

## **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 Third Quarter and for the Nine Months Ended 31 March 2010

14 May 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.*

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**AUSWIN HOLDINGS LIMITED**(Incorporated in the Republic of Singapore)  
(Company Registration No. 196600189D)**2010 Third Quarter 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 3<sup>rd</sup> QUARTER ENDED 31 MARCH 2010 (“3QFY2010”)**

	Note	3 Months Ended			9 Months Ended		
		31.03.10	31.03.09	+ / (-)	31.03.10	31.03.09	+ / (-)
		S\$	S\$	%	S\$	S\$	%
<b>Continuing Operations</b>							
Revenue		2,679,515	2,645,182	1.30	7,320,588	8,282,903	-11.62
Cost of Sales		(1,694,371)	(1,869,559)	-9.37	(4,517,086)	(5,770,567)	-21.72
<b>Gross Profit</b>		<b>985,144</b>	<b>775,623</b>	<b>27.01</b>	<b>2,803,502</b>	<b>2,512,336</b>	<b>11.59</b>
Other Operating Income	(i)	54,835	53,231	3.01	275,549	468,737	-41.21
Selling & Distribution Costs		(275,501)	(329,868)	-16.48	(777,424)	(1,035,473)	-24.92
Administrative Expenses		(1,207,764)	(984,986)	22.62	(3,471,926)	(3,494,262)	-0.64
Other Operating Expenses	(ii)	(46,040)	(79,202)	-41.87	(72,868)	(531,414)	-86.29
Finance Cost		(8,703)	(11,907)	-26.91	(30,299)	(41,685)	-27.31
<b>Loss before Income Tax</b>	(iii)	<b>(498,029)</b>	<b>(577,109)</b>	<b>-13.70</b>	<b>(1,273,466)</b>	<b>(2,121,761)</b>	<b>-39.98</b>
Income Tax Expense		1,852	(11,170)	-116.58	22,460	(39,161)	-157.35
<b>Loss for the Period</b>		<b>(496,177)</b>	<b>(588,279)</b>	<b>-15.66</b>	<b>(1,251,006)</b>	<b>(2,160,922)</b>	<b>-42.11</b>
<b>Other comprehensive income:</b>							
Exchange differences on translating foreign operations		74,112	131,072	-43.46	(100,806)	243,246	-141.44
Other comprehensive (expense)/income for the period, net of tax		74,112	131,072	-43.46	(100,806)	243,246	-141.44
<b>Total comprehensive expense for the period</b>		<b>(422,065)</b>	<b>(457,207)</b>	<b>-7.69</b>	<b>(1,351,812)</b>	<b>(1,917,676)</b>	<b>-29.51</b>
<b>Loss for the period attributable to:</b>							
Owners of the Company		(496,177)	(588,279)	-15.66	(1,251,006)	(2,160,922)	-42.11
<b>Total comprehensive expense attributable to:</b>							
Owners of the Company		(422,065)	(457,207)	-7.69	(1,351,812)	(1,917,676)	-29.51

**Notes:**

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

	3 Months Ended		9 Months Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
	S\$	S\$	S\$	S\$
Allowances for doubtful debts written back	4,222	5,843	27,794	5,843
Bad debts recovered	603	--	603	--
Fair value gain on held-for-trading investment	5,965	--	44,737	--
Foreign exchange transaction (loss)/gain	(1,268)	--	4,205	--
Gain on disposal of property, plant and equipment	2,470	--	36,571	53,000
Government grants/subsidies	--	--	27,430	--
Interest income	8,556	9,164	16,304	44,500
Jobs credit scheme	16,191	30,636	80,963	30,636
Provision for impairment loss on project management written back	--	--	--	290,541
Sundry income	18,096	7,588	36,942	44,217
	54,835	53,231	275,549	468,737

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

	3 Months Ended		9 Months Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
	S\$	S\$	S\$	S\$
Allowances for doubtful debts	16,487	31,346	39,295	66,753
Bad debts written off - trade receivables	29,553	2,782	30,566	11,707
Fair value loss on held-for-trading investment	--	34,795	--	418,445
Foreign exchange transaction loss	--	(7,070)	--	16,651
Inventory written off	--	3,526	2,517	4,035
Property, plant and equipment written off	--	13,823	490	13,823
	46,040	79,202	72,868	531,414

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

	3 Months Ended		9 Months Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
	S\$	S\$	S\$	S\$
Amortisation of intangible assets	5,269	--	15,680	--
Depreciation of property, plant and equipment	57,767	67,896	165,191	152,578

**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 31.03.10	As At 30.06.09	As At 31.03.10	As At 30.06.09
	S\$	S\$	S\$	S\$
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and bank balances	15,353,812	10,067,665	11,540,222	8,195,570
Trade and other receivables	6,647,512	6,832,368	5,165,677	2,735,785
Held-for-trading investment	210,758	166,022	--	--
Amount due from contract customers	258,929	222,680	--	--
Inventories	1,026,212	836,367	--	--
<b>Total current assets</b>	<b>23,497,223</b>	<b>18,125,102</b>	<b>16,705,899</b>	<b>10,931,355</b>
<b>Non-current assets:</b>				
Property, plant and equipment	863,411	814,765	35,382	75,560
Intangible assets	42,647	53,827	3,500	--
Investment in subsidiaries	--	--	3,031,819	3,031,819
Investment in an associate	--	--	--	--
Deferred tax asset	22,757	21,855	--	--
<b>Total non-current assets</b>	<b>928,815</b>	<b>890,447</b>	<b>3,070,701</b>	<b>3,107,379</b>
<b>Total assets</b>	<b>24,426,038</b>	<b>19,015,549</b>	<b>19,776,600</b>	<b>14,038,734</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Bank overdrafts	476,049	562,813	--	--
Trade and other payables	3,151,503	3,611,212	580,044	1,105,120
Amount due to contract customers	71,314	86,370	--	--
Current portion of finance leases	38,481	34,836	--	--
Income tax payable	60,154	127,069	--	36,257
<b>Total current liabilities</b>	<b>3,797,501</b>	<b>4,422,300</b>	<b>580,044</b>	<b>1,141,377</b>
<b>Non-current liabilities:</b>				
Finance leases	157,498	125,625	--	--
Deferred tax liabilities	491	472	--	--
<b>Total non-current liabilities</b>	<b>157,989</b>	<b>126,097</b>	<b>--</b>	<b>--</b>
<b>Capital and reserves:</b>				
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	(678,376)	(577,570)	--	--
Accumulated losses	(8,611,718)	(7,360,712)	(10,217,676)	(9,161,667)
<b>Total equity</b>	<b>20,470,548</b>	<b>14,467,152</b>	<b>19,196,556</b>	<b>12,897,357</b>
<b>Total liabilities and equity</b>	<b>24,426,038</b>	<b>19,015,549</b>	<b>19,776,600</b>	<b>14,038,734</b>

**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 31.03.10 S\$		As at 30.06.09 S\$	
Secured	Unsecured	Secured	Unsecured
514,530	--	597,649	--

**Amount repayable after one year**

As at 31.03.10 S\$		As at 30.06.09 S\$	
Secured	Unsecured	Secured	Unsecured
157,498	--	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 31.03.10 is S\$201,890 (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 9 Months Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
	S\$	S\$	S\$	S\$
<b>Cash flows from operating activities:</b>				
Loss before tax	(498,029)	(577,109)	(1,273,466)	(2,121,761)
Adjustments for:				
Amortisation of intangible assets	5,269	--	15,680	--
Allowances for doubtful debts written back	(4,222)	(5,843)	(27,794)	(5,843)
Allowances for doubtful debts	16,487	31,346	39,295	66,753
Bad debts written off	29,553	2,782	30,566	11,707
Depreciation of property, plant and equipment	57,767	67,896	165,191	152,578
Fair value (gain)/loss on held-for-trading investment	(5,965)	34,795	(44,737)	418,445
Gain on disposal of property, plant and equipment	(2,470)	--	(36,571)	(53,000)
Property, plant and equipment written off	--	13,823	490	13,823
Interest expense	8,703	11,907	30,299	41,685
Interest income	(8,556)	(9,164)	(16,304)	(44,500)
Inventory written off	--	3,526	2,517	4,035
Provision for impairment loss on project management written back	--	--	--	(290,541)
Provision for warranties	7,380	23,854	46,380	90,883
<b>Operating loss before working capital changes</b>	<b>(394,083)</b>	<b>(402,187)</b>	<b>(1,068,454)</b>	<b>(1,715,736)</b>
Trade and other receivables	85,815	57,063	181,584	(666,866)
Amount due from/to contract customers	46,851	58,101	(51,305)	237,703
Inventories	(95,823)	(71,501)	(192,362)	25,220
Trade and other payables	112,255	(95,369)	(506,089)	(727,436)
<b>Cash used in operations</b>	<b>(244,985)</b>	<b>(453,893)</b>	<b>(1,636,626)</b>	<b>(2,847,115)</b>
Interest paid	(8,703)	(11,907)	(30,299)	(41,685)
Income tax paid	(55,170)	(63,031)	(80,959)	(131,374)
<b>Net cash used in operating activities</b>	<b>(308,858)</b>	<b>(528,831)</b>	<b>(1,747,884)</b>	<b>(3,020,174)</b>
<b>Cash flows from investing activities:</b>				
Interest received	8,556	9,164	16,304	44,500
Proceeds from disposal of property, plant and equipment	2,470	927	38,029	53,927
Purchase of property, plant and equipment (Note 1)	(52,058)	(15,219)	(152,255)	(63,358)
Purchase of intangible assets	--	--	(4,500)	--
<b>Net cash (used in)/from investing activities</b>	<b>(41,032)</b>	<b>(5,128)</b>	<b>(102,422)</b>	<b>35,069</b>
<b>Cash flows from financing activities:</b>				
Net proceeds from issue of shares	--	3,729,385	7,355,208	3,729,385
Net repayments from finance leases	(10,219)	(10,729)	(31,482)	(97,970)
Restricted cash	(15,019)	104,893	(13,943)	109,381
<b>Net cash (used in)/from financing activities</b>	<b>(25,238)</b>	<b>3,823,549</b>	<b>7,309,783</b>	<b>3,740,796</b>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<b>63,870</b>	<b>110,884</b>	<b>(100,509)</b>	<b>199,866</b>
Net (decrease)/increase in cash and cash equivalents	(311,258)	3,400,474	5,358,968	955,557
Cash and cash equivalents at beginning of period	14,436,795	5,476,374	8,766,569	7,921,291
<b>Cash and cash equivalents at end of period</b>	<b>14,125,537</b>	<b>8,876,848</b>	<b>14,125,537</b>	<b>8,876,848</b>

**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 9 Months Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
	S\$	S\$	S\$	S\$
Cash at end of period includes the following:				
Cash and cash equivalents	15,353,812	10,383,990	15,353,812	10,383,990
Bank overdrafts	(476,049)	(559,427)	(476,049)	(559,427)
	14,877,763	9,824,563	14,877,763	9,824,563
Restricted cash (Note 2)	(752,226)	(947,715)	(752,226)	(947,715)
<b>Cash and cash equivalents at end of period</b>	<b>14,125,537</b>	<b>8,876,848</b>	<b>14,125,537</b>	<b>8,876,848</b>

**Notes:**

(1) Property, plant and equipment

For the 3<sup>rd</sup> quarter of FY2010, the Group acquired mainly plant and equipment with an aggregate cost of S\$95,058 (2009: S\$15,219) of which S\$43,000 (2009: S\$Nil) was acquired by means of finance leases and S\$52,058 (2009: S\$15,219) was paid by cash.

For the nine months ended 31 March 2010, the Group acquired mainly plant and equipment with an aggregate cost of S\$219,255 (2009: S\$172,048) of which S\$67,000 (2009: S\$108,690) was acquired by means of finance leases and S\$152,255 (2009: S\$63,358) 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.

<b>GROUP</b>	<b>Share Capital</b>	<b>Statutory Reserve</b>	<b>Share Option Reserves</b>	<b>Foreign Currency Translation Reserves</b>	<b>Accumulated Losses</b>	<b>Total</b>
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Balance at 30.06.08</b>	<b>18,325,460</b>	<b>346,410</b>	<b>4,179</b>	<b>(681,186)</b>	<b>(4,735,570)</b>	<b>13,259,293</b>
Total comprehensive income/(expense) for the period	--	--	--	243,246	(2,160,922)	(1,917,676)
Issuance of shares	3,975,000	--	--	--	--	3,975,000
Share issue expenses	(245,615)	--	--	--	--	(245,615)
<b>Balance at 31.03.09</b>	<b>22,054,845</b>	<b>346,410</b>	<b>4,179</b>	<b>(437,940)</b>	<b>(6,896,492)</b>	<b>15,071,002</b>
<b>Balance at 30.06.09</b>	<b>22,054,845</b>	<b>346,410</b>	<b>4,179</b>	<b>(577,570)</b>	<b>(7,360,712)</b>	<b>14,467,152</b>
Total comprehensive expense for the period	--	--	--	(100,806)	(1,251,006)	(1,351,812)
Issuance of shares	8,250,000	--	--	--	--	8,250,000
Share issue expenses	(894,792)	--	--	--	--	(894,792)
<b>Balance at 31.03.10</b>	<b>29,410,053</b>	<b>346,410</b>	<b>4,179</b>	<b>(678,376)</b>	<b>(8,611,718)</b>	<b>20,470,548</b>

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.

COMPANY	Share Capital	Share Option Reserves	Accumulated Losses	Total
	S\$	S\$	S\$	S\$
<b>Balance at 30.06.08</b>	<b>18,325,460</b>	<b>4,179</b>	<b>(6,472,672)</b>	<b>11,856,967</b>
Total comprehensive expense for the period	--	--	(1,521,900)	(1,521,900)
Issuance of shares	3,975,000	--	--	3,975,000
Share issue expenses	(245,615)	--	--	(245,615)
<b>Balance at 31.03.09</b>	<b>22,054,845</b>	<b>4,179</b>	<b>(7,994,572)</b>	<b>14,064,452</b>
<b>Balance at 30.06.09</b>	<b>22,054,845</b>	<b>4,179</b>	<b>(9,161,667)</b>	<b>12,897,357</b>
Total comprehensive expense for the period	--	--	(1,056,009)	(1,056,009)
Issuance of shares	8,250,000	--	--	8,250,000
Share issue expenses	(894,792)	--	--	(894,792)
<b>Balance at 31.03.10</b>	<b>29,410,053</b>	<b>4,179</b>	<b>(10,217,676)</b>	<b>19,196,556</b>

**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.**

No new shares have been issued since 31 December 2009.

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 March 2010 was 235,000 (as at 31 March 2009: 235,000).

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

As at 31 March 2010 and 31 March 2009 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, as at 31 March 2010 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 most recently 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		9 Months Ended	
	31.03.10	31.03.09	31.03.10	31.03.09
(i) Based on weighted average number of ordinary shares in issue	(0.08) cents	(0.12) cents	(0.23) cents	(0.50) cents
(ii) On a fully diluted basis	(0.08) cents	(0.12) cents	(0.23) cents	(0.50) cents
(iii) Weighted average number of ordinary shares issued	634,977,500	477,477,500	533,809,617	435,440,514

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.

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 March 2010 and 31 March 2009 respectively, these options were those 235,000 options under the Hitchins Employees' Share Option Scheme with an exercise price of S\$0.08 per share.

**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.**

	<b>Group</b>	<b>Company</b>
As at 31.03.10	3.22 cents	3.02 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 of 634,977,500 as at 31.03.10 (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**

**3<sup>rd</sup> Quarter FY 2010 vs 3<sup>rd</sup> Quarter FY 2009**

**Nine Months of FY 2010 vs Nine Months of FY 2009**

For the 3 months ended 31<sup>st</sup> March 2010 ("3QFY2010"), the Group's revenue was S\$2.68million, representing an increase by 1.3% as compared to S\$2.65million in the corresponding period ended 31<sup>st</sup> March 2009 ("3QFY2009").

For the 9 months ended 31<sup>st</sup> March 2010 ("9MFY2010"), the Group's revenue was S\$7.32million, representing a decrease of 11.6% as compared to S\$8.28million in the corresponding period ending 31<sup>st</sup> March 2009 ("9MFY2009").

The decline in revenue was mainly due to weaker demand and lower sales orders for our products since the global financial crisis. This is, however, partly offset by improved sales performance from our China water-proofing division.

**Gross Profit**

Despite a decrease in revenue, gross profit for 3QFY2010 went up by 27% from S\$0.78million in 3QFY2009 to S\$0.99million in 3QFY2010. Gross profit for 9MFY2010 went up by 11.6%, from S\$2.51million in 9MFY2009 to S\$2.80million in 9MFY2010.

The improved performance was mainly due to better margin performance from our China water-proofing division and the Group's effort to control cost.

**Other Operating Income**

The Group's other operating income for 3QFY2010 was S\$54,835, representing an increase of 3% as compared to S\$53,231 in 3QFY2009. For the 9 months ended 31<sup>st</sup> March 2010, the Group's other operating income had decreased by 41.2% from S\$468,737 in 9MFY2009 to S\$275,501 in 9MFY2010.

During the period 9MFY2009, 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 9MFY2009.

The corresponding decrease in other operating income in 9MFY2010 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 9MFY2010.

**Selling & Distribution Costs**

For 3QFY2010, the Group's selling & distribution costs had decreased by 16.5% from S\$329,868 in 3QFY2009 to S\$275,501 in 3QFY2010. Correspondingly, the Group's selling & distribution cost for 9MFY2010 had decreased by 24.9% from S\$1.04million in 9MFY2009 to S\$777,424 in 9MFY2010.

The lower selling & distribution cost generally corresponds with the lower sales activity for the period, and the effort by the Group to control cost.

**Administrative Expenses**

The Group's administrative expenses had increased by 22.6% to S\$1.21million for 3QFY2010, as compared to S\$0.98million for 3QFY2009. The Group's administrative expenses for 9MFY2010 had decreased by 0.6% to S\$3.47million, as compared to S\$3.49million for 9MFY2009.

The increase in Administrative expenses for 3QFY2010, as compared to the corresponding period in FY2009, is mainly attributed to the increased activities for our Shanghai water-proofing division as well as our Beijing subsidiary which spearheads the Group's new business.

Despite the increase in 3QFY2010, the administrative cost for 9MFY2010 decreased marginally as compared to the corresponding period for FY2009 due to prior cost saving in manpower cost and legal and professional fees.

**Other Operating Expenses**

The Group's other operating expenses for 3QFY2010 amounted to S\$46,040, representing a decrease of 41.9% as compared to S\$79,202 for 3QFY2009. Correspondingly, the other operating expenses for 9MFY2010 had decreased by 86.3% from S\$531,414 for 9MFY2009 to S\$72,868 for 9MFY2010.

The decrease was mainly due to fair value loss on held-for-trading investment reported in 3QFY2009 and 9MFY2009.

**Finance Cost**

The Group's finance cost had decreased by 26.9% to S\$8,703 for 3QFY2010, as compared to S\$11,907 for the corresponding quarter of FY2009. The Group's finance cost had decreased by 27.3% to S\$30,299 for 9MFY2010, as compared to S\$41,685 for 9MFY2009.

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

**Income Tax Expense**

For 3QFY2010 and 9MFY2010, The Group had reported an income tax written back of S\$1,852 and S\$22,460 respectively, as compared to income tax expenses of S\$11,170 and S\$39,161 for 3QFY2009 and 9MFY2009 respectively. The provision is no longer required as IRAS has completed the Tax Assessment YA2008 with no further tax liability.

**Loss for the Period**

Despite lower revenue for 3QFY2010, the Group's loss for 3QFY2010 had reduced by 15.7% to S\$496,177 as compared to S\$588,279 for the corresponding period in FY2009. The Group's loss for 9MFY2010 had also reduced by 42.1% to S\$1.25million, as compared to S\$2.16million for 9MFY2009.

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

**Other Comprehensive Income**

For 3QFY2010, the Group had reported a foreign exchange gain of S\$74,112 on translating foreign operations, as compared to a foreign exchange gain of S\$131,072 for 3QFY2009.

For 9MFY2010, the Group had reported a foreign exchange loss of S\$100,806 on translating foreign operations, as compared to a foreign exchange gain of S\$243,246 reported for 9MFY2009.

Adverse movement in foreign exchange rates had resulted in a loss being reported for translating foreign operations for 9MFY2010. However, the loss was partly offset by the foreign exchange gain in 3QFY2010 due to strengthening of Malaysia Ringgit against Singapore Dollars.

## **Statement of Financial Position**

### **Total Assets (Current and Non-Current)**

As at 31.03.10, the Group's total assets amounted to S\$24.43 million (30.06.09: S\$19.02 million).

On 23 December 2009, the Company completed Tranche 1, as per defined in the Subscription Agreement with Germir Group Limited ("Germir"), 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\$6.65million as at 31.03.10 (30.06.09: S\$6.83million). The decrease in the trade and other receivables balances was mainly due to the decrease in revenue.

Inventories have increased by 23% to S\$1.03million as at 31.03.10 (30.6.09: S\$0.84million) due to increased sales activities for our China water-proofing business.

### **Total Liabilities (Current and Non-Current)**

As at 31.03.10, the Group's total liabilities amounted to S\$3.96million (30.6.09: S\$4.55million).

Trade and other payables had reduced by 13% to S\$3.15million as at 31.03.10 (30.6.09: S\$3.61million). The decrease was in line with an overall decrease in cost of sales and operating expenses.

Non-current liabilities have increased by 25% to S\$157,989 as at 31.03.10 (30.6.09: S\$126,097) due to fixed assets purchases through finance leases.

## **Statement of Cash Flows**

Net cash flow used in operating activities in 3QFY2010 was S\$308,858, as compared to S\$528,831 for 3QFY2009. Net cash flow used in operating activities for 9MFY2010 was S\$1.75million, as compared to S\$3.02million for 9MFY2009. 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 3QFY2010 was S\$41,032, as compared to S\$5,128 for the corresponding period in FY2009. Net cash flow used in investing activities for 9MFY2010 was S\$102,422, as compared to a net cash flow receipt of S\$35,069 for 9MFY2009. This was mainly due to the purchases of fixed assets, reduced by proceeds from disposal of fixed assets.

Net cash flow used in financing activities for 3QFY2010 was S\$25,238, as compared to net cash receipt of S\$3.82million for the corresponding period in FY2009. Net cash flow received from financing activities for 9MFY2010 was S\$7.31million, as compared to S\$3.74million for 9MFY2009.

In January 2009, pursuant to a placement agreement signed with UOB Kay Hian Private Limited, 79,500,000 new shares were issued at S\$0.05 per share. Net proceeds of S\$3.73 million were intended to be used for new businesses.

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 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 or prospect statement 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**

**Water-Proofing Business**

Despite improved sales and margin performance from our China water-proofing division, we continue to maintain a cautious outlook for the next 12 months in view that there are still uncertainties over the recovery of global and regional economies. Market remains competitive for our segments of business.

**Investment Consultancy Business (“Project”)**

As the Project is still at a preliminary stage of exploration, we do not expect any positive contribution from the Project in this current financial year.

**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 third quarter and nine months ended 31 March 2010, 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

14 May 2010