

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31 Mar 2016

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated income statement for the financial period ended 31-Mar-16

	GROUP		
	31-Mar-16	31-Mar-15	Variance
	S\$'000	S\$'000	%
Revenue	21,151	18,684	13%
Cost of sales	(13,883)	(12,370)	12%
Gross profit	7,268	6,314	
Other income	1,850	2,404	-23%
Expenses			
- Distribution and marketing	(3,497)	(3,103)	13%
- Administrative	(4,882)	(5,100)	-4%
- Finance	(30)	(51)	-41%
Share of profit of joint ventures-net of tax	633	3,511	-82%
Profit before income tax	1,342	3,975	
Income tax expense	(52)	(37)	
Net profit	1,290	3,938	-67%
Profit attributable to:			
Equity holders of the Company	867	3,638	
Non-controlling interests	423	300	
	1,290	3,938	

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

Consolidated Statement of Comprehensive income for the financial period ended 31-Mar-16

	GROUP		
	31-Mar-16	31-Mar-15	Variance
	S\$'000	S\$'000	%
Net profit	1,290	3,938	-67%
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation – (losses)/gains	(976)	605	
Other comprehensive (loss)/income, net of tax	(976)	605	
Total comprehensive income	314	4,543	
Total comprehensive income attributable to:			
Equity holders of the Company	152	4,081	
Non-controlling interests	162	462	
	314	4,543	

Additional information to the income statement:

	GROUP	
	31-Mar-16	31-Mar-15
	S\$'000	S\$'000
1. Other income		
Commission income	1	4
Fixed deposit interest income	447	235
Interest income	3	46
Management fee from joint ventures	14	14
Parking fee income	6	21
Rental income	322	932
Amortisation of deferred income	812	812
Bad debts recovered	74	147
Gain on disposal of property, plant and equipment	(1)	18
Miscellaneous income	172	175
	1,850	2,404

Note:

Rental income decrease is mainly due to the loss of a major tenant.

2. Distribution and marketing expenses

The increase in distribution and marketing expenses was mainly due to increase in rental of showroom, staff cost and marketing cost.

Additional information to the income statement (continued):

	GROUP	
	31-Mar-16	31-Mar-15
	S\$'000	S\$'000
3. Finance Expenses		
Bank loan interest	28	27
Finance lease interest	-	1
Trust receipts interest	2	23
	30	51

	GROUP	
	31-Mar-16	31-Mar-15
	S\$'000	S\$'000
4. Profit before income tax		
Profit before income tax is determined after charging/(crediting):-		
Advertising and promotion	729	622
Bank charges	32	57
Depreciation of property, plant and equipment	214	163
Allowance for impairment of trade and other receivables	46	134
Property tax	179	235
Sales commission	464	454
Foreign Exchange (gain)/loss - net	(143)	59
Legal and professional fee	45	24
Allowance for stock obsolescence	25	(1)
Rental expense on operating leases	2,505	2,362
Utilities	87	114

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	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and bank balances	117,190	108,247	103,807	95,944
Available-for-sale financial assets	1	19	1	19
Trade and other receivables	11,914	11,125	5,059	4,949
Loan to associated companies	8,398	8,923	5,313	5,612
Inventories	17,436	19,773	-	-
Gross amount due from customers for contract work-in-progress	775	164	-	-
	155,714	148,251	114,180	106,524
Non-current assets				
Trade and other receivables	333	337	-	-
Investments in associated companies	-	-	-	-
Investments in joint ventures	37,234	38,401	1,138	1,138
Investments in subsidiaries	-	-	3,936	3,936
Property, plant and equipment	1,832	1,970	473	530
Intangible assets	161	161	161	161
	39,560	40,869	5,708	5,765
Total assets	195,274	189,120	119,888	112,289
LIABILITIES				
Current liabilities				
Trade and other payables	16,856	18,517	4,115	4,218
Advances from joint ventures	10,938	2,565	10,938	2,565
Borrowings	9,303	9,897	8,641	9,636
Obligations under finance leases	24	31	-	-
Gross amount due to customers for contract work-in-progress	3,149	2,658	-	-
Current income tax liabilities	439	420	-	-
Deferred income	3,250	3,250	3,250	3,250
	43,959	37,338	26,944	19,669
Non-current liabilities				
Deferred income	3,792	4,604	3,792	4,604
Obligations under finance leases	5	8	-	-
Deferred income tax liabilities	25	25	-	-
	3,822	4,637	3,792	4,604
Total liabilities	47,781	41,975	30,736	24,273
NET ASSETS	147,493	147,145	89,152	88,016
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	33,745	33,745	33,745	33,745
Other reserves	1,468	2,149	1,460	1,426
Retained earnings	107,952	107,085	53,947	52,845
	143,165	142,979	89,152	88,016
Non-controlling interests	4,328	4,166	-	-
Total equity	147,493	147,145	89,152	88,016

Additional Information to the Statement of financial position:**Current Assets**

- Cash and bank balances increased by \$8.94 million as compared to 31 Dec 2015. The increase is mainly due to funds received from joint venture companies.
- Inventories decreased by \$2.34 million as compared to 31 Dec 2015. The decrease is mainly due to a decrease in inventory in the supply chain division and interior and furniture division.

Current and Non-Current Liabilities

- Advances from joint ventures increased by \$8.37 million as compared to 31 Dec 2015. The increase is mainly due to advances from joint venture companies.
- Total borrowings decreased by \$0.60 million as compared to 31 Dec 2015. The decrease is mainly due to repayment of bank borrowings.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31-Mar-16		As at 31-Dec-15	
Secured	Unsecured	Secured	Unsecured
S\$8,848,458	S\$478,217	S\$9,667,349	S\$260,726

Amount repayable after one year

As at 31-Mar-16		As at 31-Dec-15	
Secured	Unsecured	Secured	Unsecured
S\$5,004	Nil	S\$8,391	Nil

Details of any collateral

The Group's bank loans are secured by a charge on certain fixed deposit(s) in Singapore Dollar/other acceptable currencies placed/to be placed from time to time with the bank. The Group's bills payable are secured, except for an amount of \$478,217 (31 Dec 2015: \$260,726) which is unsecured. The bills payable is secured by a pledge over fixed deposits of a subsidiary amounting to about \$603,393 (31 Dec 2015: \$603,393); a deed of debenture by way of fixed and floating charge over the subsidiary's present and future undertakings; and a deed of assignment of credit insurance policies of a subsidiary and proportionate corporate guarantee by the Company.

Finance leases of \$28,822 (31 Dec 2015: \$39,538) are secured over some of the Group's motor vehicles.

1(c) **A Statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP	
	31-Mar-16	31-Mar-15
	S\$'000	S\$'000
Cash flows from operating activities		
Net profit	1,290	3,938
Adjustments for:		
- Income tax expense	52	37
- Employee share option expense	34	58
- Amortisation of deferred income	(812)	(812)
- Allowance for impairment of trade and other receivables	46	134
- Bad debts recovered	(74)	(147)
- Depreciation	214	163
- Allowance for stock obsolescence	25	(1)
- Gain on disposal of property, plant and equipment	1	(18)
- Loss on disposal of investment	1	-
- Reversal of impairment loss of available-for-sale financial assets	2	2
- Interest income	(450)	(281)
- Finance expenses	30	51
- Share of profit of joint ventures-net of tax	(633)	(3,511)
- Unrealised exchange differences	(893)	583
	(1,167)	196
<i>Change in working capital:</i>		
- Trade and other receivables	(448)	1,032
- Inventories	2,312	(762)
- Contract work-in-progress	(119)	748
- Trade and other payables	(1,660)	(1,771)
Cash used in operations	(1,082)	(557)
- Income tax paid	(32)	(14)
Net cash used in operating activities	(1,114)	(571)
Cash flows from investing activities		
Dividend income received from joint ventures	1,800	3,769
Proceeds from disposal of investment	15	-
Disposal of property, plant and equipment	25	18
Additions to property, plant and equipment	(126)	(50)
Fixed deposits with maturity of more than three months	(5,801)	(10,234)
Interest received	140	281
Repayment of loan by joint ventures	-	14,010
Repayment of loan by associated companies	525	46
Net cash (used in)/provided by investing activities	(3,422)	7,840
Cash flows from financing activities		
Advances from joint ventures	8,373	-
Proceeds from bank borrowings	126	7,151
Repayment of bank borrowings	(720)	(8,360)
Net proceeds from issuance of shares	-	628
Fixed deposits pledged	(8)	(9)
Repayment of finance leases	(10)	(20)
Interest paid	(30)	(51)
Net cash provided by/(used in) financing activities	7,731	(661)
Net increase in cash and cash equivalents	3,195	6,608
Cash and cash equivalents		
Beginning of financial year	10,368	10,279
Effect of currency translation on cash and cash equivalents	(61)	3
End of the financial year	13,502	16,890

Notes to Cash Flow Statement

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	31-Mar-16	31-Mar-15
	S\$'000	S\$'000
Cash and bank balances	117,190	109,082
Less: Bank deposits pledged	(13,887)	(11,848)
Less: Bank deposits with maturity more than 3 months but less than 12 months	(89,801)	(80,344)
Cash and cash equivalents per consolidated statement of cash flows	13,502	16,890

The Group used \$1.17 million in operating activities before taking into account working capital changes as compared to cash generated from operations of \$0.20 million in the 1st quarter ended 31 Mar 2015. Taking into account changes in working capital and income tax paid, the Group used \$1.11 million in its operating activities as compared to \$0.57 million used in the 1st quarter ended 31 Mar 2015.

The Group recorded a net cash inflow of \$3.20 million in the 1st quarter ended 31 Mar 2016 as compared to a net cash inflow of \$6.61 million in the 1st quarter of 2015. The net decrease in cash and cash equivalents was due to net cash provided by the financing activities of \$7.73 million, which was partially offset by net cash used by operating activities and investing activities of \$1.11 million and \$3.42 million respectively.

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.

Consolidated statement of changes in equity for the financial period ended 31-Mar-16

	Attributable to equity holders of the Company						
GROUP	Share capital	Employee share option reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1-Jan-16	33,745	1,426	723	107,085	142,979	4,166	147,145
Employee share option scheme	-	34	-	-	34	-	34
Issue of new shares	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(715)	867	152	162	314
Balance as at 31-Mar-16	33,745	1,460	8	107,952	143,165	4,328	147,493

Consolidated statement of changes in equity for the financial period ended 31-Mar-15

	Attributable to equity holders of the Company						
GROUP	Share capital	Employee share option reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1-Jan-15	32,460	1,656	(220)	91,791	125,687	2,710	128,397
Employee share option scheme	-	58	-	-	58	-	58
Issue of new shares	948	(320)	-	-	628	-	628
Total comprehensive income for the period	-	-	443	3,638	4,081	462	4,543
Balance as at 31-Mar-15	33,408	1,394	223	95,429	130,454	3,172	133,626

Statement of changes in equity for the financial period ended 31-Mar-16

<u>COMPANY</u>	Share capital	Employee share option reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1-Jan-16	33,745	1,426	52,845	88,016
Employee share option scheme	-	34	-	34
Issue of new shares	-	-	-	-
Total comprehensive income for the period	-	-	1,102	1,102
Balance as at 31-Mar-16	33,745	1,460	53,947	89,152

Statement of changes in equity for the financial period ended 31-Mar-15

<u>COMPANY</u>	Share capital	Employee share option reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1-Jan-15	32,460	1,656	48,341	82,457
Employee share option scheme	-	58	-	58
Issue of new shares	948	(320)	-	628
Total comprehensive income for the period	-	-	3,582	3,582
Balance as at 31-Mar-15	33,408	1,394	51,923	86,725

- 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.**

	GROUP AND COMPANY	
	31-Mar-16	31-Dec-15
	S\$'000	S\$'000
Issued and paid up capital		
At the end of the financial period/year	33,745	33,745

Note:

The number of share options outstanding as at 31 Mar 2016 is 9,764,000 (31 Dec 2015: 9,764,000)

- 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 preceding year.**

	GROUP AND COMPANY	
	31-Mar-16	31-Dec-15
No of issued shares at the beginning of the period/year	212,722,686	209,531,686
Issue of new shares:		
- exercised of share option by employees and directors	-	3,191,000
No of issued shares at the end of the period/year	212,722,686	212,722,686

- 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.**

Not applicable.

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

The financial statements have not been audited nor reviewed by the Company's auditors.

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

The Group has adopted the same accounting policies and method of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 Dec 2015.

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 the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 Jan 2016, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the retained earnings of the Group as at 1 Jan 2016.

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	
	31-Mar-16	31-Mar-15
Earnings per share based on consolidated profit after taxation and Non-controlling interests		
Based on existing issued share capital (cents)	0.41	1.73
On a fully diluted basis (cents)	0.40	1.69

Note:

- a) The Earnings per share is calculated based on the weighted average number of shares in issue during the period amounting to 212,722,686 and to 209,966,286 shares as at 31 Mar 2016 and 31 Mar 2015 respectively.
- b) In calculating Earnings per share on a fully diluted basis, the weighted average number of shares in issue during the period is adjusted to take into account the employee share options on a deemed exercised basis, being 215,555,488 and 215,247,290 shares as at 31 Mar 2016 and 31 Mar 2015 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	GROUP		COMPANY	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Net asset value per share based on the existing issued share capital as at the respective period	67.30 cents	67.21 cents	41.91 cents	41.38 cents

Note:

The net assets value per ordinary shares are calculated based on the issued share capital of the Company of 212,722,686 as at 31 Mar 2016 and 31 Dec 2015 .

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.**

Group revenue for the 1st quarter ended 31 Mar 2016 increased by 13% to \$21.15 million as compared to \$18.68 million for the 1st quarter ended 31 Mar 2015.

This increase is mainly attributable to the Group's supply chain division under Buylateral Group which sells to the USA market. On the other hand, within the interior and furniture segment, European imported luxury furniture business recorded lower sales, in line with the slow down in the luxury residential property market segment.

The Group's net profit for the 1st quarter decreased by 67% to \$1.29 million as compared to a net profit of \$3.94 million for the 1st quarter ended 31 Mar 2015. This was mainly due to a fall in net profit from the Group's property investments and a reduction of rental income due to the loss of a major tenant at the Group's headquarters at 16 Tai Seng Street which was partially offset by the increase in contribution from the supply chain division.

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

Not applicable.

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 interior and furniture segment continues to slow down as a result of stagnation in the Singapore economy, a depressed property market and parallel import competition in the digital space circumventing our traditional retail models. Nevertheless, we will continue to build our presence in the digital space and look for regional product supply opportunities particularly in Malaysia and Indonesia.

The property development business in Singapore continues to be challenging and opportunities remain limited. The Group will continue to seek and explore opportunities in property development locally and overseas.

The Group's USA distribution and supply chain company, Buylateral Group Pte Ltd, has continued to grow in the 1st quarter of 2016. The Group is positive about the growth in the USA market and expects Buylateral to continue to grow its sales and increase its market share in the USA market.

In the light of uncertain economic growth in both emerging and developed markets, volatile stock markets and investment climate, domestic loan tightening measures and other property related policy measures in Singapore which have affected affordability and spending power of potential customers, the Group is cautious about its prospects for 2016.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the current financial period ended 31 Mar 2016.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales.

Not applicable.

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

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$)	Previous Full Year (S\$)
Ordinary	0	0
Preference	0	0
Total:	0	0

17. Interest Person Transaction

Name of Interested Person	Aggregate value of all Interested Persons Transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' Mandate pursuant to Rule 920)	Aggregate value of all Interested Persons Transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Nil	Nil

18. Confirmation of Directors' and Executive Officers' Undertakings

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in compliance with Rule 720(1) of the Listing Manual.

19. Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual

The board of directors have confirmed that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of which may render the unaudited 1st quarter financial statements for the three month ended 31 Mar 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Goon Eu Jin Terence
Director

Wee Ai Quey
Director

BY ORDER OF THE BOARD

Goon Eu Jin Terence
Group Chief Executive Officer and Managing Director

13 May 2016