

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2010

The Board of Directors of Sin Ghee Huat Corporation Ltd. (the "Company") is pleased to announce the unaudited results of the Company for the third quarter and nine months ended 31 March 2010.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Statement of Comprehensive Income

	Third quarter ended			Nine months ended		
	31/03/2010	31/03/2009	Increase/ (Decrease)	31/03/2010	31/03/2009	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	11,627	9,995	16	34,798	43,676	(20)
Cost of sales	(9,259)	(8,837)	5	(28,421)	(34,368)	(17)
Gross profit	2,368	1,158	104	6,377	9,308	(31)
Other operating income	603	232	160	1,552	520	198
Distribution costs	(905)	(767)	18	(2,394)	(2,626)	(9)
Administrative expenses	(778)	(784)	(1)	(2,222)	(2,190)	1
Other operating expenses	(41)	(280)	(85)	(369)	(3,587)	(90)
Finance costs	(17)	(19)	(11)	(54)	(166)	(67)
Profit/(Loss) before income tax	1,230	(460)	N/M	2,890	1,259	130
Income tax expense	(235)	70	N/M	(452)	(288)	57
Net Profit/(Loss) for the period	995	(390)	N/M	2,438	971	151
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	995	(390)	N/M	2,438	971	151
Total comprehensive income attributable to:						
Owners of the Company	995	(390)	N/M	2,438	971	151

N/M: Not meaningful

1(a)(ii) Net profit for the period has been arrived at after crediting/(charging) the following:

	Third quarter ended		Nine months ended	
	31/03/2010 \$'000	31/03/2009 \$'000	31/03/2010 \$'000	31/03/2009 \$'000
Depreciation of property, plant and equipment	(139)	(156)	(409)	(489)
Gain/(loss) on disposal of property, plant and equipment	49	(1)	49	(1)
Foreign exchange gain, net	8	60	1	75
Interest income on bank and short-term bank deposits	26	16	55	90
Interest expense on borrowings	-#	(10)	(4)	(112)
Allowance for doubtful debts - trade	-	(58)	(59)	(241)
Reversal of allowance for doubtful debts - trade	7	116	111	158
Bad debts written off - trade	-#	-	-#	(11)
Allowance for damaged/obsolete inventories	(42)	(213)	(103)	(438)
Reversal of allowance for damaged/obsolete inventories	55	5	166	95
Allowance for inventory write-down	-	-	(200)	(2,815)
Reversal of allowance for inventory write-down	415	-	984	-
Inventories written off	(7)	(8)	(7)	(81)
Inventories written back	25	34	55	100

Denotes amount less than \$1,000

- (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.*

Statement of Financial Position

	31/03/2010 \$'000	30/06/2009 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	35,595	33,672
Trade receivables	12,512	11,231
Other receivables, deposits and prepayments	458	183
Inventories	30,560	34,644
	79,125	79,730
Non-current assets		
Property, plant and equipment	7,333	7,547
Deferred income tax asset	244	328
	7,577	7,875
Total assets	86,702	87,605
LIABILITIES		
Current liabilities		
Trade payables	1,071	1,785
Other payables	693	726
Current income tax liability	368	742
	2,132	3,253
Total liabilities	2,132	3,253
NET ASSETS	84,570	84,352
EQUITY		
Capital and reserves		
Share capital	45,750	45,750
Revaluation reserve	1,461	1,461
Retained earnings	37,359	37,141
Total equity	84,570	84,352

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

The Company did not have any borrowings as at 31 March 2010 and 30 June 2009.

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

Statement of Cash Flows

	Third quarter ended		Nine months ended	
	31/03/2010	31/03/2009*	31/03/2010	31/03/2009*
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit/(Loss) before income tax	1,230	(460)	2,890	1,259
Adjustments for :				
Depreciation of property, plant and equipment	139	156	409	489
(Gain)/ Loss on disposal of property, plant and equipment	(49)	1	(49)	1
Interest expense	-#	10	4	112
Interest income	(26)	(16)	(55)	(90)
Operating cash flows before working capital changes	1,294	(309)	3,199	1,771
Change in operating assets and liabilities				
Trade receivables	(754)	3,383	(1,281)	9,878
Other receivables, deposit and prepayments	(282)	(345)	(278)	(43)
Trade payables	(1,285)	640	(714)	(1,049)
Other payables	196	47	(33)	(1,973)
Inventories	1,711	4,957	4,084	9,251
Cash generated from operations	880	8,373	4,977	17,835
Interest received	26	15	58	112
Interest paid	-#	(10)	(4)	(112)
Income tax paid	(659)	(1,516)	(742)	(3,082)
Net cash generated from operating activities	247	6,862	4,289	14,753
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	49	-	49	-
Purchase of property, plant and equipment	(131)	-	(195)	(197)
Net cash used in investing activities	(82)	-	(146)	(197)
Cash flows from financing activities				
Bills payable, net	-	(807)	-	(7,713)
Dividend paid	-	-	(2,220)	(4,107)
Net cash used in financing activities	-	(807)	(2,220)	(11,820)
Net increase in cash and cash equivalents	165	6,055	1,923	2,736
Cash and cash equivalents at beginning of the period	35,430	24,902	33,672	28,221
Cash and cash equivalents at end of financial period	35,595	30,957	35,595	30,957
Cash and cash equivalents comprise:				
Cash and bank balances	15,595	15,312	15,595	15,312
Short-term bank deposits	20,000	15,645	20,000	15,645
	35,595	30,957	35,595	30,957

Denotes amount less than \$1,000

* Certain reclassifications have been made to the comparative figures to enhance comparability with the current period's presentation (see note 13).

- 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

	Share capital \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 July 2009	45,750	1,461	37,141	84,352
Total comprehensive income for the period	-	-	1,443	1,443
Dividend paid			(2,220)	(2,220)
Balance as at 31 December 2009	45,750	1,461	36,364	83,575
Total comprehensive income for the period	-	-	995	995
Balance as at 31 March 2010	45,750	1,461	37,359	84,570
Balance as at 1 July 2008	45,750	1,461	39,751	86,962
Total comprehensive income for the period	-	-	1,361	1,361
Dividend paid	-	-	(4,107)	(4,107)
Balance as at 31 December 2008	45,750	1,461	37,005	84,216
Total comprehensive income for the period	-	-	(390)	(390)
Balance as at 31 March 2009	45,750	1,461	36,615	83,826

- 1(d)(ii)** *Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.*

There were no changes in the share capital of the Company during the period reported on. There were no outstanding convertibles as at 31 March 2010 and 31 March 2009.

- 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:*

	As at 31/03/2010	As at 30/06/2009
Number of shares in issue	222,000,000	222,000,000

- 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 report on:*

Not applicable.

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

The figures in respect of the third quarter and nine months ended 31 March 2010 have not been audited or reviewed by the auditors.

3. *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 computation as in its audited financial statements for the year ended 30 June 2009, except for the adoption of revised Financial Reporting Standards disclosed in note 5 below.

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.*

On 1 July 2009, the Company adopted the revised Singapore Financial Reporting Standard (FRS) 1(R) – Presentation of Financial Statements.

FRS 1(R) requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income, which is presented in the Statement of Comprehensive Income.

The "Balance Sheet" and "Cash Flow Statement" have been re-titled to "Statement of Financial Position" and "Statement of Cash Flows" respectively.

Comparative figures have been restated to conform to the requirements of the revised standard.

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

Earnings/(Loss) per Share

	Third quarter ended		Nine months ended	
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Earnings/(Loss) per share (cents)				
(a) based on weighted average number of shares in issue	0.45	(0.18)	1.10	0.44
(b) on a fully diluted basis	0.45	(0.18)	1.10	0.44
Weighted average number of shares in issue	222,000,000	222,000,000	222,000,000	222,000,000

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.*

Net Asset Value per Share

	31/03/2010	30/06/2009
Net asset value per share based on issued share capital (cents)	38.1	38.0
Number of shares on issue	222,000,000	222,000,000

8. *A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:*

- (a) *any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*
 (b) *any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.*

REVIEW OF PERFORMANCE FOR THE THIRD QUARTER ENDED 31 MARCH 2010

Statement of Comprehensive Income

Revenue for the third quarter ended 31 March 2010 ("3Q FY2010") increased by 16% to \$11.6 million from \$10.0 million recorded in the corresponding quarter of last year. The higher revenue is mainly attributed to increased demand for stainless steel products as the economy continued to recover from the global financial crisis.

Gross profit margin for the quarter improved to 20% (from 12% of 3Q FY2009) as market conditions improved.

Other income increased mainly due to reversal of allowance of \$415,000 for write-down of inventories, which were largely realised in 3Q FY2010. There was no similar reversal in 3Q FY2009.

Distribution costs for 3Q FY2010 increased in line with higher sales.

Other operating expenses were substantially lower in 3Q FY2010 largely due to lower allowance for damaged/obsolete inventory of \$42,000 in 3Q FY2010 compared with \$213,000 in 3Q FY2009. In addition, there was no allowance for doubtful debts in 3Q FY2010 whilst \$58,000 was provided for in 3Q FY2009.

The resulting comprehensive income for the quarter under review was \$995,000 compared with a loss of \$390,000 posted in the corresponding quarter of the previous financial year.

Statements of Financial Position and Cash Flows

The Company continued to maintain a strong financial position with \$35.6 million in cash and cash equivalents as at the end of the third quarter.

Net cash generated from operating activities in the 3Q FY2010 was \$247,000 compared with \$6.9 million in 3Q FY2009.

Trade receivables were higher as a higher proportion of sales were invoiced towards the later part of 3Q FY2010 relative to the corresponding period of last year.

Inventories decreased by \$1.7 million in 3Q FY2010 compared with the \$5.0 million decrease in 3Q FY2009. In the third quarter of last year, there was reduction in purchases amidst the global financial crisis.

Net cash used in investing activities was \$82,000, comprising \$131,000 utilised for purchase of equipment, which was offset against the proceeds of \$49,000 received in respect of disposal of equipment in 3Q FY2010. There was no investing activity in 3Q FY2009.

There was no financing activity in 3Q FY2010. On the other hand, trade bills amounting to \$807,000 were paid in 3Q FY2009.

REVIEW OF PERFORMANCE FOR THE NINE MONTHS ENDED 31 MARCH 2010

Statement of Comprehensive Income

Revenue for the nine months ended 31 March 2010 ("YTD this year") was \$34.8 million compared with \$43.7 million in the corresponding period in FY2009 ("YTD last year"). The lower revenue was largely because average selling prices were still low relative to those in the same period of last year.

Gross profit margin YTD this year was \$6.4 million compared with \$9.3 million YTD last year. The lower gross profit margin was mainly due to lower average selling prices, which were not fully offset by the lower average cost prices.

Other income increased mainly due to reversal of allowance of \$984,000 for write-down of inventories which have largely been realised. There was no similar reversal in the corresponding period in FY2009.

Distribution costs decreased in line with lower sales.

Other operating expenses were lower mainly because allowance for inventory write-down was only \$200,000 YTD this year compared with \$2.8 million in the same period last year; allowance for damaged/obsolete inventories of \$103,000 was also lower compared with \$438,000 in the corresponding period of last year. Finance costs were lower mainly due to non-utilisation of trade financing since the early part of this year.

The resulting comprehensive income for the nine months in the current year was \$2.4 million - up from the \$971,000 in the same period of FY2009.

Statements of Financial Position and Cash Flows

The Company continued to maintain a strong financial position as well as a positive working capital position in the nine months of the current financial year.

Net cash generated from operating activities in the first nine months of FY2010 was \$4.3 million compared with \$14.8 million in corresponding period of FY2009.

The lower sales level in the nine months of FY2010, relative to the corresponding period last year, resulted in lower receivables collections YTD this year.

Inventories decreased by \$4.1 million in the nine months ended 31 March 2010.

Net cash used in financing activities decreased to \$2.2 million in the nine-month period of FY2010 from \$11.8 million in the same period of FY2009. This was because, in the first nine months of FY2010, the dividend payment made was lower and there had been no utilisation of trade bills since the early part of this year. The payment of trade bills in same period last year was \$7.7 million.

Cash and cash equivalents as at 31 March 2010 were \$35.6 million compared with \$31.0 million as at 31 March 2009.

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

The third quarter of the current financial year remained profitable in line with the announcement made on 10 February 2010.

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.*

The third quarter saw further improvement in the demand and prices for stainless steel, particularly towards the end of the quarter. Gross profit margin for 3Q improved over 2Q.

Restocking by distributors and supply chain participants contributed to increased demand. Some customers also purchased ahead of expected further price gains.

The price of nickel (a major determinant of stainless steel price) increased to approximately USD24,900 per metric ton at the end of 3Q, from about USD17,100 prevailing at the end of Q2. Raw materials costs have also escalated. Steel mills have increased their prices to recoup increased input costs.

Global production capacity for stainless steel was greatly curtailed in 2009 due to the financial crisis. As the world economy recovers, output for the current calendar year (according to MEPS) is forecast to be near an all-time high similar to the level achieved in 2006. Mills have taken steps to boost their production capacity to meet the increased demand, resulting in longer lead time as well as higher prices. However, there is a risk of oversupply when the increased capacity comes on stream and if it is not matched by concomitant sustained demand. Nevertheless, higher raw material costs should help to support prices.

The directors expect the 4Q FY2010 to show further improvement compared to 3Q FY2010.

11. *Dividend*

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the quarter ended 31 March 2010.

13. Certain reclassifications have been made to the comparative figures to enhance comparability with current period's presentation. As a result, certain line items have been amended on the face of statement of cash flows.

The items reclassified on the face of the Statement of Cash Flows are as follows:

	Third quarter ended 31/03/2009		Nine months ended 31/03/2009	
	Previously reported	After reclassifica tion	Previously reported	After reclassifica tion
	\$'000	\$'000	\$'000	\$'000
Under cash flows from operating activities				
- Trade payables and bills payables	(167)	-	(8,762)	-
- Trade payables	-	640	-	(1,049)
Under cash flows from financing activities				
- Bills payables, net	-	(807)	-	(7,713)

Confirmation by Directors

Pursuant to Rule 705(5) of the Listing Manual, we, the undersigned, on behalf of the Board of Directors of the Company, confirm 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 unaudited financial statements for the third quarter and nine months ended 31 March 2010 to be false or misleading in any material aspect.

Lim Lian Soon
Chief Executive Officer

Kua Chee Seng
Director

BY ORDER OF THE BOARD

Lim Lian Soon
Chief Executive Officer

10 May 2010