

AUSWIN HOLDINGS LIMITED

(Formerly known as Middle East Development Singapore Ltd.)
(Incorporated in the Republic of Singapore)
(Company Registration No: 196600189D)

Unaudited Financial Statements and Dividend Announcement for the Half Year Ended 31 December 2009

8 February 2010

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the Exchange and the Exchange 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.

The contact person for the Sponsor is Mr Ng Joo Khin:
Telephone: 6389 3000 Email: jookhin.ng@stamfordlaw.com.sg

Table of Contents

	Page No
Consolidated Statement of Comprehensive Income	1
Statement of Financial Position	3
Consolidated Statement of Cash Flows	5
Statements of Changes in Equity	7
Review of Performance	11
Outlook	14

AUSWIN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 196600189D)

2010 Half Year Financial Statements And Dividend Announcement**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS****1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.****UNAUDITED RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009 (“1HFY2010”)**

	Note	3 Months Ended			Half Year Ended		
		31.12.09	31.12.08	+ / (-)	31.12.09	31.12.08	+ / (-)
		S\$	S\$	%	S\$	S\$	%
Continuing Operations							
Revenue		2,518,813	2,648,482	-4.90	4,641,073	5,637,721	-17.68
Cost of Sales		(1,373,406)	(1,734,618)	-20.82	(2,822,715)	(3,901,008)	-27.64
Gross Profit		1,145,407	913,864	25.34	1,818,358	1,736,713	4.70
Other Operating Income	(i)	98,740	396,387	-75.09	220,714	415,506	-46.88
Selling & Distribution Costs		(260,502)	(363,528)	-28.34	(501,923)	(705,605)	-28.87
Administrative Expenses		(1,061,922)	(1,239,325)	-14.31	(2,264,162)	(2,509,276)	-9.77
Other Operating Expenses	(ii)	(11,019)	(150,481)	-92.68	(26,828)	(452,212)	-94.07
Finance Cost		(11,093)	(18,143)	-38.86	(21,596)	(29,778)	-27.48
Loss before Income Tax	(iii)	(100,389)	(461,226)	-78.23	(775,437)	(1,544,652)	-49.80
Income Tax Expense		28,963	(19,235)	-250.57	20,608	(27,991)	-173.62
Loss for the Period		(71,426)	(480,461)	-85.13	(754,829)	(1,572,643)	-52.00
Other comprehensive income:							
Exchange differences on translating foreign operations		(6,809)	15,205	-144.78	(174,918)	112,174	-255.93
Other comprehensive (expense)/income for the period, net of tax		(6,809)	15,205	-144.78	(174,918)	112,174	-255.93
Total comprehensive expense for the period		(78,235)	(465,256)	-83.18	(929,747)	(1,460,469)	-36.34
Loss for the period attributable to:							
Owners of the Company		(71,426)	(480,461)	-85.13	(754,829)	(1,572,643)	-52.00
Total comprehensive expense attributable to:							
Owners of the Company		(78,235)	(465,256)	-83.18	(929,747)	(1,460,469)	-36.34

Notes:

1(a)(i) Other operating income includes the following:

	3 Months Ended		Half Year Ended	
	31.12.09	31.12.08	31.12.09	31.12.08
	S\$	S\$	S\$	S\$
Allowances for doubtful debts written back	6,000	--	8,000	--
Bad debts recovered	15,572	--	15,572	--
Fair value gain on held-for-trading investment	21,872	--	38,772	--
Foreign exchange transaction gain	3,692	--	5,473	--
Gain on disposal of property, plant and equipment	149	53,000	34,101	53,000
Government grants/subsidies	--	--	27,430	--
Interest income	3,579	22,154	7,748	35,336
Jobs credit scheme	31,834	--	64,772	--
Provision for impairment loss on project management written back	--	290,541	--	290,541
Sundry income	16,042	30,692	18,846	36,629
	98,740	396,387	220,714	415,506

1(a)(ii) Other operating expenses include the following:

	3 Months Ended		Half Year Ended	
	31.12.09	31.12.08	31.12.09	31.12.08
	S\$	S\$	S\$	S\$
Allowances for doubtful debts	10,529	19,082	22,808	35,407
Bad debts written off - trade receivables	--	8,925	1,013	8,925
Fair value loss on held-for-trading investment	--	103,650	--	383,650
Foreign exchange transaction loss	--	18,824	--	23,721
Inventory written off	--	--	2,517	509
Property, plant and equipment written off	490	--	490	--
	11,019	150,481	26,828	452,212

1(a)(iii) Loss before income tax is arrived at after charging the following:

	3 Months Ended		Half Year Ended	
	31.12.09	31.12.08	31.12.09	31.12.08
	S\$	S\$	S\$	S\$
Amortisation of intangible assets	5,268	--	10,411	--
Depreciation of property, plant and equipment	56,163	27,390	107,424	84,682

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	
	As At 31.12.09	As At 30.06.09	As At 31.12.09	As At 30.06.09
	S\$	S\$	S\$	S\$
ASSETS				
Current assets:				
Cash and bank balances	15,652,669	10,067,665	12,138,623	8,195,570
Trade and other receivables	6,762,141	6,832,368	4,955,583	2,735,785
Held-for-trading investment	204,793	166,022	--	--
Amount due from contract customers	277,960	222,680	--	--
Inventories	930,389	836,367	--	--
Total current assets	23,827,952	18,125,102	17,094,206	10,931,355
Non-current assets:				
Property, plant and equipment	819,195	814,765	48,558	75,560
Intangible assets	47,916	53,827	3,875	--
Investment in subsidiaries	--	--	3,031,819	3,031,819
Investment in an associate	--	--	--	--
Deferred tax asset	21,749	21,855	--	--
Total non-current assets	888,860	890,447	3,084,252	3,107,379
Total assets	24,716,812	19,015,549	20,178,458	14,038,734
LIABILITIES AND EQUITY				
Current liabilities:				
Bank overdrafts	478,668	562,813	--	--
Trade and other payables	3,031,868	3,611,212	626,096	1,105,120
Amount due to contract customers	43,494	86,370	--	--
Current portion of finance leases	31,849	34,836	--	--
Income tax payable	106,501	127,069	--	36,257
Total current liabilities	3,692,380	4,422,300	626,096	1,141,377
Non-current liabilities:				
Finance leases	131,349	125,625	--	--
Deferred tax liabilities	470	472	--	--
Total non-current liabilities	131,819	126,097	--	--
Capital and reserves:				
Share capital	29,410,053	22,054,845	29,410,053	22,054,845
Statutory reserve	346,410	346,410	--	--
Share option reserves	4,179	4,179	4,179	4,179
Foreign currency translation reserves	(752,488)	(577,570)	--	--
Accumulated losses	(8,115,541)	(7,360,712)	(9,861,870)	(9,161,667)
Total equity	20,892,613	14,467,152	19,552,362	12,897,357
Total liabilities and equity	24,716,812	19,015,549	20,178,458	14,038,734

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, please specify the following at the end of the current 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

As at 31.12.09 S\$		As at 30.06.09 S\$	
Secured	Unsecured	Secured	Unsecured
510,517	--	597,649	--

Amount repayable after one year

As at 31.12.09 S\$		As at 30.06.09 S\$	
Secured	Unsecured	Secured	Unsecured
131,349	--	125,625	--

Details of any collaterals

The Group's secured borrowings comprise bank overdrafts and finance leases.

The bank overdrafts are secured on:

- (i) fixed deposits pledged; and
- (ii) corporate guarantees of the Company.

The finance leases are secured on the plant and equipment. The net book value of these plant and equipment as at 31.12.09 is S\$161,451 (30.06.09: S\$179,116).

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

	Group		Group	
	For 3 Months Ended		For Half Year Ended	
	31.12.09	31.12.08	31.12.09	31.12.08
	S\$	S\$	S\$	S\$
Cash flows from operating activities:				
Loss before tax	(100,389)	(461,226)	(775,437)	(1,544,652)
Adjustments for:				
Amortisation of intangible assets	5,268	--	10,411	--
Allowances for doubtful debts written back	(6,000)	--	(8,000)	--
Allowances for doubtful debts	10,529	19,082	22,808	35,407
Bad debts written off	--	8,925	1,013	8,925
Depreciation of property, plant and equipment	56,163	27,390	107,424	84,682
Fair value (gain)/loss on held-for-trading investment	(21,872)	103,650	(38,772)	383,650
Gain on disposal of property, plant and equipment	(149)	(53,000)	(34,101)	(53,000)
Property, plant and equipment written off	490	--	490	--
Interest expense	11,093	18,143	21,596	29,778
Interest income	(3,579)	(22,154)	(7,748)	(35,336)
Inventory written off	--	--	2,517	509
Provision for impairment loss on project management written back	--	(290,541)	--	(290,541)
Provision for warranties	19,500	35,117	39,000	67,029
Operating loss before working capital changes	(28,946)	(614,614)	(658,799)	(1,313,549)
Trade and other receivables	(165,945)	(479,804)	78,559	(723,927)
Amount due from/to contract customers	(104,461)	179,602	(98,156)	179,601
Inventories	30,891	110,475	(96,539)	96,721
Trade and other payables	(685,727)	(490,018)	(618,344)	(632,067)
Cash used in operations	(954,188)	(1,294,359)	(1,393,279)	(2,393,221)
Interest paid	(11,093)	(18,143)	(21,596)	(29,778)
Income tax paid	(13,006)	(62,772)	(24,153)	(68,343)
Net cash used in operating activities	(978,287)	(1,375,274)	(1,439,028)	(2,491,342)
Cash flows from investing activities:				
Interest received	3,579	22,154	7,748	35,336
Proceeds from disposal of property, plant and equipment	1,029	53,000	35,559	53,000
Purchase of property, plant and equipment (Note 1)	(11,359)	(38,988)	(100,197)	(48,139)
Purchase of intangible assets	--	--	(4,500)	--
Net cash (used in)/from investing activities	(6,751)	36,166	(61,390)	40,197
Cash flows from financing activities:				
Net proceeds from issue of shares	7,355,208	--	7,355,208	--
Net repayments from finance leases	(10,387)	(42,157)	(21,263)	(87,241)
Restricted cash	(2,876)	15	1,076	4,489
Net cash from/(used in) financing activities	7,341,945	(42,142)	7,335,021	(82,752)
Net effect of exchange rate changes in consolidating subsidiaries	(5,901)	3,987	(164,377)	88,980
Net increase/(decrease) in cash and cash equivalents	6,351,006	(1,377,263)	5,670,226	(2,444,917)
Cash and cash equivalents at beginning of period	8,085,789	6,853,637	8,766,569	7,921,291
Cash and cash equivalents at end of period	14,436,795	5,476,374	14,436,795	5,476,374

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year – cont'd

	Group		Group	
	For 3 Months Ended		For Half Year Ended	
	31.12.09	31.12.08	31.12.09	31.12.08
	S\$	S\$	S\$	S\$
Cash at end of period includes the following:				
Cash and cash equivalents	15,652,669	7,098,350	15,652,669	7,098,350
Bank overdrafts	(478,668)	(569,368)	(478,668)	(569,368)
	15,174,001	6,528,982	15,174,001	6,528,982
Restricted cash (Note 2)	(737,206)	(1,052,608)	(737,206)	(1,052,608)
Cash and cash equivalents at end of period	14,436,795	5,476,374	14,436,795	5,476,374

Notes:

(1) Property, plant and equipment

For the 2nd quarter of FY2010, the Group acquired mainly plant and equipment with an aggregate cost of S\$35,359 (2009: S\$147,678) of which S\$24,000 (2009: S\$108,690) was acquired by means of finance leases and S\$11,359 (2009: S\$38,988) was paid by cash.

For the half year ended 31 December 2009, the Group acquired mainly plant and equipment with an aggregate cost of S\$124,197 (2009: S\$156,829) of which S\$24,000 (2009: S\$108,690) was acquired by means of finance leases and S\$100,197 (2009: S\$48,139) was paid by cash.

(2) Restricted cash

Restricted cash pertains to fixed deposits of certain subsidiaries which have been pledged with banks as securities for banking facilities granted.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other 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	Statutory Reserve	Share Option Reserves	Foreign Currency Translation Reserves	Accumulated Losses	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 30.06.08	18,325,460	346,410	4,179	(681,186)	(4,735,570)	13,259,293
Total comprehensive income/(expense) for the period	--	--	--	112,174	(1,572,643)	(1,460,469)
Balance at 31.12.08	18,325,460	346,410	4,179	(569,012)	(6,308,213)	11,798,824
Balance at 30.06.09	22,054,845	346,410	4,179	(577,570)	(7,360,712)	14,467,152
Total comprehensive expense for the period	--	--	--	(174,918)	(754,829)	(929,747)
Issuance of shares	8,250,000	--	--	--	--	8,250,000
Share issue expenses	(894,792)	--	--	--	--	(894,792)
Balance at 31.12.09	29,410,053	346,410	4,179	(752,488)	(8,115,541)	20,892,613

COMPANY	Share Capital	Share Option Reserves	Accumulated Losses	Total
	S\$	S\$	S\$	S\$
Balance at 30.06.08	18,325,460	4,179	(6,472,672)	11,856,967
Total comprehensive expense for the period	--	--	(1,195,535)	(1,195,535)
Balance at 31.12.08	18,325,460	4,179	(7,668,207)	10,661,432
Balance at 30.06.09	22,054,845	4,179	(9,161,667)	12,897,357
Total comprehensive expense for the period	--	--	(700,203)	(700,203)
Issuance of shares	8,250,000	--	--	8,250,000
Share issue expenses	(894,792)	--	--	(894,792)
Balance at 31.12.09	29,410,053	4,179	(9,861,870)	19,552,362

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 the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The numbers of new shares issued as at 31 December 2009 and as at 31 December 2008 are as follows:-

	As at 31 December 2009	As at 31 December 2008
	No. of Shares Issued	No. of Shares Issued
Issuance of new shares pursuant to Subscription Agreement	150,000,000	Nil
Issuance of new shares pursuant to Placement Mandate	7,500,000	Nil

On 10 November 2009, our shareholders approved the additional investment in the Company by Germir Group Limited ("Germir") as well as the issuance of Arrangement Shares to UOB Kay Hian Private Limited ("UOB Kay Hian") (the "Subscription"). More information relating to this can be found in our circular to the shareholders dated 19 October 2009.

On 23 December 2009, the Company completed Tranche 1, as per defined in the Subscription Agreement with Germir, with an issuance of 150,000,000 new shares at S\$0.05 per share to Gemir. Net proceeds of S\$7.36 million were intended to be used for new businesses.

With the completion of Tranche 1 on 23 December 2009, the Company had also issued 7,500,000 new shares to UOB Kay Hian. In compliance with FRS 102, the shares issued to UOB Kay Hian as Arrangement Shares have been fair valued. Based on the price at the close of trading on 23 December 2009, the shares have been fair valued at S\$0.10 per share.

The number of ordinary shares that may be issued upon exercise of all the outstanding share options under the Hitchins Employees' Share Option Scheme at 31 December 2009 was 235,000 (as at 31 December 2008: 235,000).

In December 2006, the Company granted a call option to M.E. Development L.L.C., to subscribe for 120,000,000 ordinary shares at S\$0.05 per share, exercisable within 2 years after January 2007. As at 31 December 2009, this option had lapsed (as at 31 December 2008: remaining option to subscribe for 100,000,000 ordinary shares at S\$0.05 per share).

Save as disclosed above, the Company has no other convertible securities.

As at 31 December 2009 and 31 December 2008 respectively, the Company had no treasury shares.

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.

Total number of issued shares excluding treasury shares, as at 31 December 2009 was 634,977,500 (as at 30 June 2009: 477,477,500).

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

Not applicable as the Company had no treasury shares.

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

The figures have not been audited nor reviewed by our 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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, compared with those of the audited financial statements as at 30 June 2009.

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 adopted the new/revised FRSs and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2009 and 1 July 2009 respectively. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRS.

The following are the new or amended FRSs that are relevant to the Group:

FRS 1 (Revised)	Presentation of Financial Statements
Amendments to FRS 23	Borrowing Costs
FRS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 107	Improving Disclosures about Financial Statements
FRS 108	Operating Segments

The adoption of the above FRSs did not result in any substantial change to the Group's accounting policies nor have any significant impact on the financial statements except for the presentation of financial statements as required by FRS 1 (Revised) Presentation of Financial Statements.

FRS 1 (Revised) Presentation of Financial Statements requires an entity to present all non-owner changes in equity in a Statement of Comprehensive Income ("SCI"). Non-owner changes will include items of income and expense recognised directly in equity. Previously such non-owner changes were included in Statement of Changes In Equity. This is a change of presentation and does not affect the recognition or measurement of

the entity's transactions. An entity may choose to present SCI in a single statement, or in two statements (a separate income statement and a SCI). The Group is presenting SCI in a single statement.

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

	3 Months Ended		6 Months Ended	
	31.12.09	31.12.08	31.12.09	31.12.08
(i) Based on weighted average number of ordinary shares in issue	(0.01) cents	(0.12) cents	(0.16) cents	(0.40) cents
(ii) On a fully diluted basis	(0.01) cents	(0.12) cents	(0.16) cents	(0.40) cents

Basic earnings per share ("EPS") is computed based on the weighted average number of ordinary shares in issue during the financial period. The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period, multiplied by a time-weighted factor. The weighted average number of ordinary shares in issue as at 31.12.2009 is 484,325,326 (31.12.2008: 397,977,500).

Options were not included in the calculation of diluted EPS because they are anti dilutive for the current financial period and the corresponding period of the immediate preceding financial year. As at 31 December 2009, these options were those 235,000 options under the Hitchins Employees' Share Option Scheme with an exercise price of S\$0.08 per share. As at 31 December 2008, the outstanding options were as follows:

- i) Outstanding share options under the Hitchins Employees' Share Option Scheme of 235,000, with an exercise price of S\$0.08 per share; and
- ii) Call option granted to M.E. Development L.L.C., to subscribe for 100,000,000 ordinary shares of S\$0.05 per share. At as 31 December 2009, this option had lapsed.

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
As at 31.12.09	3.29 cents	3.08 cents
As at 30.06.09	3.03 cents	2.70 cents

Net asset value per share is calculated based on the existing number of shares in issue (excluding treasury shares) of 634,977,500 (30.06.09: 477,477,500).

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 affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement

Revenue

2nd Quarter FY 2010 vs 2nd Quarter FY 2009

Half Year of FY 2010 vs Half Year of FY 2009

For the 3 months ended 31st Dec 2009 ("2QFY2010"), the Group's revenue was S\$2.52million, representing a decrease by 4.9% as compared to S\$2.65million in the corresponding period ended 31st Dec 2008 ("2QFY2009").

For the 6 months ended 31st Dec 2009 ("HYFY2010"), the Group's revenue was S\$4.64million, representing a decrease of 17.7% as compared to S\$5.64million in the corresponding period ending 31st Dec 2008 ("HYFY2009").

The decline in revenue was mainly due to weaker demand and lower sales orders for our products during the period of global financial crisis.

Gross Profit

Despite a decrease in revenue, gross profit for 2QFY2010 went up by 25.3% from S\$0.91million in 2QFY2009 to S\$1.15million in 2QFY2010. Gross profit for HYFY2010 went up by 4.7%, from S\$1.74million in HYFY2009 to S\$1.82million in HYFY2010.

The improved performance was mainly due to better margin performance from our China operations and the Group's efforts to control cost.

Other Operating Income

The Group's other operating income for 2QFY2010 was S\$98,740, representing a decrease of 75.1% as compared to S\$396,387 in 2QFY2009. For the 6 months ended 31st Dec 2009, the Group's other operating income had decreased by 46.9% from S\$415,506 in HYFY2009 to S\$220,714 in HYFY2010.

In HYFY2009, the Group wrote back a provision for impairment loss on project management of S\$290,541. This resulted in a higher other operating income reported in HYFY2009.

The corresponding decrease in other operating income in HYFY2010 was, however, offset by a grant received from the Singapore government under the Job Credit Scheme. A fair value gain has also been reported on the Group's held-for-trading investment in HYFY2010 as the stock market rebounds.

Selling & Distribution Costs

For 2QFY2010, the Group's selling & distribution costs had decreased by 28.3% from S\$363,528 in 2QFY2009 to S\$260,502 in 2QFY2010. Correspondingly, the Group's selling & distribution cost for HYFY2010 had decreased by 28.9% from S\$705,605 in HYFY2009 to S\$501,923 in HYFY2010.

The lower selling & distribution cost corresponds with the lower sales activity for the period.

Administrative Expenses

The Group's administrative expenses had decreased by 14.3% to S\$1.06million for 2QFY2010, as compared to S\$1.24million for 2QFY2009. The Group's administrative expenses for HYFY2010 had decreased by 9.8% to S\$2.26million, as compared to S\$2.51million for HYFY2009.

The decrease was mainly due to lower manpower cost and legal and professional fees outlays in HYFY2010.

Other Operating Expenses

The Group's other operating expenses for 2QFY2010 amounted to S\$11,019, representing a decrease of 92.7% as compared to S\$150,481 for 2QFY2009. Correspondingly, the other operating expenses for HYFY2010 had decreased by 94.1% from S\$452,212 for HYFY2009 to S\$26,828 for HYFY2010.

The decrease was mainly due to fair value loss on held-for-trading investment reported in 2QFY2009 and HYFY2009. A fair value gain on held-for-trading investment was reported for 2QFY2010 and HYFY2010.

Finance Cost

The Group's finance cost had decreased by 38.9% to S\$11,093 for 2QFY2010, as compared to S\$18,143 for the corresponding quarter of FY2009. The Group's finance cost had decreased by 27.5% to S\$21,596 for HYFY2010, as compared to S\$29,778 for HYFY2009.

The decrease was mainly due to lower borrowing from banks and financial institutions.

Income Tax Expense

For 2QFY2010 and HYFY2010, The Group had reported a gain on income tax of S\$28,963 and S\$20,608 respectively, as compared to income tax expenses of S\$19,235 and S\$27,991 for 2QFY2009 and HYFY2009 respectively.

The Group had written back a provision for income tax payable for Tax Assessment YA2008 which had resulted in a positive gain for the period. The provision is deemed to be no longer required as IRAS has completed the Tax Assessment YA2008 with no further tax liability.

Loss for the Period

Despite lower revenue for 2QFY2010, the Group's loss for 2QFY2010 had reduced by 85.1% to S\$71,426 as compared to S\$480,461 for the corresponding period in FY2009. The Group's loss for HYFY2010 had also reduced by 52% to S\$754,829, as compared to S\$1.6million for HYFY2009.

Lower expenses as well as an increase in gross profit, had attributed to an overall reduction in losses for the period.

Other Comprehensive Income

For 2QFY2010, the Group had reported a foreign exchange loss of S\$6,809 on translating foreign operations, as compared to a foreign exchange gain of S\$15,205 for 2QFY2009.

For HYFY2010, the Group had reported a foreign exchange loss of S\$174,918 on translating foreign operations, as compared to a foreign exchange gain of S\$112,174 reported for HYFY2009.

Adverse movement in foreign exchange rates had resulted in a loss being reported for translating foreign operations for 2QFY2010 and HYFY2010 respectively.

Statement of Financial Position

Total Assets (Current and Non-Current)

As at 31.12.09, the Group's total assets amounted to S\$24.72 million (30.06.09: S\$19.02 million).

On 23 December 2009, the Company completed Tranche 1 of the Subscription with an issuance of 150,000,000 new shares at S\$0.05 per share to Germir. Net proceeds of S\$7.36 million were received by the Company.

Trade and other receivables had reduced marginally to S\$6.76million as at 31.12.09. The decrease in the trade and other receivables balances was mainly due to the decrease in revenue.

Total Liabilities (Current and Non-Current)

As at 31.12.09, the Group's total liabilities amounted to S\$3.82million (30.6.09: S\$4.55million).

Trade and other payables had reduced by 16% to S\$3.03million as at 31.12.09. The decrease was in line with an overall decrease in cost of sales and operating expenses.

Statement of Cash Flows

Net cash flow used in operating activities in 2QFY2010 was S\$978,287, as compared to S\$1.38 million for 2QFY2009. Net cash flow used in operating activities for HYFY2010 was S\$1.44million, as compared to S\$2.49million for HYFY2009. Lower loss and lesser cash used in working capital had accounted mainly for the reduction in cash used in operating activities.

Net cash flow used in investing activities for 2QFY2010 was S\$6,751, as compared to net cash flow receipt of S\$36,166 for the corresponding period in FY2009. Net cash flow used in investing activities for HYFY2010 was S\$61,390, as compared to a net cash flow receipt of S\$40,197 for HYFY2009. This was mainly due to the purchase of fixed assets, reduced by proceeds from disposal of fixed assets.

Net cash flow received from financing activities for 2QFY2010 was S\$7.34million, as compared to net cash outflow of S\$42,142 for the corresponding period in FY2009. Net cash flow received from financing activities for HYFY2010 was S\$7.34million, as compared to a net cash outflow of S\$82,752 for HYFY2009.

On 23 December 2009, the Company completed Tranche 1 of the Subscription with an issuance of 150,000,000 new shares at S\$0.05 per share to Germir. Accordingly, net proceeds of S\$7.36 million were received by the Company.

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

No forecast was given.

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

Considering the uncertainty in the recovery of the global economy and that some underlying risk factors of the global financial crisis still persist, we continue to maintain a cautious outlook for the next 12 months.

As announced on 22 January 2010, the Company, through its wholly-owned subsidiary, Beijing Ao Ji Tian Ming Investment Consultancy Co., Ltd. ("AJTM") has entered into a Consulting Services Agreement with Beijing Ao Da Tian Jun Shang Wu Fu Wu Co. ("Tianjun"). Under the terms of the Consulting Agreement, Tianjun agrees to irrevocably appoint AJTM as its exclusive consultant to provide professional advisory and consulting services with regards to sourcing, financing and managing of investments in early-stage resource exploration projects in China. The rationale for AJTM entering into the Consulting Services Agreement is that it allows AJTM to replicate equity-like returns to be enjoyed in resource mining related projects, albeit with the corresponding level of risk associated with such projects. Further details can be found in the said announcement.

11. If a decision regarding dividend has been made:-

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**
- (b) (i) Amount per share in cents
(ii) Previous corresponding period in cents**
- (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).**
- (d) The date the dividend is payable.**
- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

No dividends were declared for the current financial period reported on and for the previous corresponding period.

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

No dividends have been declared or recommended.

13. Statement pursuant to Rule 705(5) of the SGX-ST Listing Manual – Section B: Rules of Catalist

We, Ong Soon Teik and Kim Leng Choon, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half year ended 31 December 2009, to be false or misleading, in any material aspect.

On Behalf of the Board of Directors,

Ong Soon Teik
Executive Director

Kim Leng Choon
Executive Director

BY ORDER OF THE BOARD

CHEW KOK LIANG
Company Secretary

8 February 2010