kitchen culture

KITCHEN CULTURE HOLDINGS LTD.
(Company Registration No: 201107179D)
(the "Company", and together with its subsidiaries, the "Group")

FULL YEAR UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ("FY") 2012

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd. for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Canaccord Genuity Singapore Pte. Ltd. has not independently verified the contents of this announcement.

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

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1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income statement for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	Unaudited FY2012 $	**Audited FY2011 $**	**% Change Increase/(Decrease)**
Revenue	21,660,282	22,086,119	(1.9)
Cost of sales	(11,072,446)	(10,910,276)	1.5
Gross profit	10,587,836	11,175,843	(5.3)
Other income	153,075	214,608	(28.7)
Selling and distribution expenses	(7,158,700)	(5,830,423)	22.8
General and administrative expenses	(3,065,899)	(3,643,940)	(15.9)
Finance costs	(262,990)	(278,141)	(5.4)
Other expenses	(187,369)	(118,901)	57.6
Share of results of joint venture	(418,297)	-	N.M.
(Loss)/ profit before tax	(352,344)	1,519,046	(123.2)
Tax expense	(16,397)	(264,686)	(93.8)
Net (loss)/profit for the year	(368,741)	1,254,360	(129.4)
Other comprehensive income			
Currency translation differences arising from consolidation	6,748	1,943	247.3
Total comprehensive (loss)/income for the year	(361,993)	1,256,303	(128.8)

N.M. = Not Meaningful

1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income

	Group		
	Unaudited FY2012 $	**Audited FY2011 $**	**% Change Increase/(Decrease)**
Allowance for doubtful receivables	148,694	120,082	23.8
Write-back of allowance for doubtful receivables recovered	(200,956)	(130,535)	53.9
Bad debts written off	545	2,875	(81.0)
Depreciation	337,908	351,649	(3.9)
(Gain)/loss on disposal of property, plant and equipment	(65,500)	635	N.M.
Goodwill written-off	28,554	-	N.M.
Interest expense	262,990	278,141	(5.4)
Inventories:			
- Write-down	29,408	79,542	(63.0)
- Reversal of write-down	(51,693)	-	N.M.
Loss/(gain) on foreign exchange difference	119,108	(48,283)	346.7
Property, plant and equipment written-off	-	1,807	N.M.
Gain on disposal of investment property	-	34,023	N.M.
Interest income	7,707	5,447	41.5
Other income	79,868	175,138	(54.4)
Over provision of tax expense in respect of prior years	(21,363)	(182,225)	(88.3)
Expenses incurred in relation to initial public offerings ("IPO") taken to profit or loss	-	1,011,245	(100.0)

N.M. = Not Meaningful

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	Unaudited FY2012 $	**Audited FY2011 $**	**Unaudited FY2012 $**	**Audited FY2011 $**
Non-current assets				
Property, plant and equipment	1,458,298	689,699	-	-
Subsidiaries	-	-	1,500,005	1,500,005
Interest in joint venture	191,828	-	-	-
Long-term prepayment	-	319,480	-	-
	1,650,126	1,009,179	1,500,005	1,500,005
Current assets				
Inventories	11,995,120	9,990,197	-	-
Trade and other receivables	8,763,785	9,492,928	2,492,086	1,609,139
Cash and bank balances	3,522,815	6,400,619	2,234,961	3,757,531
	24,281,720	25,883,744	4,727,047	5,366,670
Total assets	25,931,846	26,892,923	6,227,052	6,866,675
Non-current liabilities				
Bank borrowings	-	1,069,355	-	-
Finance lease liabilities	170,090	226,483	-	-
Deferred tax liabilities	37,000	43,336	-	-
	207,090	1,339,174	-	-
Current liabilities				
Bank borrowings	4,319,353	1,283,226	-	-
Trade and other payables	7,130,707	6,239,493	293,751	238,300
Bills payable to banks	1,420,862	3,362,801	-	-
Finance lease liabilities	56,266	87,253	-	-
Amounts due to Directors	255,000	1,020,000	-	-
Tax payable	44,000	440,415	-	-
	13,226,188	12,433,188	293,751	238,300
Total liabilities	13,433,278	13,772,362	293,751	238,300
Net assets	12,498,568	13,120,561	5,933,301	6,628,375
Share capital and reserves				
Share capital	6,231,259	6,231,259	6,231,259	6,231,259
Accumulated profits/(losses)	6,240,846	6,869,587	(297,958)	397,116
Currency translation reserve	26,463	19,715	-	-
Total equity	12,498,568	13,120,561	5,933,301	6,628,375

1(b)(ii) In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

Unaudited As at 31 December 2012		Audited As at 31 December 2011	
$	$	$	$
Secured	**Unsecured**	**Secured**	**Unsecured**
5,796,481	-	4,733,280	-

Amount repayable after one year

Unaudited As at 31 December 2012		Audited As at 31 December 2011	
$	$	$	$
Secured	**Unsecured**	**Secured**	**Unsecured**
170,090	-	1,295,838	-

Details of collateral are as follows:

Term loans
The term loans are secured by corporate guarantees from the Company.

Revolving short-term loans
Revolving short-term loans are secured by corporate guarantees from the Company.

Bills payable to banks
The bills payable to banks are secured by corporate guarantees from the Company.

Finance lease liabilities
The finance lease liabilities are secured on the property, plant and equipment purchased under the finance leases. As at 31 December 2012, finance lease liabilities amounting to $175,592 (31.12.2011: $211,308) was guaranteed by the Company's Director, namely Lim Wee Li.

Note:

The above borrowings do not include advances of $255,000 as at 31 December 2012 (31.12.2011: $1,020,000) from the Company's Directors, Lim Wee Li and Lim Han Li, to fund the Group's working capital needs. These advances are unsecured and non-interest bearing.

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

	Group	
	Unaudited FY2012	Audited FY2011
	$	$
Cash flows from operating activities		
(Loss)/profit before tax	(352,344)	1,519,046
Adjustments for:		
Share of results of joint venture	418,297	-
Depreciation of property, plant and equipment	337,908	351,649
(Gain)/loss on disposal of property, plant and equipment	(65,500)	635
Gain on disposal of investment property	-	(34,023)
Goodwill written-off	28,554	-
Property, plant and equipment written off	-	1,807
Interest income	(7,707)	(5,447)
Interest expense	262,990	278,141
Operating profit before working capital changes	622,198	2,111,808
Inventories	(2,025,185)	(2,686,975)
Receivables	723,389	(1,996,657)
Payables	(1,015,319)	2,694,575
Translation differences	19,655	10,119
Cash (used in) /generated from operations	(1,675,262)	132,870
Interest paid	(262,990)	(278,141)
Interest received	7,707	5,447
Tax paid	(418,048)	(658,752)
Net cash used in operating activities	(2,348,593)	(798,576)
Cash flows from investing activities		
Investment in joint venture	(646,600)	-
Purchases of property, plant and equipment	(790,103)	(191,143)
Proceeds from disposal of property, plant and equipment	65,500	105
Payment for investment property	-	(1,266,673)
Proceeds from disposal of investment property	-	1,617,364
Net cash (used in)/from investing activities	(1,371,203)	159,653
Cash flows from financing activities		
Proceeds from issuance of shares	-	4,731,256
Repayment of advances from directors	(765,000)	(1,436,964)
Dividend paid to shareholders	(260,000)	-
Drawdown of bank borrowings	3,500,000	-
Repayment of bank borrowings	(1,533,228)	(1,179,963)
Repayment of finance leases	(87,064)	(102,246)
Net cash from financing activities	854,708	2,012,083

Consolidated Statement of Cash Flows (cont'd)

	Group	
	Unaudited	**Audited**
	FY2012	**FY2011**
	$	**$**
Net (decrease)/increase in cash and cash equivalents	(2,865,088)	1,373,160
Cash and cash equivalents at the beginning of the financial year	6,400,619	5,034,706
Effect of exchange rate changes on cash and cash equivalents	(12,716)	(7,247)
Cash and cash equivalents at the end of the financial year	3,522,815	6,400,619

Cash and cash equivalents comprise cash and bank balances.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Accumulated profits	Currency translation reserve	Total equity
	$	$	$	$
As at 1 January 2012	6,231,259	6,869,587	19,715	13,120,561
Loss for the year	-	(368,741)	-	(368,741)
Other comprehensive loss for the year, net of tax				
- Currency translation differences arising from consolidation	-	-	6,748	6,748
Total comprehensive loss for the year	-	(368,741)	6,748	(361,993)
Dividend	-	(260,000)	-	(260,000)
As at 31 December 2012	6,231,259	6,240,846	26,463	12,498,568
As at 1 January 2011	1,500,003	5,615,227	17,772	7,133,002
Issuance of shares	10	-	-	10
Issuance of new shares pursuant to the placement of shares	5,100,000	-	-	5,100,000
Share issue expenses	(368,754)	-	-	(368,754)
Profit for the year		1,254,360	-	1,254,360
Other comprehensive income for the year, net of tax				
- Currency translation differences arising from consolidation	-	-	1,943	1,943
Total comprehensive income for the year	-	1,254,360	1,943	1,256,303
As at 31 December 2011	6,231,259	6,869,587	19,715	13,120,561

1(d)(i)

Statements of Changes in Equity

Company	**Share capital $**	**Accumulated (losses)/profits $**	**Total equity $**
As at 1 January 2012	6,231,259	397,116	6,628,375
Net loss and total comprehensive loss for the year	-	(435,074)	(435,074)
Dividend	-	(260,000)	(260,000)
As at 31 December 2012	6,231,259	(297,958)	5,933,301
As at 1 January 2011	-	-	-
Issuance of shares at date of incorporation	2	-	2
Issuance of shares during the year	8	-	8
Issuance of shares for acquisition of subsidiaries	1,500,003	-	1,500,003
Issuance of new shares pursuant to the placement of shares	5,100,000	-	5,100,000
Share issue expenses	(368,754)	-	(368,754)
Net profit and total comprehensive income for the year	-	397,116	397,116
As at 31 December 2011	6,231,259	397,116	6,628,375

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

	As at 31 December 2012		**As at 31 December 2011**	
	No. of shares	**$**	**No. of shares**	**$**
Issued and paid-up shares	100,000,000	6,231,259	100,000,000	6,231,259

There was no change in the Company's share capital during FY2012. There were no outstanding convertibles or treasury shares held by the Company as at 31 December 2011 and 31 December 2012.

1(d)(iii)To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 December 2012	**As at 31 December 2011**
Total number of shares excluding treasury shares	100,000,000	100,000,000

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares for FY2012.

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

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period compared to the most recently audited financial statements for the financial year ended 31 December 2011 ("FY2011").

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012, where applicable. The adoption of these standards from the effective date did not result in material adjustments to the financial position, results of operations or cash flows of the Group for FY2012.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	Group	
	FY2012	**FY2011**
Basic and fully diluted (cents)	(0.4)	1.3

Basic and fully diluted earnings per share are calculated by dividing the Group's (loss)/profit for the year by the aggregate number of ordinary shares of 100,000,000.

The Group's consolidated financial statements for FY2011 has been prepared using the "pooling of interest" method.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	FY2012	**FY2011**	**FY2012**	**FY2011**
Net asset value per ordinary share (cents)	12.5	13.1	5.9	6.6

Net asset value per ordinary share is calculated based on the aggregate number of ordinary shares of 100,000,000.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Review of Consolidated Statement of Comprehensive Income

Revenue
For FY2012, the Group reported revenue of $21.7 million, a decrease of 1.9% or $0.4 million as compared to $22.1 million in FY2011. This was mainly attributable to a decline in revenue by 18.7% or $1.8 million from the Retail and Distribution segment, despite an increase in revenue from the Residential Project segment by 11.5% or $1.4 million.

Residential Projects
The Residential Projects segment accounted for 63.1% or $13.7 million of the Group's revenue in FY2012, of which, $10.3 million was attributable to revenue recognised from 20 new projects, while $3.4 million was derived from 19 ongoing projects from the previous financial year.

Comparatively, Residential Projects revenue for FY2011 of $12.3 million was from 19 projects, such as "*The Ritz-Carlton Residences, Singapore, Cairnhill*", "*Hamilton Scotts*" and "*Jardin*".

Distribution and Retail
The Distribution and Retail segment accounted for 36.9% or $8.0 million of the Group's revenue in FY2012. The decrease in Distribution and Retail revenue by 18.7% or $1.8 million was due to a decline by $1.2 million and $0.6 million recorded by the Group's operations in Singapore and Malaysia respectively, as a result of a slow-down in the retail and distribution business in these regions.

Gross Profit
In line with lower revenue recorded for FY2012, the Group's gross profit decreased by 5.3% or $0.6 million, from $11.2 million in FY2011 to $10.6 million in FY2012. The gross profit margin also declined slightly by 1.7 percentage point from 50.6% in FY2011 to 48.9% in FY2012. This was due mainly to lower gross margin recorded by its Malaysia subsidiary as a result of competitive pricing.

Other Income
Other income decreased by 28.7% or approximately $62,000, from approximately $215,000 in FY2011 to $153,000 in FY2012. This was due mainly to a $55,000 decrease in write-back of unclaimed creditors.

Selling and Distribution Expenses
Selling and distribution expenses increased by 22.8% or $1.4 million, from $5.8 million recorded in FY2011 to $7.2 million in FY2012.

This was mainly attributable to:
a. An increase in staff related costs for the sales, marketing and operations staff by $0.2 million;
b. An increase in rental by $1.0 million as the Group leased (i) a corporate showroom, two additional retail showrooms, an additional warehouse and an increased in charges charged by the third party warehouse in Singapore; and (ii) an additional retail showroom in Malaysia;
c. An increase in entertainment expense by $0.1 million; and
d. An increase in travelling, upkeep of motor vehicle and related insurance by $0.1 million.

General and Administrative Expenses
General and administrative expenses decreased by 15.9% or $0.5 million, from $3.6 million in FY2011 to $3.1 million in FY2012.

This was mainly attributable to:
a. A decrease in legal and professional fee by $0.6 million as the previous year's expense was mainly incurred in relation to the Company's IPO exercise in FY2011; and
b. A decrease in other entertainment expenses by $0.1 million as the previous year's expense was mainly incurred in relation to the Company's IPO exercise.

The decrease was partly offset by an increase in staff related costs and staff welfare expense by $0.2 million.

Other Expenses
Other expenses increased by 57.6% or $0.1 million, from $0.1 million in FY2011 to $0.2 million in FY2012, mainly due to an increase in foreign exchange loss of $0.2 million, partly offset by a net reversal of inventories which were previously written-down amounting to $0.1 million.

Share of Results of Joint Venture
This relates to the Group's 40% share of losses from its newly started-up Hong Kong joint venture entity which amounted to approximately $0.4 million in FY2012.

Loss Before Tax

The Group recorded a loss before tax of $0.4 million in FY2012, as compared to a profit before tax of $1.5 million in FY2011. The loss in FY2012 was mainly attributable to (i) share of losses arising from its newly started-up Hong Kong joint venture and (ii) losses arising from its wholly-owned subsidiary in Malaysia due to a decrease in retail revenue as a result of the general slowdown and uncertainties in the global economy, coupled with higher selling and distribution expenses. The Group's operations in Singapore remained profitable in FY2012.

Operating Segment's Results

Despite an increase in revenue from the Residential Projects segment, segment profits from Residential Projects decreased by 50.3% or $0.9 million, from $1.7 million in FY2011 to $0.8 million in FY2012, mainly due to an increase in selling and distribution expenses.

Segment profits from the Distribution and Retail segment decreased by 71.8% or $1.5 million, from $2.1 million in FY2011 to $0.6 million in FY2012. This was mainly due to lower gross profits as a result of lower segment revenue recorded by operations in Singapore and Malaysia, coupled with higher selling and distribution expenses.

Review of Statements of Financial Position of the Group

Assets
The Group's total assets decreased by $1.0 million from $26.9 million as at 31 December 2011 to $25.9 million as at 31 December 2012. The decrease in total assets was mainly attributable to:

a. A decrease in trade and other receivables by $0.7 million;
b. A decrease in cash and bank balances by $2.9 million; and
c. A decrease in prepayments of $0.3 million.

The above is partly offset by the following:
d. An increase in net carrying value of property, plant and equipment by $0.7 million comprising (i) $0.5 million incurred on renovation and refurbishment of the showrooms and offices in Singapore and Malaysia, (ii) an addition of leasehold property in Batam of $0.4 million, and (iii) additions of computer and related software of $0.1 million, partly offset by depreciation charges of $0.3 million;
e. Interest in joint venture entity net of share of results from the joint venture which amounted to $0.2 million; and
f. An increase in inventories by $2.0 million due mainly to increased purchases towards the second half of the financial year for projects stocks to be delivered to site after 31 December 2012.

Liabilities
The Group's total liabilities decreased by $0.4 million from $13.8 million as at 31 December 2011 to $13.4 million as at 31 December 2012. The decrease in total liabilities was mainly attributable to:

a. A decrease in bills payable to banks by $1.9 million;
b. A decrease in finance lease liabilities by $0.1 million due to repayment of finance leases;
c. A decrease in the amounts due to directors by $0.8 million; and
d. A decrease in tax payable by $0.4 million.

The above is partly offset by:

e. An increase in bank borrowings by $2.0 million as the Group drew down its revolving short-term loans for working capital purposes.; and
f. An increase in trade and other payables by $0.8 million mainly as a result of increased purchases in December 2012.

Total Equity

Total equity decreased by $0.6 million from $13.1 million as at 31 December 2011 to $12.5 million as at 31 December 2012, due to the net loss for FY2012. The Group's net asset value per share stood at 12.5 cents as at 31 December 2012 as compared to 13.1 cents as at 31 December 2011.

Review of Consolidated Statement of Cash Flows

In FY2012, the Group's operating profit before working capital changes was $0.6 million. Net cash used in working capital amounted to $2.3 million. This was due mainly to an increase in inventories by $2.0 million mainly as a result of increased purchases towards the second half of the financial year for projects stocks to be delivered to site after 31 December 2012, a decrease in payables by $1.0 million and partly offset by a decrease in receivables of $0.7 million. During FY2012, the Group paid income tax and interest of $0.4 million and $0.3 million respectively. The net cash used in operating activities amounted to $2.4 million.

Net cash used in investing activities of $1.4 million was due mainly to cost of investment in joint venture of $0.6 million, purchase of property, office equipment, renovation and computer related equipment of $0.8 million, partly offset by proceeds from sale of a motor vehicle of $0.1 million.

Net cash from financing activities of $0.9 million was due mainly to drawdown of bank borrowings of $3.5 million, partly offset by the repayment of advances from directors of approximately $0.8 million, repayment of bank borrowings and finance leases of $1.5 million and $0.1 million respectively, and the payment of dividend to shareholders of $0.3 million.

As a result of the above, cash and cash equivalents decreased by $2.9 million, from $6.4 million as at 1 January 2012 to $3.5 million as at 31 December 2012.

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

The results are in line with the profit warning announcement released on 8 February 2013.

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

The Group will continue to capitalise on their core competencies and to focus on the sale of imported kitchen systems, kitchen appliances, wardrobe systems, household furniture and accessories for residential projects and for distribution and retail. The Group will also continue to explore other business opportunities and strengthen cost control.

Given the present economic outlook and uncertainty in the global economy, the business conditions in Singapore, Malaysia and Hong Kong are expected to remain challenging and competitive for the financial year ending 31 December 2013.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

No.

(b)(i) Amount per share/rate %

Name of Dividend	
Dividend type Dividend amount per ordinary share (cents)	Not applicable Not applicable

(b)(ii) Previous corresponding period/rate %

Name of Dividend	Final
Dividend type Dividend amount per ordinary share (cents)	Cash 0.26

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The final dividend as indicated in 11(b)(ii) is tax exempt (one-tier).

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for the financial year ended 31 December 2012.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii).

14. Use of Proceeds

The Board of Directors ("Board") of the Company refers to the offer document dated 15 July 2011 ("Offer Document") in relation to the Company's initial public offering and listing of the Company's shares on the Catalist and the announcement on the "Use of Proceeds from the Initial Public Offering of the Company's Shares on the Catalist" dated 18 June 2012 and 11 September 2012.

The Board wishes to inform its Shareholders that there is no change to the balance of the net proceeds of $320,000 as announced on 11 September 2012.

The Company will continue to make periodic announcements on the use of the net proceeds as and when such proceeds have been materially disbursed.

15 Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Residential Projects		**Distribution and Retail**		**Total**	
	FY2012	**FY2011**	**FY2012**	**FY2011**	**FY2012**	**FY2011**
	$	**$**	**$**	**$**	**$**	**$**
Segment revenue	13,672,666	12,265,075	7,987,616	9,821,044	21,660,282	22,086,119
Segment profits	842,866	1,696,416	601,312	2,130,184	1,444,178	3,826,600
Segment assets/ Total assets					25,931,846	26,892,923
Segment liabilities					9,032,925	10,942,366
Unallocated liabilities					4,400,353	2,829,996
Total liabilities					13,433,278	13,772,362
Other segments items						
Capital expenditure of -property, plant and equipment					790,103	191,143
Depreciation of property, plant and equipment					337,908	351,649

A reconciliation of segment profits to the (loss)/profit before tax is as follows:

	Group	
	FY2012	FY2011
	$	$
Segment profits	1,444,178	3,826,600
Interest income	7,707	5,447
(Loss)/gain on foreign exchange difference	(119,108)	48,283
Goodwill written-off	(28,554)	-
Share of results of joint venture	(418,297)	-
Unallocated corporate expenses	(1,238,270)	(2,361,284)
(Loss)/profit before tax	(352,344)	1,519,046

Geographical information

Revenue based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers	
	FY2012	FY2011
	$	$
Singapore	19,185,836	19,659,965
Malaysia	1,403,758	2,167,546
Seychelles	149,471	147,829
Indonesia	584,145	90,175
Maldives	298,396	-
Others	38,676	20,604
	21,660,282	22,086,119

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to Note 8 above for details.

17. A breakdown of sales as follows:

	Group		
	FY2012 ($)	**FY2011 ($)**	**% increase/ (decrease)**
(a) Sales reported for first half year	11,279,345	9,683,970	16.5
(b) Profit after tax before deducting non-controlling interests reported for first half year	319,091	885,475	(64.0)
(c) Sales reported for second half year	10,380,937	12,402,149	(16.3)
(d) Profit/(loss) after tax before deducting non-controlling interests reported for second half year	(687,832)	368,885	(286.5)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	Company	
	FY2012 ($)	**FY2011 ($)**
(a) Ordinary	-	260,000
(b) Preference	-	-
(c) Total	-	260,000

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Save for Directors, namely Lim Wee Li and Lim Han Li, who are brothers as disclosed in the "Directors, Executive Officers and Staff" section of the Offer Document, the Company confirms that there is no person occupying a managerial position in the Company and its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

On behalf of the Board of Directors

Lim Wee Li
Executive Chairman and CEO
Date: 21 February 2013

Lim Han Li
Executive Director