Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

**Half Year Financial Statement And Dividend Announcement**

**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 Profit and Loss Statement**

| | 6 months ended 31/12/2007 US$'000 | 6 months ended 31/12/2006 US$'000 | Change % |
|---|---|---|---|
| **Revenue** | **34,966** | **34,094** | **2.6%** |
| Cost of sales | (24,784) | (24,825) | (0.2)% |
| **Gross profit** | **10,182** | **9,269** | **9.9%** |
| Other operating income | 310 | 141 | 119.9% |
| Selling and distribution costs | (2,123) | (1,881) | 12.9% |
| Administrative expenses | (3,435) | (2,934) | 17.1% |
| Other operating expense | (179) | (133) | 34.6% |
| Finance costs | (90) | (135) | (33.3)% |
| **Profit before income tax** | **4,665** | **4,327** | **7.8%** |
| Income tax expense | (264) | (240) | 10.0% |
| **Profit after income tax** | **4,401** | **4,087** | **7.7%** |
| | | | |
| **Attributable to:** | | | |
| **Equity holders of the parent** | **4,179** | **3,846** | **8.7%** |
| **Minority interest** | **222** | **241** | **(7.9)%** |
| | **4,401** | **4,087** | **7.7%** |

*NA – Not applicable*

Notes to Profit and Loss account

| | | |
|---|---|---|
| Other operating income | | |
| Rental income | 83 | 83 |
| Interest income | 100 | 44 |
| Gain on disposal of quoted investments | 108 | - |
| Others | 19 | 14 |
| | **310** | **141** |
| Other operating expenses | | |
| Stock write-off | - | 65 |
| Foreign exchange loss | 71 | 41 |
| Loss on disposal of fixed assets | 16 | 2 |
| Others | 92 | 25 |
| | **179** | **133** |

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

**Consolidated Balance Sheet**

| As at | Group 31/12/2007 US$' 000 | Group 30/06/2007 US$' 000 | Company 31/12/2007 US$' 000 | Company 30/06/2007 US$' 000 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and Fixed Deposits | 7,197 | 5,920 | 1,887 | 2,924 |
| Trade receivables | 5,728 | 5,325 | 5,666 | 5,081 |
| Other receivables and prepayments | 4,653 | 3,702 | 4,250 | 3,235 |
| Inventories | 7,979 | 8,207 | 687 | 1,392 |
| **Total current assets** | **25,557** | **23,154** | **12,490** | **12,632** |
| **Non-current assets** | | | | |
| Investment in subsidiaries | - | - | 11,190 | 9,978 |
| Property, plant and equipment | 12,282 | 10,764 | 721 | 931 |
| Other investments and assets | 853 | 1,179 | 695 | 989 |
| Goodwill on consolidation | 728 | 728 | - | - |
| **Total non-current assets** | **13,863** | **12,671** | **12,606** | **11,898** |
| **Total assets** | **39,420** | **35,825** | **25,096** | **24,530** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Bank overdrafts and bills payable | - | 83 | - | - |
| Trade payables | 3,804 | 3,668 | 12,401 | 12,811 |
| Other payables and accruals | 3,012 | 2,993 | 932 | 1,393 |
| Income tax payable | 301 | 347 | 114 | 103 |
| Finance lease obligations: current portion | 185 | 342 | 20 | 23 |
| Long-term bank loans: current portion | 313 | 380 | 314 | 380 |
| **Total current liabilities** | **7,615** | **7,813** | **13,781** | **14,710** |
| **Non-current liabilities** | | | | |
| Finance lease obligations | 1,303 | 1,316 | 84 | 97 |
| Long-term bank loans | 732 | 855 | 731 | 855 |
| Deferred tax liabilities | 122 | 59 | - | - |
| **Total non-current liabilities** | **2,157** | **2,230** | **815** | **952** |
| **Capital and reserves** | | | | |
| Issued capital | 4,040 | 4,040 | 4,040 | 4,040 |
| Capital reserves | 187 | 187 | 187 | 187 |
| Currency translation reserve | 812 | 484 | - | - |
| Accumulated Profits | 23,382 | 19,951 | 6,273 | 4,641 |
| **Equity attributable to shareholders** | **28,421** | **24,662** | **10,500** | **8,868** |
| **Minority Interests** | **1,227** | **1,120** | - | - |
| **Total Equity** | **29,648** | **25,782** | **10,500** | **8,868** |
| **Total Liabilities and Equity** | **39,420** | **35,825** | **25,096** | **24,530** |

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities

### Amount repayable in one year or less, or on demand

| As at 31/12/2007 (US$'000) | | As at 30/6/2007 (US$'000) | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| 498 | - | 722 | - |

### Amount repayable after one year

| As at 31/12/2007 (US$'000) | | As at 30/6/2007 (US$'000) | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| 2,035 | - | 2,171 | - |

### Borrowings and gearing ratio

Total borrowings of US$2.5 million as at 31 December 2007 consist of term loans and finance lease obligations and bank overdraft. Total borrowings continued to reduce by some 12.4% or US$0.4 million given improved operating cash inflows.

The Group's gearing ratio improved to 0.08 times (as at 31 December 2007) compared to 0.12 times (as at 30 June 2007).

### Details of any collateral

The bank facilities of the Company are secured by a legal mortgage on the Company's leasehold building and a negative pledge on the Company's assets.

The bank facilities of subsidiaries are secured by a legal mortgage on the subsidiary's leasehold land and buildings and guaranteed by the Company.

The Group's finance lease obligations are secured by the lessors' charge over the leased assets.

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

**Consolidated Cash Flows Statement**

| | 31/12/2007 US$'000 | 31/12/2006 US$'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before income tax | 4,665 | 4,327 |
| Adjustments for: | | |
| Depreciation and amortization | 421 | 445 |
| Interest income | (100) | (44) |
| Interest expense | 90 | 135 |
| Loss (Gain) on disposal of fixed assets | (92) | 2 |
| Stocks write-off | | 65 |
| **Operating profit before working capital changes** | **4,984** | **4,930** |
| Trade receivables | (403) | (1,937) |
| Other receivables and prepayments | (952) | 391 |
| Inventories | 228 | 818 |
| Trade payables | 136 | (168) |
| Other payables and accruals | 148 | 764 |
| **Cash generated from operations** | **4,141** | **4,798** |
| Interest received | 100 | 44 |
| Interest paid | (90) | (135) |
| Dividend paid | (877) | (424) |
| Income tax paid | (310) | (100) |
| **Net cash from operating activities** | **2,964** | **4,183** |
| **Cash flows from investing activities** | | |
| Purchase of plant & equipment | (1,862) | (523) |
| Proceeds from reduction in other investments | 276 | 569 |
| Net effects of exchange rates changes in consolidating subsidiaries | 342 | 212 |
| **Net cash (used in) from investing activities** | **(1,244)** | **258** |
| **Cash flows from financing activities** | | |
| (Reduction in) Proceeds from long-term borrowings | (136) | (612) |
| Reduction in short-term borrowings | (224) | (504) |
| **Net cash used in financing activities** | **(360)** | **(1,116)** |
| **Net increase in cash and cash equivalents** | **1,360** | **3,325** |
| Cash and cash equivalents at beginning of period | 5,837 | 2,478 |
| **Cash and cash equivalents at end of period** | **7,197** | **5,803** |
| Represented by: | | |
| **Cash and bank balances (inclusive of Fixed Deposit)** | **7,197** | **6,052** |
| **Bank overdrafts** | **-** | **(249)** |
| | **7,197** | **5,803** |

**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**

## Statement of Changes in Equity

| US$'000 | Issued capital | Capital reserve | Currency translation reserve | Accumulated Profits | Minority Interest | Total |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Balance as at 30/6/2007 | 4,040 | 187 | 484 | 19,951 | 1,120 | 25,782 |
| Currency translation differences | - | - | 328 | - | 14 | 342 |
| Net profit for the period | - | - | - | 4,179 | 222 | 4,401 |
| Dividend paid | - | - | - | (748) | (129) | (877) |
| **Balance as at 31/12/2007** | **4,040** | **187** | **812** | **23,382** | **1,227** | **29,648** |
| | | | | | | |
| **Company** | | | | | | |
| Balance as at 30/6/2007 | 4,040 | 187 | - | 4,146 | - | 8,373 |
| Net profit for the period | - | - | - | 2,875 | - | 2,875 |
| Dividend paid | - | - | - | (748) | - | (748) |
| **Balance as at 31/12/2007** | **4,040** | **187** | **-** | **6,273** | **-** | **10,500** |

| US$'000 | Issued capital | Capital reserve | Currency translation reserve | Accumulated Profits | Minority Interest | Total |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Balance as at 30/6/2006 | 4,040 | 58 | 73 | 13,433 | 563 | 18,167 |
| Issue of new shares | - | - | - | - | - | - |
| Currency translation differences | - | - | 216 | - | 3 | 219 |
| Net profit for the period | - | - | - | 3,846 | 241 | 4,087 |
| Dividend paid | - | - | - | (424) | - | (424) |
| **Balance as at 31/12/2006** | **4,040** | **58** | **289** | **16,855** | **807** | **22,049** |
| | | | | | | |
| **Company** | | | | | | |
| Balance as at 30/6/2006 | 4,040 | 58 | - | 1,646 | - | 5,744 |
| Issue of new shares | - | - | - | - | - | - |
| Currency translation differences | - | - | - | - | - | - |
| Net profit for the period | - | - | - | 1,200 | - | 1,200 |
| Dividend paid | - | - | - | (424) | - | (424) |
| **Balance as at 31/12/2006** | **4,040** | **58** | **-** | **2,422** | **-** | **6,520** |

**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 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 share capital during the period under review.

**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.

**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 Company has applied the same accounting policies and methods of computations as in the Company's latest audited financial statements for the period ended 31 December 2007.

**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**

Not applicable

**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**

| | 31/12/2007 | 31/12/2006 |
|---|---|---|
| Earnings per ordinary share **(US cents)** | 3.1 | 2.9 * |

** Re-computed based on enlarged number of shares of 133,690,000 (inclusive of 1-for-5 bonus issue)*

**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 period reported on and (b) immediately preceding financial year**

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/2007 | 30/06/2007 | 31/12/2007 | 30/06/2007 |
| Net asset value per ordinary share **(US cents)** | 21.3 | 18.4 | 7.9 | 6.6 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Revenue and Net Profit**

Both Revenue and Net Profit improved for the 6 months ended 31 December 2007 ("1H07"). Revenue rose modestly by 2.6% or by US$0.9 million, to around US$35.0 million. Net profit attributable to equity holders of the parent grew by a stronger 8.7% or US$0.3 million to US$4.2 million.

Our modest growth in Revenue was largely due to a delay in a significant US order as well as our more cautious sales policy toward the US markets. Our more cautious sales policy was prompted by increasing concerns over credit issues arising from the sub-prime fallout. Having noted this, our sales to North America only declined slightly and remained just above 40% of total Revenue. Revenue growth came primarily from the Asia Pacific and more specifically from Vietnam, Australia and New Zealand. Our changing profile of sales is a reflection of the work we have been putting in to diversify our client base. The increased number of clients, particularly outside the US, should reduce our market concentration risk.

Net Profit grew by a healthy 8.7%, despite the modest growth in Revenue, as a result of:

- Higher Gross Profit and higher Gross Margins. Gross Profit increased by 9.9% or US$0.9 million to US$10.2 million and Gross Margins improved by 1.9 percentage points to 29.1% as a result of:

    - Stronger local retail sales in Vietnam. Sales derived from Rossano's concept stores in Vietnam were of better margins;

    - More cost effective sourcing for components and raw materials from our sub-contractors/suppliers in Vietnam and Dongguan; and

- Improved operating cash inflows which resulted in lower borrowings and thus interest savings,

and despite:

- Generally higher raw materials prices, particularly of leather and packaging materials;

- Higher selling and administrative costs as a result of (1) a greater emphasis on marketing to European clients; (2) an increase in head count and the need to improve salaries; and (3) opening of new stores by Rossano.

As a result, Net Profit margin improved by 0.7 percentage points to 12.0%.

## Financial Position

Assets

Current assets increased by US$2.4 million. Significant movements during the period under review were:-

- Cash at bank (inclusive of fixed deposits) increased by a healthy US$1.3 million paralleling lower working capital investments, disposal of investment and a larger percentage of revenue being cash sales derived from Vietnam.

- Trade receivables rose by US$0.4 million largely in line with higher Revenue. Trade Receivables turnover period remained relatively constant at about one month.

- Other receivables rose by US$1.0 million due mainly to (1) deposits payable to secure exhibition space at international furniture fairs in Germany, Singapore, Malaysia and China and (2) higher export tax refundable in Vietnam.

- Stocks reduced by some US$0.2 million largely due to increased outsourcing policy.

Non-current assets increased by US$1.2 million. Significant movements during the period under review were:-

- Property, plant and equipment increased by US$1.5 million (net of depreciation) due mainly to the progress payments made for Phase 1 of our further expansion in Vietnam.

- Other long term investment declined by US$0.3 million due mainly to disposal of quoted investments.

Total Liabilities

- Both current and non-current liabilities reduced by US$0.2 million and US$0.1 million respectively due mainly to repayments of finance lease obligations and part of the term loan.

Shareholders' equity

Net asset or Equity attributable to shareholders rose by a healthy US$3.8 million or 15.2% to US$28.4 million due largely to higher accumulated retained earnings (inclusive of currency realignment adjustments).

Minority interests

Minority interests rose by US$0.1 million to US$1.2 million, reflecting the cumulative share of net asset by Rossano's other shareholder, who owns 30% of Rossano.

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

The Directors had previously stated that, barring any unforeseen circumstances, the Board expected the performance for the financial year ending 2008 to be better than that of financial year ended 2007.

The performance for 1H07 exceeded that of 1H06. During the period under review, Revenue increased by US$0.9 million to US$35.0 million, a period-on-period 2.6% increase while Net Profit Attributable to Equity Holders of the Company rose faster by US$0.3 million to US$4.2 million, a period-on-period 8.7% increase.

**10. A commentary at the date of the announcement of the 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**

We expect demand for furniture to be less stable this year. Like many other exporters, we have been observing very closely general market conditions in the US following the sub-prime fallout and the fear that the US economy may go into recession. Whilst these concerns have already resulted in us taking a less aggressive stance with respect to sales to the US markets, the strength of our well-diversified client base which extends across the UK/Europe, Asia Pacific and the Middle East is likely to stand us in good stead.

The current downturn in the US has prompted us to channel more marketing and business development activities into the UK/Europe and Asia Pacific markets to gain market share and to extend our market coverage in these areas. Our worldwide customers have generally remained highly supportive though they too have been more prudent in committing orders. Given this we are expecting shorter delivery lead-times. The plus side for our customers from the UK/Europe and Asia Pacific is that the weak US dollar helps rather than hurts as they trade furniture imports in US dollars, which has since become more price-competitive.

2008 has started well for the Group at the imm Cologne 2008 International Furniture Show. We secured orders amounting to US$1.5 million (about 50% more than those in 2007), the bulk of which came from the UK/Europe market. Our Vietnam-based subsidiary, Rossano enjoyed a good debut at the same show – its first European show. Typically, international buyers tend to be very cautious with first-time exhibitors. However, Rossano secured substantial trial orders.

The Group will continue to build its order books at the forthcoming International Furniture Fairs in Singapore, Malaysia and Guangzhou, as well as the first Vietnam International Furniture Fair in Ho Chi Minh City. Rossano's retail sales in Vietnam did well during the period under review fuelled by the fast-growing economy and improving consumer income.

Rossano now owns and manages 20 retail and franchise stores in Vietnam and has opened its first concept store in Cambodia.

On 17 January 2008, the Group announced its conversion of Rossano to a Joint Stock Company so as to enable Rossano to raise funds from the Vietnamese capital markets if and when required.

The Group's original construction schedule for its Phase 1 of its further expansion has been delayed due to shortages in building materials, most notably steel and cement. These shortages have also resulted in a sharp rise of prices in steel and cement. To maintain our original capital expenditure budget, the Group has made alterations to its design and architectural plans. The new plant is expected to start contributing financially only from 4QFY08.

Barring any unforeseen circumstances, and despite anticipated weakening in US demand, the directors are of the opinion that the net profit after tax of FY2008 shall be equal to or slightly better than FY2007.

**11. Dividend**

**(a) *Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

Yes

| <u>Name of Dividend</u> | <u>Interim Dividend</u> |
|---|---|
| Dividend Type | Cash |
| Dividend Rate | |
| - per share **(in US$: cents)** | 0.33 cent per ordinary share (less tax) |
| - per share **(in S$: cents)** | 0.5 cent per ordinary share (less tax) |
| Tax Rate | 18% |

**(b) *Corresponding Period of the Immediately Preceding Financial Year***

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

Yes.

| <u>Name of Dividend</u> | <u>Interim Dividend</u> |
|---|---|
| Dividend Type | Cash |
| Dividend Rate | |
| - per share **(in US$: cents)** | 0.32 cent per ordinary share (less tax) |
| - per share **(in S$: cents)** | 0.5 cent per ordinary share (less tax) |
| Tax Rate | 20% |

**(c) Date payable**

To be announced

**(d) Books closure date**

To be announced

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

Not applicable

**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**

Not applicable

BY ORDER OF THE BOARD

**James Koh Jyh Gang**
**Managing Director**
**February 1, 2008**