

SHOWY INTERNATIONAL LIMITED
Registration No. 199106356W

UNAUDITED FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2007

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income Statement

| | Group | | |
|---|------------------------|--------------|---------------|
| | FY ended 31 Dec | | |
| | 2007 | 2006 | Change |
| | S\$'000 | S\$'000 | % |
| Revenue | 10,056 | 8,159 | 23.3 |
| Financial income | 270 | 134 | 101.5 |
| Financial expense | (68) | (87) | (21.8) |
| Changes in inventories | (246) | 171 | (243.9) |
| Raw materials and consumables used | (5,276) | (4,162) | 26.8 |
| Employee benefits expense | (1,916) | (1,411) | 35.8 |
| Depreciation expenses | (248) | (274) | (9.5) |
| Other operating expenses | (1,338) | (787) | 70.0 |
| Other credits/(charges) | (202) | (407) | (50.4) |
| Profit before income tax | 1,032 | 1,336 | (22.8) |
| Income tax expense | (220) | (313) | (29.7) |
| Profit attributable to equity holders of the company | 812 | 1,023 | (20.6) |

1(a)(ii) Notes to Income Statement

| | Group | |
|---|------------------------|----------------|
| | FY ended 31 Dec | |
| | 2007 | 2006 |
| | S\$'000 | S\$'000 |
| <u>Financial income and (expense)</u> | | |
| Bad debts written off on trade receivables | (7) | (7) |
| Foreign exchange transaction loss | (53) | (38) |
| Interest income | 270 | 130 |
| Interest expense | (8) | (4) |
| Provision for impairment on trade receivables | - | (38) |
| Miscellaneous income | - | 4 |
| | 202 | 47 |
| Presented in the income statement as: | | |
| Financial income | 270 | 134 |
| Financial expense | (68) | (87) |
| Financial income and (expense) (net) | 202 | 47 |
| <u>Other credits/(charges)</u> | | |
| Provision for inventories | (262) | (413) |
| Provision for impairment of plant and equipment | (7) | - |
| Gain on disposal of plant and equipment | 67 | 6 |
| | (202) | (407) |

1(b)(i) Balance Sheet

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 31.12.07 | 31.12.06 | 31.12.07 | 31.12.06 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 17,399 | 5,949 | 16,118 | 4,566 |
| Trade and other receivables | 2,280 | 2,130 | 2,381 | 1,971 |
| Inventories | 1,521 | 2,029 | 1,371 | 1,855 |
| Total current assets | 21,200 | 10,108 | 19,870 | 8,392 |
| Non-current assets: | | | | |
| Investments in subsidiaries | - | - | 2,816 | 3,054 |
| Property, plant and equipment | 1,130 | 705 | 1,021 | 505 |
| Deferred tax assets | 137 | 147 | 55 | 55 |
| Total non-current assets | 1,267 | 852 | 3,892 | 3,614 |
| Total assets | 22,467 | 10,960 | 23,762 | 12,006 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities: | | | | |
| Trade payables | 2,116 | 1,004 | 2,873 | 1,323 |
| Current tax payable | 203 | 317 | 203 | 317 |
| Current portion of finance leases | 8 | 43 | 8 | 43 |
| Total current liabilities | 2,327 | 1,364 | 3,084 | 1,683 |
| Non-current liabilities: | | | | |
| Finance leases | - | 6 | - | 6 |
| Total non-current liabilities | - | 6 | - | 6 |
| Total liabilities | 2,327 | 1,370 | 3,084 | 1,689 |
| Equity attributable to equity holders of the parent: | | | | |
| Share capital | 16,619 | 5,873 | 16,619 | 5,873 |
| Other reserves | (133) | (148) | - | - |
| Retained earnings | 3,654 | 3,865 | 4,059 | 4,444 |
| Total equity | 20,140 | 9,590 | 20,678 | 10,317 |
| Total liabilities and equity | 22,467 | 10,960 | 23,762 | 12,006 |

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

Amount repayable in one year or less, or on demand

| As at 31.12.07 | | As at 31.12.06 | |
|----------------|-----------|----------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$8,000 | - | S\$43,000 | - |

Amount repayable after one year

| As at 31.12.07 | | As at 31.12.06 | |
|----------------|-----------|----------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| - | - | S\$6,000 | - |

Details of any collaterals

The above borrowings are amounts payable for finance leases which are secured against plant and equipment with a total net book value of S\$265,288 as at 31 December 2007 (31 December 2006 : S\$70,952).

1(c) Cash Flow Statement

| | Group | |
|--|------------------------|----------------|
| | FY ended 31 Dec | |
| | 2007 | 2006 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Profit for the year | 812 | 1,023 |
| Adjustments for: | | |
| Income tax expense | 220 | 313 |
| Provision for impairment of plant and equipment | 7 | - |
| Gain on disposal of plant and equipment | (67) | (6) |
| Depreciation expense | 248 | 274 |
| Interest income | (270) | (130) |
| Interest expense | 8 | 4 |
| Operating profit before working capital changes | 958 | 1,478 |
| Cash restricted in use over 3 months | (592) | - |
| Trade and other receivables | (150) | (371) |
| Inventories | 508 | 242 |
| Trade payables | 1,112 | 259 |
| Cash generated from operations | 1,836 | 1,608 |
| Income tax paid | (324) | (398) |
| Net cash from operating activities | 1,512 | 1,210 |
| Cash flows from investing activities | | |
| Disposal of property, plant and equipment | 127 | 13 |
| Purchase of property, plant and equipment | (636) | (82) |
| Interest received | 270 | 130 |
| Net cash from (used in) investing activities | (239) | 61 |
| Cash flows from financing activities | | |
| Dividends paid | (1,023) | (398) |
| Proceeds from issuing shares, net of listing expenses | 10,746 | - |
| Payment of finance leases | (141) | (43) |
| Interest paid | (8) | (4) |
| Net cash from (used in) financing activities | 9,574 | (445) |
| Net effect of exchange rate changes in consolidating subsidiaries | 11 | (108) |
| Net increase in cash | 10,858 | 718 |
| Cash at beginning of year | 5,949 | 5,231 |
| Cash at end of year | 16,807 | 5,949 |
| Cash and cash equivalents in the Group's balance sheet | 17,399 | 5,949 |
| Less: Cash restricted in use over 3 months | (592) | - |
| Cash in the consolidated cash flow statement | 16,807 | 5,949 |

1(d)(i) A statement 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 | Share Premium S\$'000 | Foreign Currency Translation Reserve S\$'000 | Retained Earnings S\$'000 | Total S\$'000 |
|--|-----------------------------|-----------------------------|--|---------------------------------|------------------|
| Group | | | | | |
| Balance as at 31 December 2005 | 4.880 | 993 | 10 | 3.240 | 9.123 |
| Changes in equity for 2006 | | | | | |
| Exchange differences on translating foreign operations recognised directly in equity | - | - | (158) | - | (158) |
| Profit for the year | - | - | - | 1.023 | 1.023 |
| Total recognised income and expense for the year | - | - | (158) | 1.023 | 865 |
| Transfer from share premium to share capital | 993 | (993) | - | - | - |
| Dividends | - | - | - | (398) | (398) |
| Balance as at 31 December 2006 | 5.873 | - | (148) | 3.865 | 9.590 |
| Changes in equity for 2007 | | | | | |
| Exchange differences on translating foreign operations recognised directly in equity | - | - | 15 | - | 15 |
| Profit for the year | - | - | - | 812 | 812 |
| Total recognised income and expense for the year | - | - | 15 | 812 | 827 |
| Issue of share capital | 10.890 | - | - | - | 10.890 |
| Capital raising expenses | (144) | - | - | - | (144) |
| Dividends | - | - | - | (1,023) | (1,023) |
| Balance as at 31 December 2007 | 16.619 | - | (133) | 3.654 | 20.140 |
| Company | | | | | |
| Balance as at 31 December 2005 | 4.880 | 993 | - | 3.852 | 9.725 |
| Changes in equity for 2006 | | | | | |
| Profit for the year | - | - | - | 990 | 990 |
| Total recognised income and expense for the year | - | - | - | 990 | 990 |
| Transfer from share premium to share capital | 993 | (993) | - | - | - |
| Dividends | - | - | - | (398) | (398) |
| Balance as at 31 December 2006 | 5.873 | - | - | 4.444 | 10.317 |
| Changes in equity for 2007 | | | | | |
| Profit for the year | - | - | - | 638 | 638 |
| Total recognised income and expense for the year | - | - | - | 638 | 638 |
| Issue of share capital | 10.890 | - | - | - | 10.890 |
| Capital raising expenses | (144) | - | - | - | (144) |
| Dividends | - | - | - | (1,023) | (1,023) |
| Balance as at 31 December 2007 | 16.619 | - | - | 4,059 | 20.678 |

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

| | Number of ordinary shares | S\$ |
|---|------------------------------|-------------------|
| <u>Issued and paid-up share capital</u> | | |
| As at 31 December 2006 | 61,000,000 | 5,872,842 |
| Issue of new shares * | 66,000,000 | 10,746,049 |
| As at 31 December 2007 | <u>127,000,000</u> | <u>16,618,891</u> |

* The Company has on 14 May 2007 allotted and issued 66,000,000 new ordinary shares at an issue price of S\$0.165, credited as fully paid-up, to Mr Tan Kim Seng for a cash consideration of S\$10,890,000 pursuant to a subscription agreement dated 16 January 2007. Details of the issue can be found in the circular dated 23 April 2007.

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

The above financial statements 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 group has consistently applied the same accounting policies and methods of computation adopted in the last audited financial statements for FY2006, except as described in paragraph 5.

5. If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The group has adopted all the new Singapore Financial Reporting Standards that are mandatory for financial year beginning on or after 1 January 2007. There are no material effects arising from the adoption. The group has also early adopted FRS 108 *Operating Segments* for the financial year ended 31 December 2007 as mentioned in paragraph 13.

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

| | Group | |
|---|------------|------------|
| | 31.12.07 | 31.12.06 |
| (i) Based on weighted average number of ordinary share in issue | 0.79 cents | 1.68 cents |
| (ii) On a fully diluted basis | 0.79 cents | 1.68 cents |

The basic and fully diluted earnings per share for the periods above have been calculated based on the weighted average number of ordinary shares as at 31 December 2007 of 102,950,685 (2006 : 61,000,000) ordinary shares.

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 | |
|---|-------------|-------------|-------------|-------------|
| | 31.12.07 | 31.12.06 | 31.12.07 | 31.12.06 |
| Net asset value per ordinary share based on existing issued capital as at the respective period | 15.86 cents | 15.72 cents | 16.28 cents | 16.91 cents |

The net asset value per share for the periods above have been calculated based on the Company's issued share capital of 127,000,000 (2006 : 61,000,000) ordinary shares.

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 include a discussion of 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 any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement

The Group's turnover increased by 23.3% to S\$10.1 million as Singapore sales performance improved tremendously during FY2007. The rise in Singapore sales was due to a buoyant property market.

Financial income increased by about S\$136,000 to S\$270,000 mainly due to the interest income derived from more fixed deposits placed with financial institutions during FY2007.

The aggregate of changes in inventories, and raw materials and consumables used increased by 38.4% to S\$5.5 million mainly due to higher stock turnover in tandem with the growth in revenue and higher material costs incurred during FY2007. As a result, gross margin fell from 51.1% in FY2006 to 45.1% in FY2007 due to the increase in raw material prices.

In addition, the Group wrote off approximately S\$245,000 in professional fees relating to a proposed transaction that lapsed on 4 December 2007. The write off in professional fees, increase in employee benefits expense, and higher repair and maintenance expenses incurred during FY2007 contributed to the increase in total operating expenses by approximately S\$825,000.

As a result of the above factors, the Group's profit before tax for FY2007 declined by 22.8% to S\$1.0 million from the previous period.

Balance Sheet

On 14 May 2007, the Company issued 66,000,000 new ordinary shares at an issue price of S\$0.165 to Mr Tan Kim Seng, resulting in an increase in shareholder's funds of S\$10.7 million, net of capital raising expenses. As at 31 December 2007, the Group's total equity stood at S\$20.1 million.

The Group's total current assets increased by S\$11.1 million to S\$21.2 million mainly due to the increase in cash from the new share subscription mentioned above. New additions of plant and equipment contributed to the increase in total non-current assets by about S\$415,000 to S\$1.3 million.

Total current liabilities increased by approximately S\$1.0 million to S\$2.3 million due to the increase in creditors' turnover days and accrued liabilities.

Cash Flow Statement

The Group's total cash as at 31 December 2007 significantly increased by S\$10.9 million mainly due to the proceeds from issuance of new shares mentioned above. During FY2007, a total of S\$1.0 million was used for the payment of final and special dividends for FY2006.

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

In the announcement for HY2007, we noted:

- a) the Group expected the demand for its products to remain strong for FY2007. The Group's turnover for FY2007 increased by 23.3% to S\$10.1 million; and
- b) the Group expected the raw material costs to rise and adversely impact the Group's performance. The Group's gross margin fell from 51.1% in FY2006 to 45.1% in FY2007.

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 company in the next reporting period and the next 12 months

The Group expects revenue to maintain or fall and gross margin to fall in the forthcoming year.

The Group's negative outlook is due to the following:

- a) the softening in the local property market;
- b) the softening in our export market;
- c) the higher RMB against USD and selected regional currencies;
- d) the reduction in tax incentives (export VAT rebates) in China;
- e) further rise in raw material prices; and
- f) the high inflation rates in Singapore and China.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes.

| | |
|--------------------------------------|---|
| Name of Dividend | Final |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 0.639 cents per ordinary share (tax exempt) |

(b) Corresponding Period of the Immediately Preceding Financial Year

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

| | |
|--------------------------------------|---|
| Name of Dividend | Final |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 0.503 cents per ordinary share (net of tax) |
| Tax Rate | 18% |

| | |
|--------------------------------------|---|
| Name of Dividend | Special |
| Dividend Type | Cash |
| Dividend Amount per Share (in cents) | 1.174 cents per ordinary share (net of tax) |
| Tax Rate | 18% |

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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.

For the year ended 31 December 2007, the Group has adopted FRS 108 *Operating Segments* for the first time. This standard supersedes FRS 14 *Segment Reporting* and applies for annual periods beginning on or after 1 January 2009 but earlier application is permitted. This standard requires disclosure of information about an entity's operating segments, its products and services, the geographical areas in which it operates, and its major customers.

The Group's revenue is derived from sale of sanitary fittings, bathroom and kitchen products and accessories. For management purposes, this principal operating activity of the Group is used for reporting segment information which can be found in Part 1 of this announcement. The accounting policies of this reportable segment are the same as those described in the summary of significant accounting policies.

Information about geographical areas:

| | Revenues ^(a) | | Non-current assets ^(b) | |
|-----------------|-------------------------|-----------------|-----------------------------------|-----------------|
| | 2007 S\$'000 | 2006 S\$'000 | 2007 S\$'000 | 2006 S\$'000 |
| Singapore | 7,004 | 5,340 | 1,021 | 505 |
| China | 21 | - | 109 | 200 |
| ASEAN countries | 2,070 | 1,931 | - | - |
| Other countries | 961 | 888 | - | - |
| Total | 10,056 | 8,159 | 1,130 | 705 |

(a) Revenues are attributed to countries on the basis of the customer's location.

(b) The Group's operations are located in Singapore and China. Carrying amount of non-current assets other than financial instruments and deferred tax assets are analysed by geographical area in which the assets are located.

Information about major customers:

During FY2006 and FY2007, none of the customers accounted for 10% or more of the Group's revenue.

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

Please refer to paragraph 8.

15. A breakdown of sales as follows:-

| | FY 2007 S\$'000 | Group FY 2006 S\$'000 | Increase/ (Decrease) |
|--|---------------------------|---|---------------------------------|
| Sales reported for first half year | 4,880 | 3,882 | 25.7% |
| Profit after tax before minority interests reported for first half year | 501 | 629 | -20.3% |
| Sales reported for second half year | 5,176 | 4,277 | 21.0% |
| Profit after tax before minority interests reported for second half year | 321 | 394 | -18.5% |

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

Total Annual Dividend

| | Latest Full Year (S\$'000) | Previous Full Year (S\$'000) |
|--------------|-----------------------------------|-------------------------------------|
| Ordinary | 812 | 1,023 |
| Preference | 0 | 0 |
| Total | 812 | 1,023 |

BY ORDER OF THE BOARD

Lim Hong Ching
Managing Director

18 February 2008