relationship of the value of work performed to-date to total contracted revenue for the contract. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Dividend income from investments is recognised when the Group's right to receive payment is established.

(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 disposal is included in the profit and loss account. Depreciation on the relevant assets is charged to the profit and loss account on the basis outlined in paragraph (e) below.

Notes to the Financial Statements

for the financial year ended 30 June 2005

3. Summary of 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 as follows:

	<u>YEARS</u>
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 financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from fixed assets.

(f) **Subsidiary companies**

A subsidiary company is defined as a company in which the investing company has a long term equity interest of more than 50% or in whose financial and operating decisions the Company controls.

Investments in subsidiary companies are stated in the financial statements of the Company at cost less impairment loss.

(g) **Investments**

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

Investment in club membership is stated at cost. Allowance is made for any impairment in value of investment.

(h) **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is accounted for 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.

Allowances for stock obsolescence are made for deteriorated, damaged and slow-moving stocks.

Notes to the Financial Statements

for the financial year ended 30 June 2005

3. Summary of significant accounting policies (cont'd)

(i) **Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand and at banks, 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 at banks are carried at cost.

(j) **Trade and other debtors**

Trade and other 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.

Amounts due from subsidiary companies are recognised and carried at cost less an allowance for any uncollectible amounts.

(k) **Construction contracts-work-in-progress**

Construction contracts-work-in-progress comprises costs of incomplete projects incurred plus recognised profits less recognised losses, progress billings and allowances for foreseeable losses. Costs include all direct materials, labour, sub-contractors' costs and other directly related expenses.

Provision is made where applicable for any foreseeable losses in the period on incomplete contracts as soon as the possibility of the loss is ascertained. The stage of completion is determined by reference to the percentage of value of work done as at balance sheet date.

(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) **Amount due to a director**

Amount due to a director is recognised and carried at cost.

(n) **Leases**

Finance lease

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 the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

Notes to the Financial Statements

for the financial year ended 30 June 2005

3. Summary of significant accounting policies (cont'd)

(o) *Income taxes*

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax losses and unused tax credits can be utilised.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(p) *Derivative financial instruments*

The Group has forward exchange contracts entered into for hedging purposes that do not qualify for 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.

(q) *Foreign currencies transactions*

Transactions in foreign currencies are measured in SGD and recorded at exchange rates closely approximating those ruling on the transaction dates. Foreign currency denominated monetary assets and liabilities are measured using the exchange rates ruling at the balance sheet date. All exchange differences arising from conversion are included in the profit and loss account.

(r) *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.

(s) *Amounts due to bankers and finance costs*

Amounts due to bankers are recognised at cost, being the fair value of the consideration received and includes acquisition costs associated with the borrowing.

Borrowing costs are recognised as expenses in the period in which they are incurred.

Notes to the Financial Statements

for the financial year ended 30 June 2005

3. Summary of significant accounting policies (cont'd)

(t) *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(u) *Impairment*

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognised in the profit and loss account wherever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or impairment, if no impairment loss had been recognised. All reversals of impairment losses are recognised in the profit and loss account.

(v) *Segment reporting*

A segment is a distinguishable component of the Group that is engaged in providing services/products, or in providing such services/products within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. There is no breakdown by geographical markets as the Group's operations and customers are based in Singapore.

Segment information is presented in respect of the Group's business and is based on the Group's management and internal reporting structure.

Inter-segment pricing, if any, is determined on the basis agreed between inter-segments.

Notes to the Financial Statements

for the financial year ended 30 June 2005

4. 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 1.7.2004	2,775,600	12,219,629	3,220,897	1,014,260	1,365,651	450,339	1,822,223	304,292	74,451	23,247,342
	Additions during the year	-	-	13,704	-	-	10,433	6,875	653	-	31,665
	Reclassification	-	-	-	-	-	(4,632)	-	4,632	-	-
	Disposals	-	-	(331,220)	-	-	-	(23,120)	(10,350)	-	(364,690)
	As at 30.6.2005	2,775,600	12,219,629	2,903,381	1,014,260	1,365,651	456,140	1,805,978	299,227	74,451	22,914,317
Accumulated depreciation											
	As at 1.7.2004	222,048	2,521,077	1,894,341	945,149	673,936	405,741	706,710	191,622	58,756	7,619,380
	Charge for the year	55,513	373,293	229,309	34,148	109,507	43,500	191,914	20,620	3,032	1,060,836
	Reclassification	-	-	-	-	-	(191)	-	191	-	-
	Disposals	-	-	(274,867)	-	-	-	(6,110)	(2,973)	-	(283,950)
	Impairment losses	198,039	1,964,069	-	-	-	-	-	-	-	2,162,108
	As at 30.6.2005	475,600	4,858,439	1,848,783	979,297	783,443	449,050	892,514	209,460	61,788	10,558,374
	Charge for 2004	55,512	373,293	237,214	34,149	109,507	50,965	177,868	23,248	3,398	1,065,154
Net book value											
	As at 30.6.2005	2,300,000	7,361,190	1,054,598	34,963	582,208	7,090	913,464	89,767	12,663	12,355,943
	As at 30.6.2004	2,553,552	9,698,552	1,326,556	69,111	691,715	44,598	1,115,513	112,670	15,695	15,627,962

Notes to the Financial Statements

for the financial year ended 30 June 2005

4. Fixed assets (cont'd)

- (a) Motor vehicles with net book values of approximately \$394,000 (2004 : \$454,000) were acquired under finance leases (Note 16). Production machinery with net book values of approximately \$252,000 (2004 : \$361,000) (Note 14) and freehold property and leasehold properties with net book values of approximately \$9,661,000 (2004 : \$12,252,000) (Notes 12, 14 and 15) have been pledged to certain banks for banking facilities granted.
- (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 \$330,000 (2004 : \$330,000). PSB Corporation Pte Ltd ("PSB") has been engaged as the project consultant for the development of the MASLine which is an invention of a subsidiary company with patent pending. As at balance sheet date, the prototype stage has been completed and is pending final development and implementation. The development cost has not been depreciated as the fixed asset has not been put into operation in the current financial year.
- (c) Major properties of the Group are as follows:

Description	Location	Built up area (square metres)	Tenure of lease	Net book value	
				2005 \$	2004 \$
Freehold property	5 Jalan Masjid, #01-09 Kembangan Court, Singapore 418924	410	Freehold	2,300,000	2,553,552
Leasehold properties	1 & 3 Tuas Avenue Jurong Industrial Estate, Singapore 639217	8,855	30 years from 1 January 1997	5,000,000	7,268,251
	Block 210, #01-243 Hougang Street 21, Singapore 530210	166	90 years from 1 April 1993	1,061,190	1,084,772
	3791 Jalan Bukit Merah #01-10 E-Centre@Redhill Singapore 159471	259	90 years from 1 July 1962	1,300,000	1,345,529
				9,661,190	12,252,104

- (d) The impairment losses represent the write-down of certain freehold and leasehold properties to recoverable amounts. The recoverable amounts were determined by reference to latest valuation performed by independent appraisers on the properties.

Notes to the Financial Statements

for the financial year ended 30 June 2005

5. Investments

	2005 \$	Group 2004 \$
Club membership, at cost	44,033	44,033
Quoted equity investments, at cost	84,540	34,000
	<hr/> 128,573	<hr/> 78,033
Less: Allowances for lower of cost and market value :		
- club membership	(44,033)	(44,033)
- quoted equity investments	(51,615)	(24,652)
	<hr/> 32,925	<hr/> 9,348
Market value of club membership	<hr/> -	<hr/> -
Market value of quoted equity investments	<hr/> 33,000	<hr/> 9,300

6. Subsidiary companies

The subsidiary companies as at 30 June 2005 are:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment	
			2005 %	2004 %	2005 \$	2004 \$
<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
* Nam Tat Pte. Ltd. ("NTPL")	Specialist supplier and stockist of economy ranges of ceramic tiles.	Singapore	100	100	300,000	300,000
* Living Elements Pte. Ltd. ("LEPL") (see note (i))	Interior design and renovation.	Singapore	100	100	1,000,000	300,000
* Nam Hong Properties Pte. Ltd. ("NHP") (see note (ii))	Property developer and management and investments and other related business	Singapore	100	-	20,000	-
					<hr/> 11,715,563	<hr/> 10,995,563

* Audited by Ernst & Young Singapore

Notes to the Financial Statements

for the financial year ended 30 June 2005

6. Subsidiary companies (cont'd)

	Company	
	2005	2004
	\$	\$
Unquoted shares, at cost	11,715,563	10,995,563
Impairment loss	(8,313,563)	(4,006,413)
Carrying amount after impairment loss	3,402,000	6,989,150

(i) During the financial year, the Company subscribed for all 700,000 ordinary shares of \$1 each issued by LEPL at par.

(ii) On 11 February 2005, NHP, a wholly-owned subsidiary company was incorporated with an authorised capital of \$1,000,000 divided into 1,000,000 shares of \$1 each. The paid up capital of NHP is \$20,000.

7. Amount due from a subsidiary company (non-trade)

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

	Group	
	2005	2004
	\$	\$
8. Stocks		
Trading stocks		
At cost	8,051,914	9,780,563
At net realisable value	266,295	-
Stocks-in-transit, at cost	-	8,666
Total stocks at lower of cost and net realisable value	8,318,209	9,789,229

9. Trade debtors

Trade debtors for the Group are stated after an allowance for uncollectible amounts of \$160,540 (2004 : \$233,165). For the Group, bad trade debts written off directly to the profit and loss account amounted to \$112,540 (2004 : \$103,519) (Note 23).

Notes to the Financial Statements

for the financial year ended 30 June 2005

10. Other debtors, deposits and prepayments

	Group		Company	
	2005 \$	2004 \$	2005 \$	2004 \$
Other debtors	30,579	29,747	–	–
Deposits	135,996	69,269	–	–
Prepayments	52,874	70,987	4,196	2,348
Staff loans	36,071	43,565	–	–
Tax recoverable	307,594	337,711	47,169	77,296
Others	28,842	–	–	–
	<u>591,956</u>	<u>551,279</u>	<u>51,365</u>	<u>79,644</u>
Bad debts written off directly to the profit and loss account (Note 23)	(3,418)	(1)	–	–

Tax recoverable is subject to agreement with the Income Tax Authorities and compliance with the relevant provisions of the Singapore Income Tax Act.

11. Amount due to a director

The amount due to a director is unsecured, interest free and has no fixed term of repayment.

12. Bills payable to banks (secured)

Bills payable to banks comprise the following:

	Group	
	2005 \$	2004 \$
Bills payable A	933,050	447,979
Bills payable B	2,909,807	939,583
Bills payable C	–	1,035,089
	<u>3,842,857</u>	<u>2,422,651</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 company with net book values of approximately \$5,000,000 (2004 : \$7,268,000) (Note 4) and are guaranteed by the Company.

Bills payable B are secured by way of a legal mortgage on a leasehold property of a subsidiary company with a net book value of approximately \$1,300,000 (2004 : \$1,346,000) (Note 4) and are guaranteed by the Company.

In 2004, bills payable C were secured by way of a legal mortgage on freehold and leasehold properties of a subsidiary company with net book values of approximately \$2,553,000 and \$1,085,000 (Note 4) respectively and were also guaranteed by the Company. Bills payable C have been repaid during the current financial year.

The bills payables bear interest ranging from 3% to 4.7% (2004 : 2.2% to 2.9%) per annum, which is also the effective interest rates. The bills payables will mature within 1 to 5 months (2004 : 1 to 5 months) from the balance sheet date.

Notes to the Financial Statements

for the financial year ended 30 June 2005

13. Other creditors and accruals

	Group		Company	
	2005	2004	2005	2004
	\$	\$	\$	\$
Sundry creditors	132,187	64,270	–	–
Accrued operating expenses	727,026	491,337	87,540	66,961
	<u>859,213</u>	<u>555,607</u>	<u>87,540</u>	<u>66,961</u>

14. Bank borrowings

	Group	
	2005	2004
	\$	\$
Secured borrowings		
Bank loans A	1,266,635	2,066,615
Bank loans B	14,404	100,828
Bank loan C	622,000	766,000
Bank loans D	1,800,000	2,400,000
Bank loans E	2,346,818	2,530,841
Bank loan F	1,000,000	1,000,000
Bank loan G	499,328	–
Accounts receivable financing	376,903	–
	<u>7,926,088</u>	<u>8,864,284</u>
Classified as:		
Current portion - due within 12 months	3,523,594	2,873,874
Non-current portion - due after 12 months	4,402,494	5,990,410
	<u>7,926,088</u>	<u>8,864,284</u>

Details of secured bank borrowings are as follows:

Bank loans A are secured by way of a legal mortgage on a subsidiary company's leasehold properties with net book values of approximately \$5,000,000 (2004 : \$7,268,000) (Note 4) and are guaranteed by the Company. Interest is payable at 4.5% per annum for the first year, 4.75% per annum for the second and third years and, thereafter at the bank's prevailing prime lending rate.

Bank loans B are secured on 3 machinery of a subsidiary company with net book values of approximately \$252,000 (2004 : \$361,000) (Note 4) 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 Financing Scheme.

Bank loan C is secured by way of a legal mortgage on a subsidiary company's leasehold property with a net book value of approximately \$1,300,000 (2004 : \$1,346,000) (Note 4) and is guaranteed by the Company. The loan is repayable in 60 instalments over 5 years and interest is payable at 3% over the bank's swap rate for tenure of 1 month.

Bank loans D are secured by way of a legal mortgage on a subsidiary company's leasehold properties with net book values of approximately \$5,000,000 (2004 : \$7,268,000) (Note 4) and are guaranteed by the Company. The loans are repayable within 1 to 6 months. Interest is payable at 1.5% per annum over the bank's cost of funds. Interest rate will be fixed at each drawdown at a mutually agreed rate.

Notes to the Financial Statements

for the financial year ended 30 June 2005

14. Bank borrowings (cont'd)

Details of secured bank borrowings are as follows (cont'd)

Bank loans E are secured by way of a legal mortgage on a subsidiary company's freehold property and a leasehold property with net book values of approximately \$2,300,000 and \$1,061,000 (2004 : \$2,553,000 and \$1,085,000) (Note 4) respectively and are guaranteed by the Company. The loans are repayable in 120 instalments over 10 years and interest is payable at 4.25% per annum for the first year, 4.5% per annum for the second year, board rate less 0.75% per annum for the third year and, thereafter at the bank's board rates.

Bank loan F is secured by way of a legal mortgage on a subsidiary company's freehold property and a leasehold property with net book values of approximately \$2,300,000 and \$1,061,000 (2004 : \$2,553,000 and \$1,085,000) (Note 4) respectively and are guaranteed by the Company. Interest is payable at 4.06% per annum. The loan is repayable on 26 August 2005.

Bank loan G is secured by way of a legal mortgage on a subsidiary company's leasehold properties with net book values of approximately \$5,000,000 (Note 4) and are guaranteed by a director of the Company and the Company. The loan is repayable in 18 instalments over 18 months and interest is payable at 2% per annum over the bank's prevailing prime lending rate calculated on daily basis with monthly balance.

Accounts receivable financing are secured by way of a legal mortgage on a subsidiary company's leasehold properties with net book values of approximately \$5,000,000 (Note 4) and are guaranteed by the Company. The borrowings are repayable within 3 months from the date of drawdown and interest is payable at the bank's prevailing prime lending rate calculated on daily basis with monthly balance.

During the financial year, a subsidiary company breached one of its bank covenants for Bank loan E which has the effect that the bank loan becomes payable on demand. Subsequent to year end, the default has been remedied and the company has obtained a letter from the bank not to demand payment as a consequence of the breach and the terms of the loan remain the same. \$2,036,281 of Bank loan E continues to be classified as non-current portion as the company has obtained a letter from the bank not to demand payment as a consequence of the breach and it is not probable that further breaches will occur within twelve months of the balance sheet date.

The bank borrowings bear interest ranging from 2.43% to 7% (2004 : 2.4% to 4.8%) per annum, which is also the effective interest rates. These bank borrowings will mature within 1 month to 8 years (2004 : 1 month to 9 years) from the balance sheet date.

15. Bank overdrafts (secured)

These balances are secured by:

- (i) legal mortgages on freehold and leasehold properties of a subsidiary company with net book values of approximately \$2,300,000 and \$7,361,000 (2004 : \$2,553,000 and \$9,699,000) (Note 4) respectively; and
- (ii) guarantees by the Company.

The bank overdrafts bear interest at 6% (2004: 5.5% to 7.0%) per annum, which is also the effective interest rate.

Notes to the Financial Statements

for the financial year ended 30 June 2005

16. Lease obligations

Group	Minimum lease payments		Net present value of lease payments	
	2005 \$	2004 \$	2005 \$	2004 \$
Future payments payable for finance leases				
Within one year	108,156	112,442	97,085	99,894
Within two to five years	108,792	198,445	97,549	173,907
After five years	–	39,258	–	32,514
	<u>216,948</u>	<u>350,145</u>	<u>194,634</u>	<u>306,315</u>
Finance charges allocated to future periods	(22,314)	(43,830)	–	–
	<u>194,634</u>	<u>306,315</u>	<u>194,634</u>	<u>306,315</u>
Current portion	97,085	99,894	97,085	99,894
Non-current portion	97,549	206,421	97,549	206,421
	<u>194,634</u>	<u>306,315</u>	<u>194,634</u>	<u>306,315</u>

Lease terms range from 15 months to 34 months (2004 : 8 months to 112 months). Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The effective interest rates implicit in the leases are 4.64% to 6.27% (2004 : 4.61% to 6.51%) per annum.

All assets acquired under finance leases are secured. The net book values of assets acquired under finance leases are disclosed in Note 4.

The finance leases do not contain any escalation clauses and do not provide for contingent rents.

17. Construction contracts-work-in-progress

	Group	
	2005 \$	2004 \$
Contract costs incurred to date	489,730	296,921
Recognised profits less recognised losses to date	97,946	52,545
	<u>587,676</u>	<u>349,466</u>
Progress billings	(669,150)	(417,743)
	<u>(81,474)</u>	<u>(68,277)</u>

18. Share capital

	Group and Company	
	2005 \$	2004 \$
Authorised:		
Balance at 1 July and 30 June		
100,000,000 ordinary shares of \$0.20 each	<u>20,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
Balance at 1 July and 30 June		
64,977,825 ordinary shares of \$0.20 each	<u>12,995,565</u>	<u>12,995,565</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

Notes to the Financial Statements

for the financial year ended 30 June 2005

19. Share premium

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

20. Staff costs

	Group	
	2005	2004
	\$	\$
Salaries, wages, bonuses and other costs (excluding directors' remuneration)	(2,153,061)	(1,864,277)
Central Provident Fund contributions	(247,456)	(228,178)
	(2,400,517)	(2,092,455)

21. Financial costs

Interest expense		
- bank overdrafts	(157,577)	(130,957)
- bank borrowings	(335,336)	(377,252)
- bills payable to banks	(80,707)	(93,288)
- lease obligations	(13,650)	(13,300)
Others		
- bank charges	(55,815)	(50,992)
	(643,085)	(665,789)

22. Other income

Gain on disposal of investment property	-	855
Allowances for lower of cost and market value of quoted investments	(26,963)	-
Gain/(loss) on disposal of fixed assets	4,608	(106,755)
Bad trade debts recovered	5,000	-
Exchange gain, net	58,571	339,866
Miscellaneous income	21,845	11,579
Dividend income from quoted investments	51	100
	63,112	245,645

23. Loss before income tax

Loss before income tax is stated after charging the following:

Bad debts written off		
- trade (Note 9)	(112,540)	(103,519)
- non-trade (Note 10)	(3,418)	(1)
Depreciation of fixed assets (Note 4)	(1,060,836)	(1,065,154)
Impairment losses of fixed assets	(2,162,108)	-
Directors' remuneration	(367,412)	(393,768)
Directors' fees	(44,000)	(44,000)
Non-audit fees to auditors	(15,000)	(8,000)
Allowances for uncollectible trade debts	(28,154)	(209,466)
Allowances for lower of cost and market value		
- club membership	-	(14,033)
- quoted investments	-	(3,425)
Allowances for stock obsolescence	(431,810)	(234,345)
Preliminary expenses written off	(3,668)	-
	(3,668)	-

Notes to the Financial Statements

for the financial year ended 30 June 2005

23. Loss before income tax (cont'd)

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

	2005	Group	2004
\$250,000 to \$499,999	–		–
Below \$250,000	7		6
	<u>7</u>		<u>6</u>

24. Income tax

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

	2005	Group	2004
	\$		\$
Deferred income tax [see Note (i) below]			
- write back during the year	295,312		62,682
- overprovision in respect of prior years	107,431		–
- changes in tax rate	–		46,500
	<u>402,743</u>		<u>109,182</u>

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to loss before income tax for the financial year ended 30 June is as follows:

	2005	Group	2004
	%		%
Statutory tax rate	(20.0)		(20.0)
Tax effect of expenses not deductible for tax purposes	5.7		8.6
Utilisation of prior year unrecognised tax losses	–		(0.9)
Changes in tax rate	–		(2.6)
Deferred tax assets not recognised	8.8		8.8
Overprovision in respect of prior years	(2.0)		–
	<u>(7.5)</u>		<u>(6.1)</u>

Notes to the Financial Statements

for the financial year ended 30 June 2005

24. Income tax (cont'd)

(i) Deferred income tax

	2005 \$	Group	2004 \$
Balance at beginning of year	402,743		511,925
Write back during the year	(295,312)		(109,182)
Overprovision in respect of prior years	(107,431)		–
	<hr/>		<hr/>
Balance at end of year	–		402,743
	<hr/>		<hr/>
Deferred income tax arises as a result of:			
Deferred income tax liabilities			
- excess of net book value over tax written down value of fixed assets	–		445,939
- general allowances for doubtful debts	–		(43,196)
	<hr/>		<hr/>
	–		402,743
	<hr/>		<hr/>

Certain subsidiary companies had estimated unutilised tax losses and unabsorbed capital allowances amounting to approximately \$1,699,000 and \$1,400,700 (2004 : \$710,000 and \$1,086,000) 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 tax losses and unabsorbed capital allowances has not been recognised in the consolidated financial statements in accordance with the accounting policy in Note 3 to the financial statements.

25. Loss per share

Basic and diluted loss per share is calculated by dividing the Group's net loss attributable to shareholders of \$4,998,184 (2004 : \$1,667,281) 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.

26. Forward foreign exchange contracts and non-cancellable lease commitments

(a) Forward foreign exchange contracts

As at 30 June 2005, the Group had outstanding forward foreign exchange contracts for the purchase of Euros 846,601 (2004 : Euros 812,684) and US dollars 41,040 (2004 : US dollars 187,788) in respect of hedging of firm purchase commitments, which do not qualify for hedge accounting.

(b) Non-cancellable operating lease commitments

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

	2005 \$	Group	2004 \$
Within 1 year	854,270		302,000
Between 1 and 5 years	1,817,727		1,210,000
After 5 years	4,042,378		5,143,000
	<hr/>		<hr/>
	6,714,375		6,655,000
	<hr/>		<hr/>

Rental expense (principally for premises) was \$242,483 (2004 : \$245,000) for the financial year ended 30 June 2005.

Notes to the Financial Statements

for the financial year ended 30 June 2005

27. Financial instruments

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, interest rate risk and liquidity 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, cash and cash equivalents and investments represent the Group's maximum exposure to credit risk in relation to financial assets. 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. The Group generally enters into forward foreign exchange contracts with maturities of less than one year and does not use forward foreign exchange contracts for trading purposes.

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

Interest rate risk

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

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Surplus funds are placed with reputable banks to generate interest income and funding is obtained from bank borrowings, if necessary.

Notes to the Financial Statements

for the financial year ended 30 June 2005

27. Financial instruments (cont'd)

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 cash equivalents, other current assets and other current liabilities

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

Trade debtors and trade creditors

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

Amount due from/(to) a subsidiary company/director

No disclosure of fair value is made for amount due from/(to) a subsidiary company/director, 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 borrowings is based on the quoted market price for the same or similar issues using 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:

	Note	Carrying amount \$	Group 2005 Estimated fair value \$
Liability			
Forward foreign exchange contracts		103,596	103,596
Lease obligations	16	194,634	203,050

28. Contingent liability and corporate guarantees, unsecured

- (i) A contractor has made a claim of approximately \$1.3 million against a subsidiary company for supply of ceramic tiles. Based on evidence and records, the company believes that the problem arose due to poor workmanship by the contractor.

As at balance sheet date, the subsidiary company does not believe that the contractor has a credible claim and the case is in arbitration.

No provision has been made in the financial statements as the Directors are of the view that the claim has no merit and they are confident of the outcome of any legal proceedings.

- (ii) As at 30 June 2005, the Company has issued corporate guarantees of approximately \$20,572,000 (2004 : \$24,570,000) for banking facilities granted to a subsidiary company.

- (iii) As at 30 June 2005, the Company has issued corporate guarantee of approximately \$1,420,000 (2004 : \$420,000) to a subsidiary company for loans granted under the Local Enterprise Financing Scheme.

Notes to the Financial Statements

for the financial year ended 30 June 2005

29. Segment information

Business segments

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

- Project segment
- Retail segment
- Interior design & renovation segment
- Rental segment

The project and retail segments relate mainly to supply of ceramic tiles, marble and other finishing and building products; processing, fabrication and precision cutting of building materials for project and retail based customers respectively. The interior design and renovation segment is mainly engaged in the provision of interior design and renovation services to homeowners and corporate clients. The rental segment relates mainly to rental of showrooms to related companies.

2005	Project segment \$	Retail segment \$	Interior design and renovation segment \$	Rental segment \$	Adjustments and eliminations \$	Group \$
Turnover						
- Sale to external customers	11,172,949	3,828,128	1,615,123	-	-	16,616,200
- Inter-segment sales	-	376,426	805,448	242,483	(1,424,357)	-
	11,172,949	4,204,554	2,420,571	242,483	(1,424,357)	16,616,200
Loss before unallocated expenses and income tax	(32,341)	(8,104,292)	(748,558)	(8,753)	3,506,658	(5,387,286)
Unallocated expenses						(13,641)
Income tax						402,743
Net loss for the year						(4,998,184)
Assets	10,634,677	17,867,800	287,715	14,078	(4,217,944)	24,586,326
Unallocated assets						307,595
Total assets						24,893,921
Liabilities	9,570,737	8,534,607	747,199	2,831	-	18,855,374
Unallocated liabilities						194,626
Total liabilities						19,050,000
<i>Other segment information</i>						
Capital expenditure	225,713	663,333	9,105	-	(866,486)	31,665
Depreciation	391,531	627,409	46,854	-	(4,958)	1,060,836
Impairment losses of fixed assets	648,632	1,513,476	-	-	-	2,162,108

Notes to the Financial Statements

for the financial year ended 30 June 2005

29. Segment information (cont'd)

2004	Project segment \$	Retail segment \$	Interior design and renovation segment \$	Adjustments and eliminations \$	Group \$
Turnover					
- Sale to external customers	10,953,488	4,745,738	1,447,984	-	17,147,210
- Inter-segment sales	-	396,979	46,887	(443,866)	-
	<u>10,953,488</u>	<u>5,142,717</u>	<u>1,494,871</u>	<u>(443,866)</u>	<u>17,147,210</u>
Profit/(loss) before unallocated expenses and income tax	816,935	(2,013,729)	(550,917)	(15,452)	(1,763,163)
Unallocated expenses					(13,300)
Income tax					109,182
Net loss for the year					<u>(1,667,281)</u>
Assets	10,174,297	18,170,550	95,318	-	28,440,165
Unallocated assets					337,711
Total assets					<u>28,777,876</u>
Liabilities	7,950,934	8,825,819	449,960	-	17,226,713
Unallocated liabilities					709,058
Total liabilities					<u>17,935,771</u>
<i>Other segment information</i>					
Capital expenditure	643,141	1,131,511	195,224	(18,180)	1,951,696
Depreciation	400,264	607,951	56,939	-	1,065,154
Non-cash expense	184,176	277,093	-	-	461,269

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

30. Comparative figures

The following balance sheet comparative figures have been reclassified to conform with current year's presentation :-

	As restated \$	Group As previously stated \$
Bank borrowings (current portion)	2,873,874	5,295,874
Bank borrowings (non-current portion)	<u>5,990,410</u>	<u>3,568,410</u>

The above changes rectify the incorrect classifications in the previous year for bank borrowings which are to be repaid after 12 months.

Statistics of Shareholdings

as at 15 September 2005

Authorised Share Capital	- S\$20,000,000
Issued and Fully paid-up	- 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 shares

Shareholdings Held in Hands of Public

As at 15 September 2005, approximately 22.83% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	477	76.08	1,203,000	1.85
10,001 - 1,000,000	142	22.65	9,769,000	15.04
1,000,001 and above	8	1.27	54,005,825	83.11
	<u>627</u>	<u>100.00</u>	<u>64,977,825</u>	<u>100.00</u>

TOP 20 SHAREHOLDERS

No.	Name	No. of Shares	%
1	NH Investments Pte Ltd	27,500,000	42.32
2	Ricky Paul Goh Moh Chye	13,432,690	20.67
3	Tan Tien Seng	3,000,000	4.62
4	Martina Ho Ngiet Mee	2,826,160	4.35
5	Tay Kiam Peng	2,528,165	3.89
6	Tay Chye Heng Stephen	1,688,905	2.60
7	Tay Hui Hia	1,688,905	2.60
8	Ng Eng Seng	1,341,000	2.06
9	Goh Hua Shuen Christine	410,000	0.63
10	Chan Siang Lim	303,000	0.47
11	Joseph Ho Seng Kan	250,000	0.38
12	Jee Wai Lin Janette	232,000	0.36
13	Chong Buay Hua	230,000	0.35
14	Chua Seow Lim	230,000	0.35
15	Ng Wee Choong	220,000	0.34
16	Song Yeong Yeong (Song RongRong)	210,000	0.32
17	Lim Peck Ching	205,000	0.32
18	Chua Ah Hooi	200,000	0.31
19	Ng Yan Huat	200,000	0.31
20	Tang Kok Onn Simon	191,000	0.29
		<u>56,886,825</u>	<u>87.54</u>

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	13,481,690	20.75	30,326,160	46.67
NH Investments Pte Ltd	27,500,000	42.32	-	-

* Ricky Paul Goh Moh Chye is deemed interested in 27,500,000 shares registered in the name of NH Investments Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50 and 2,826,160 shares registered in the name of his wife, Martina Ho Ngiet Mee.

Notice of Annual General Meeting

NH Ceramics Ltd (Incorporated in the Republic of Singapore)
Company Registration No. 199704544C

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 28 October 2005 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 2005 and the reports of the Directors and Auditors thereon.
2. To approve Directors' Fees of S\$44,000/- for the year ended 30 June 2005. [Year 2004: S\$44,000/-].
3. To re-elect Ms Margaret Tay Hui Hia retiring by rotation in accordance with Article 94 of the Company's Articles of Association.
4. To re-elect Mr Ong Siew Peng retiring in accordance with Article 95 of the Company's Articles of Association. [See Explanatory Note (a)]
5. To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

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

6.1 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 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 issued share capital shall be the Company's issued share capital at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or exercise of share options or vesting of share awards outstanding or subsisting at the time this resolution is passed and 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 Note (b)]

7. 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
13 October 2005

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 Ong Siew Peng, if re-elected, will remain as chairman of the audit committee and will be considered as an independent director.
- (b) The ordinary resolution set out in item 6.1 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 50 per cent 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 20 per cent of the total issued share capital of the Company.

NH CERAMICS LTD

(Incorporated in the Republic of Singapore)
Company Registration No. 199704544C

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 28 October 2005 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	Approval of Directors' Fees		
3	Re-election of Ms Margaret Tay Hui Hia retiring under Article 94		
4	Re-election of Mr Ong Siew Peng retiring under Article 95		
5	Re-appointment of Ernst & Young as auditors		
6.1	Authority to issue shares		

Dated this _____ day of _____ 2005

Total Number of Shares Held

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

IMPORTANT
PLEASE READ NOTES OVERLEAF

▼ fold and seal here

▶ tear here

affix
postage
stamp

The Company Secretary
NH CERAMICS LTD
1 & 3 Tuas Avenue 8
Singapore 639217

▲ 2nd fold here

▲ 3rd fold here

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 Estate 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.

GENERAL INFORMATION

DIRECTORS

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

Ong Siew Peng

Independent Director

Robbie Ooi Seng Soon

Independent Director

SECRETARIES

Louis Pang Nghee Thiam
Chang Sow Kuen

REGISTERED OFFICE

1 & 3 Tuas Avenue 8
Jurong Industrial Estate
Singapore 639217
Tel: 6861 2626
Fax: 6861 4023

SHARE REGISTRAR

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

AUDITORS

Ernst & Young
Engagement partner: Eleanor Lee
(Appointed for financial year ended 30 June 2005)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
RHB Bank Berhad



NH CERAMICS LTD

1 & 3 Tuas Avenue 8, Jurong Industrial Estate, Singapore 639217

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