

Half Year Financial Statement and Dividend Announcement for the Financial Period Ended 31 March 2014

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The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road, #21-02 Singapore 068896, telephone (65) 6854 6150.

1(a)(i) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		% Change Increase / (Decrease)
	01/10/2013 to 31/03/2014 S\$'000	01/10/2012 to 31/03/2013 S\$'000	
Revenue from supply of building materials			
Project sales	-	426	(100.00)
Retail sales	62	35	77.14
Revenue from rental	170	1,021	(83.35)
	232	1,482	(84.35)
Other income	59	18	227.78
Costs and expenses			
Changes in inventories of trading goods, excluding allowance for inventory obsolescence	-	(267)	(100.00)
Purchases and services consumed	-	(29)	(100.00)
Allowance for inventory obsolescence	-	(128)	(100.00)
Staff costs	(190)	(880)	(78.41)
Depreciation of property, plant and equipment	(3)	(11)	(72.73)
Other operating expenses	(737)	(766)	(3.79)
Finance costs	(68)	(77)	(11.69)
	(998)	(2,158)	(53.75)
Loss before taxation	(707)	(658)	7.45
Taxation	(19)	(64)	(70.31)
Loss after taxation	(726)	(722)	0.55
Total comprehensive loss for the period attributable to shareholders	(726)	(722)	0.55

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- 1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

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

	Group	
	01/10/2013 to 31/03/2014 S\$'000	01/10/2012 to 31/03/2013 S\$'000
Bad trade debts recovered	5	-
Bad trade debts written off	-	(2)
Interest expenses	(67)	(77)
Interest income	26	-
Loss on disposal of property, plant and equipment	-	(61)
Allowance for inventory obsolescence	-	(128)
Foreign exchange (loss) / gain	*	*

* Amount less than S\$500

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

	Group		Company	
	31/03/2014 S\$'000	30/09/2013 S\$'000	31/03/2014 S\$'000	30/09/2013 S\$'000
Property, plant and equipment	5	8	-	-
Investments	*	*	-	-
Subsidiaries	-	-	5,982	5,982
Current assets				
Trade receivables	222	273	-	-
Other receivables	18	44	-	-
Prepayments	31	25	17	10
Amount due from subsidiaries (non-trade)	-	-	5	1,199
Fixed deposits (unsecured)	12,200	-	12,200	-
Cash and cash equivalents	1,461	3,463	1,150	1,155
	13,932	3,805	13,372	2,364
Properties held-for-sale	-	17,250	-	-
	13,932	21,055	13,372	2,364
Current liabilities				
Trade payables	2	124	2	4
Amount due to a subsidiary (non-trade)	-	-	11,738	407
Other payables	80	2,498	49	180
Bank borrowings	-	3,800	-	-
Provision for taxation	118	178	-	-
	200	6,600	11,789	591
Net current assets	13,732	14,455	1,583	1,773
Net assets	13,737	14,463	7,565	7,755
Equity				
Share capital	21,310	21,310	21,310	21,310
Asset revaluation reserve	-	4,422	-	-
Accumulated losses	(7,573)	(11,269)	(13,745)	(13,555)
	13,737	14,463	7,565	7,755

* Amount less than S\$500

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

	As at 31/03/2014		As at 30/09/2013	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	-	-	3,800	-

Details of any collateral:

The Group's borrowings were secured by the following:

- Legal mortgage on a subsidiary's investment properties
- Corporate guarantee

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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	
	01/10/2013 to 31/03/2014 S\$'000	01/10/2012 to 31/03/2013 S\$'000
Cash flows from operating activities		
Loss before taxation	(707)	(658)
Adjustments for:		
Bad trade debts recovered	(5)	-
Bad trade debts written off	-	2
Depreciation of property, plant and equipment	3	11
Interest expense	11	76
Interest income	(26)	-
Loss on disposal of property, plant and equipment	-	61
Allowance for inventory obsolescence	-	128
Operating cash flow before working capital changes	<u>(724)</u>	<u>(380)</u>
Decrease in assets		
Inventories	-	267
Trade receivables	56	320
Other receivables and prepayments	20	11
Decrease in liabilities		
Trade payables	(122)	(1)
Other payables	(2,414)	(101)
Cashflows (used in) / generated from operations	<u>(3,184)</u>	<u>116</u>
Interest paid	(15)	(77)
Income tax paid	(79)	(22)
Net cash flows (used in) / provided by operating activities	<u>(3,278)</u>	<u>17</u>
Cash flows from investing activities		
Proceeds from sale of investment properties	17,250	-
Interest received	26	-
Proceeds from sales of property, plant and equipment	-	7
Net cash flows provided by investing activities	<u>17,276</u>	<u>7</u>
Cash flows from financing activities		
Repayment of interest-bearing loans and borrowings	(3,800)	(390)
Net cash flows used in financing activities	<u>(3,800)</u>	<u>(390)</u>
Net increase / (decrease) in cash and cash equivalents	10,198	(366)
Cash and cash equivalents		
Beginning of financial period	<u>3,463</u>	<u>777</u>
End of financial period	<u>13,661</u>	<u>411</u>
Cash and cash equivalents comprised the following as at 31 March 2014 and 31 March 2013:		
Fixed deposits (unsecured)	12,200	-
Cash and cash equivalents	<u>1,461</u>	<u>411</u>
	<u>13,661</u>	<u>411</u>

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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.

	Share capital S\$'000	Asset revaluation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Group				
As at 01/10/2012	19,505	4,422	(10,590)	13,337
Net loss for the period	-	-	(722)	(722)
Total comprehensive loss for the period	-	-	(722)	(722)
As at 31/03/2013	19,505	4,422	(11,312)	12,615
As at 01/10/2013	21,310	4,422	(11,269)	14,463
Net loss for the period	-	-	(726)	(726)
Total comprehensive loss for the period	-	-	(726)	(726)
Transfer of asset revaluation reserve to accumulated losses upon sale of properties	-	(4,422)	4,422	-
As at 31/03/2014	21,310	-	(7,573)	13,737
Company				
As at 01/10/2012	19,505	-	(11,474)	8,031
Net loss for the period	-	-	(142)	(142)
Total comprehensive loss for the period	-	-	(142)	(142)
As at 31/03/2013	19,505	-	(11,616)	7,889
As at 01/10/2013	21,310	-	(13,555)	7,755
Net loss for the period	-	-	(190)	(190)
Total comprehensive loss for the period	-	-	(190)	(190)
As at 31/03/2014	21,310	-	(13,745)	7,565

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- 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.**

There were no changes in the Company's issued and paid-up share capital from 30 September 2013 to 31 March 2014. There were no outstanding convertibles or treasury shares held by the Company as at 31 March 2014 and 31 March 2013.

- 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.**

The total number of issued shares excluding treasury shares as at 31 March 2014 is 335,577,825 shares (30 September 2013: 335,577,825 shares).

- 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. There were no treasury shares during and as at the end of the current financial period reported on.

- 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.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in its latest audited financial statements for the financial year ended 30 September 2013.

- 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 adoption of the new and revised Financial Reporting Standard which took effect from the current reporting period is assessed to have no material impact to the results of the Group and of the Company for the financial year ending 30 September 2014.

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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	
	01/10/2013 to 31/03/2014 Cents	01/10/2012 to 31/03/2013 Cents
Earnings per ordinary share based on loss attributable to shareholders		
(a) Based on the weighted average number of ordinary shares in issue	(0.22)	(0.24)
(b) Based on a fully diluted basis	(0.22)	(0.24)

As there were no potentially dilutive ordinary shares at the respective financial periods above, the basic and diluted earnings per share are the same.

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	
	31/03/2014 Cents	30/09/2013 Cents	31/03/2014 Cents	30/09/2013 Cents
* Net asset value per ordinary share based on existing issued share capital as at the end of the financial period / year	4.09	4.31	2.25	2.31

* The net asset value per ordinary share is computed based on issued shares of the Group and Company as at 31 March 2014 and 30 September 2013.

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.

The subsidiaries of the Group are Nam Huat Tiling & Panelling Co Pte Ltd ("NHTP"), NH Enterprises (2008) Pte Ltd ("NHE"), Nam Hong Properties Pte Ltd ("NHP") and Nam Tat Pte Ltd ("NT").

INCOME STATEMENT

In the first 6-month period of FY2014 ended 31 March 2014 ("1H2014"), the Group recorded a revenue of \$0.23 million and a loss before tax of \$0.71 million. This compares against a revenue of \$1.48 million and a loss before tax of \$0.66 million for the corresponding 6-month period in FY2013 ended 31 March 2013 ("1H2013").

Revenue in 1H2014 was lower mainly due to the completion of contract works in hand by NHTP for the supply of natural stones and ceramic tiles and the sale during the period by NHE of its investment properties which were fully sublet and had been generating rental income since FY2008.

"Stones" refer to marbles & granites. "Tiles" refer to ceramic tiles, mosaics, pavers and other finishing materials.

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Revenue from supply of building materials

Revenue from supply of building materials decreased by \$0.40 million to \$0.06 million in 1H2014 from \$0.46 million in 1H2013, arising from the completion of a project supply contract during FY2013. Further, during the financial period NHTP continued to scale down its business in the trading of building materials as the Group anticipates the initiation of a new core business pursuant to the completion of the acquisition of the BlackGold group of companies.

Revenue from rental

Rental income decreased to \$0.17 million in 1H2014 from \$1.02 million in 1H2013 upon the completion of the sale of the investment properties on 31 October 2013. These investment properties comprised:

- (i) 1 Tuas Avenue 8, Singapore 639215 & 3 Tuas Avenue 8, Singapore 639217 (collectively "**1&3 Tuas**");
and
- (ii) 3791 Jalan Bukit Merah, #01-10 E-Centre @ Redhill, Singapore 159471.
(collectively "**Properties**").

Other income

Other operating income increased by \$0.04 million to \$0.06 million in 1H2014 from \$0.02 million in 1H2013. This resulted mainly from interest received from fixed deposits.

Changes in inventories of trading goods & purchases and services consumed

Changes in inventories of trading goods and purchases and services consumed were "nil" in 1H2014 in comparison to \$0.30 million in 1H2013 as sales of Stones and Tiles during 1H2014 were drawn from inventories and there was no import or purchase from other suppliers during the period.

Staff costs

During 1H2013, in line with the scaling back in operations of the building materials business, a review of the staffing and organizational strength was conducted. This culminated in a restructuring exercise involving all employees of the Group, whereby retrenchment benefits were paid to all, with selected staff re-employed under revised terms of employment.

Resulting mainly from this exercise, staff costs were higher in 1H2013 at \$0.88 million as compared to \$0.19 million in 1H2014.

Other operating expenses

Other operating expenses decreased by \$0.03 million to \$0.74 million in 1H2014 from \$0.77 million in 1H2013. This resulted from decreases in rental expenses (\$0.28 million), property tax (\$0.16 million) and other expenses (\$0.07 million) and which were mainly offset by an increase in professional fees (\$0.48 million).

Rental expenses

Rental expenses decreased by \$0.28 million to \$0.05 million in 1H2014 from \$0.33 million in 1H2013. This resulted mainly from the cessation of lease rental by NHTP of its warehousing premises in FY2013 and the cessation of land rentals payable to JTC by NHE upon the sale of 1&3 Tuas in 1H2014.

Property tax

Property tax decreased by \$0.16 million to \$0.01 million in 1H2014 from \$0.17 million in 1H2013. This resulted from the sale of the Group's Properties in the current financial period.

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Professional fees

Professional fees increased by \$0.48 million to \$0.58 million in 1H2014 from \$0.10 million in 1H2013. This resulted mainly from agency and legal fees for the sale of the Properties and professional fees and expenses from the proposed acquisition of the BlackGold group of companies.

Please refer to the section below on the proposed acquisition.

Finance costs

Finance costs decreased by \$0.01 million to \$0.07 million in 1H2014 from \$0.08 million in 1H2013. This resulted mainly from the reduction in interests (\$0.07 million) paid by NHE on bank borrowings offset by penalty interests (\$0.06 million) paid to the bank on early full redemption of the bank borrowings in the current financial period.

BALANCE SHEET**Trade receivables**

The Group's trade receivables, totalling \$0.22 million, comprised mainly receivables from main contractors for the supply of stones and tiles by NHTP:

Trade receivables	\$0.50 million
Less: Allowance for impairment of trade debts	<u>(\$0.28 million)</u>
	<u>\$0.22 million</u>

The trade receivables comprise mainly amounts receivable from the disposal of inventories and completion of a project supply contract in FY2013.

Fixed deposits

As at 31 March 2014, the Company has fixed deposits totalling \$12.20 million with a bank. The tenures of the fixed deposits range from 1 to 3 months.

Cash and cash equivalents

The Group's cash and bank balances increased \$10.20 million during the period to \$13.66 million from \$3.46 million as at 30 September 2013. This resulted mainly from cash received on the completion of sales of the Properties and offset mainly by loan repayments and operating expenditure for the current financial period.

Properties held-for-sale

The sales, with an aggregate of \$17.25 million, of the Properties which were classified as properties held for sale as at 30 September 2013, were completed on 31 October 2013 in 1H2014:

Completion of sales (90% of sales value)	\$15.53 million
Less:	
Rental deposits (off-set)	(\$0.47 million)
Agency and legal fees	(\$0.20 million)
Redemption of bank loan	<u>(\$3.79 million)</u>
	(\$4.46 million)
Net proceeds on completion	<u>\$11.07 million</u>

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These net proceeds are intended to be used for strategic investments, distribution to shareholders and/or as general working capital.

In the interim period, pending the completion of the proposed acquisition currently in progress, the excess working capital of the Group are placed in fixed deposits with banks in Singapore.

Other payables

Other payables decreased by \$2.42 million to \$0.08 million during the period from \$2.50 million as at 30 September 2013 due to the completion of sales of the Properties in 1H2014, as other payables as at 30 September 2013 included option monies from the purchasers of the Properties (\$1.73 million) and tenant deposits (\$0.46 million).

Bank borrowings

The Group has no bank borrowing as at 31 March 2014.

Total bank borrowings amounting to \$3.80 million as at 30 September 2013 were fully repaid during the current financial period and the corporate guarantee by the Company in relation to the borrowings has been released by the bank.

Working capital

The Group had positive working capital of \$13.74 million as at 31 March 2014.

Asset revaluation reserve

Arising from the completion of sale of the Properties in 1H2014, the asset revaluation reserve with an aggregate of \$4.42 million as at 30 September 2013 was transferred to retained earnings and reflected in the accumulated losses as at 31 March 2014.

PROPOSED ACQUISITION

On 28 March 2013, the Company announced amongst others that it had, on 25 March 2013, entered into a termsheet (the "Termsheet") with Twin Gold Ventures S.A., Rockfield Lake Limited, Cerenti Investments Ltd, Novel Creation Holdings and Kaalasona Limited (each a "Vendor" and collectively, the "Vendors"), pursuant to which the Company will acquire 100% of the total equity interest of BlackGold Asia Resources Pte. Ltd. and BlackGold Energy Limited (collectively, the "Targets") held by the Vendors (the "**Proposed Acquisition**").

On 3 June 2013, the Company announced amongst others that it had, on 30 May 2013, entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") with the Vendors for the sale by the Vendors, and the purchase by the Company, of the entire issued and paid-up share capital of the Targets, and consequently the subsidiaries of the Targets (collectively, the "Target Group").

The Proposed Acquisition constitutes a "Very Substantial Acquisition" or "Reverse Takeover" transaction pursuant to Chapter 10 of the Catalist Rules and will be subject to, inter alia, the approval of the shareholders at an extraordinary general meeting to be convened (the "EGM").

Please refer to the Company's announcements dated 28 March 2013, 22 April 2013, 30 April 2013, 2 May 2013, 3 June 2013, 29 December 2013 and 10 February 2014 for more information.

The Board believes that the Proposed Acquisition is an investment opportunity that would be in the best interests of the Company for the following reasons:

(a) Entry into fast growing coal mining industry in Indonesia

The Proposed Acquisition will enable the Company to gain entry into the growing Indonesian coal mining industry and will allow the Company to position itself within an active market for coal resources.

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(b) Potentially profitable business

In the circular to be dispatched to shareholders in due course, information relating to the coal reserves and resources for all 3 coal concessions owned by the Target Group will be presented, in compliance with the Catalist Rules for Mining, Oil & Gas. Subject to the execution of the mining plans by the Target Group and other factors, the Company could potentially generate sustainable revenue and earning streams.

(c) Opportunity to rejuvenate its business and enhance shareholder value

The Directors are of the view that the Proposed Acquisition presents the Company with an opportunity to acquire a new business with growth potential in the long run, which will enable the Company to remain competitive and enhance shareholder value.

On 10 February 2014, the Company announced amongst others that it had entered into a supplemental sale and purchase agreement with the Vendors (the "Supplemental Sale and Purchase Agreement"), pursuant to which the Company and the Vendors have mutually agreed to extend the Long-Stop Date of the Sales and Purchase Agreement from 28 February 2014 to 31 August 2014 (or such later date as the Company and the Vendors may agree in writing).

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

None.

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.

Commentary on prospects for the current financial year

Having restructured the operations of the Group and unlocked the values of the Properties and strengthened the Company's financial position, the Board turns the current focus of the Group onto the path of growth presented by the Proposed Acquisition.

The Company and its consultants are working closely with the Vendors, and are in the course of conducting due diligence and conducting compliance works in connection with the Proposed Acquisition.

Further announcements on the Proposed Acquisition and other information will be made in due course as and when appropriate.

With the cessation of rental income after the sale of the investment properties and the smaller scale of operations of the building materials business, and in expectation of further professional fees arising from the on-going Proposed Acquisition, the Company expects to report a loss for the financial year ending 30 September 2014.

11 Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

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(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not Applicable.

(d) Book closure date

Not Applicable.

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

No dividend has been declared / recommended for the financial period ended 31 March 2014.

13 Interested Person Transactions [Pursuant to Rule 920(1a) of the Listing Manual]

The aggregate values of interested person transactions entered into as at the financial period ended 31 March 2014 were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (Excluding transactions less than \$100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all interested person transactions conducted under the IPT Mandate (Excluding transactions less than \$100,000)
Expand Construction Pte Ltd	NIL	NIL

14 Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the six months ended 31 March 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Von Lee Yong Miang
Executive Chairman
9 May 2014