

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2012**

**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.*

**Consolidated Income Statement**

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>First quarter ended</b>		
	<b>30/09/2012</b>	<b>30/09/2011</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Revenue</b>	16,768	13,927	20
Cost of sales	(13,412)	(10,373)	29
<b>Gross profit</b>	<b>3,356</b>	<b>3,554</b>	-6
Other operating income	58	45	29
Distribution costs	(1,100)	(1,102)	-
Administrative expenses	(786)	(750)	5
Other operating expenses	(273)	(23)	1087
<b>Profit before income tax</b>	<b>1,255</b>	<b>1,724</b>	-27
Income tax expense	(267)	(327)	-18
<b>Net profit for the period</b>	<b>988</b>	<b>1,397</b>	-29

**1(a)(ii) Consolidated statement of comprehensive income**

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>First quarter ended</b>		
	<b>30/09/2012</b>	<b>30/09/2011</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
<b>Net profit for the quarter</b>	<b>988</b>	<b>1,397</b>	-29
<b>Other comprehensive income:</b>			
Foreign currency translation for foreign operations	(42)	73	NA
<b>Total comprehensive income for the quarter</b>	<b>946</b>	<b>1,470</b>	-36
<b>Attributable to:</b>			
Equity holders of the Company	946	1,470	-36
<b>Total comprehensive income for the quarter</b>	<b>946</b>	<b>1,470</b>	-36

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

	<b>Group</b>	
	<b>First quarter ended</b>	
	<b>30/09/2012</b>	<b>30/09/2011</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	(221)	(202)
Foreign exchange (loss)/gain, net	(270)	4
Interest income on bank and short-term bank deposits	46	39
Allowance for doubtful debts – trade, net	-	(22)
Reversal of allowances for inventories, net	60	66

**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**

	Group		Company	
	30/09/2012	30/06/2012	30/09/2012	30/06/2012
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	8,534	8,742	8,241	8,424
Investment in subsidiaries	–	–	4,607	4,607
Deferred tax assets	53	145	53	145
	8,587	8,887	12,901	13,176
<b>Current assets</b>				
Inventories	30,796	31,666	27,343	28,191
Trade and other receivables	18,757	20,082	19,573	20,941
Cash and cash equivalents	36,118	32,569	34,578	31,018
	85,671	84,317	81,494	80,150
<b>Total assets</b>	94,258	93,204	94,395	93,326
<b>Equity attributable to equity holders of the Company</b>				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	1,860	1,860	1,860	1,860
Currency translation reserve	(13)	29	–	–
Retained earnings	41,642	40,654	41,827	40,882
Total equity	89,239	88,293	89,437	88,492
<b>Current liabilities</b>				
Trade and other payables	3,749	3,816	3,688	3,739
Current tax liabilities	1,270	1,095	1,270	1,095
	5,019	4,911	4,958	4,834
<b>Total liabilities</b>	5,019	4,911	4,958	4,834
<b>Total equity and liabilities</b>	94,258	93,204	94,395	93,326

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

The Group and the Company did not have any borrowings as at 30 September 2012 and 30 June 2012.

- 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 Statement of Cash Flows

	Group	
	First quarter ended	
	30/09/2012 S\$'000	30/09/2011 S\$'000
<b>Cash flows from operating activities</b>		
Profit after income tax	988	1,397
<b>Adjustments for :</b>		
Depreciation of property, plant and equipment	221	202
Interest income	(46)	(39)
Income tax expense	267	327
Operating cash flows before working capital changes	1,430	1,887
Change in operating assets and liabilities:		
Trade and other receivables	1,325	736
Trade and other payables	(67)	86
Inventories	870	(4,087)
<b>Cash generated from / (used in) operations</b>	3,558	(1,378)
Interest received	46	39
Income tax refund	-	45
<b>Net cash generated from / (used in) operating activities</b>	3,604	(1,294)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(13)	(247)
<b>Net cash used in investing activities</b>	(13)	(246)
<b>Net increase / (decrease) in cash and cash equivalents</b>	3,591	(1,540)
Cash and cash equivalents at beginning of the period	32,569	36,356
Effect of exchange rate fluctuations	(42)	73
<b>Cash and cash equivalents at end of financial period</b>	36,118	34,889
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	24,118	24,889
Short-term bank deposits	12,000	10,000
	36,118	34,889

- 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.*

**Consolidated Statement of Changes in Equity for the Group**

	Share capital S\$'000	Revaluation reserve S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance as at 1 July 2012</b>	<b>45,750</b>	<b>1,860</b>	<b>29</b>	<b>40,654</b>	<b>88,293</b>
Total comprehensive income for the quarter ended 30 September 2012	-	-	(42)	988	946
<b>Balance as at 30 September 2012</b>	<b>45,750</b>	<b>1,860</b>	<b>(13)</b>	<b>41,642</b>	<b>89,239</b>
<b>Balance as at 1 July 2011</b>	<b>45,750</b>	<b>1,860</b>	<b>(50)</b>	<b>39,541</b>	<b>87,101</b>
Total comprehensive income for the quarter ended 30 September 2011	-	-	73	1,397	1,470
<b>Balance as at 30 September 2011</b>	<b>45,750</b>	<b>1,860</b>	<b>23</b>	<b>40,938</b>	<b>88,571</b>

**Statement of Changes in Equity for the Company**

	Share capital S\$'000	Revaluation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance as at 1 July 2012</b>	<b>45,750</b>	<b>1,860</b>	<b>40,882</b>	<b>88,492</b>
Total comprehensive income for the quarter ended 30 September 2012	-	-	945	945
<b>Balance as at 30 September 2012</b>	<b>45,750</b>	<b>1,860</b>	<b>41,827</b>	<b>89,437</b>
<b>Balance as at 1 July 2011</b>	<b>45,750</b>	<b>1,860</b>	<b>39,788</b>	<b>87,398</b>
Total comprehensive income for the quarter ended 30 September 2011	-	-	1,459	1,459
<b>Balance as at 30 September 2011</b>	<b>45,750</b>	<b>1,860</b>	<b>41,247</b>	<b>88,857</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 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 was no change in the share capital of the Company during the period reported on. There were no outstanding convertibles as at 30 September 2012 and 30 September 2011.

**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:*

	<b>As at 30/09/2012</b>	<b>As at 30/06/2012</b>
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 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 Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those of the audited financial statements for the financial year ended 30 June 2012.

**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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:*

#### Earnings per Share

	<u>Group</u>	
	First quarter ended	
	30/09/2012	30/09/2011
Earnings per share (cents)		
(a) based on weighted average number of shares in issue	0.45	0.63
(b) on a fully diluted basis	0.45	0.63
Weighted average number of shares in issue	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

	<u>Group</u>		<u>Company</u>	
	30/09/2012	30/06/2012	30/09/2012	30/06/2012
Net asset value per share based on issued share capital (cents)	40.20	39.77	40.29	39.86
Number of shares in issue	222,000,000	222,000,000	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.*

#### **Consolidated Income Statement for the first quarter ended 30 September 2012**

Revenue for the first quarter ended 30 September 2012 ("1Q2013") rose 20% to \$16.77 million from \$13.93 million posted in the corresponding quarter of the preceding year ("1Q2012"). The higher revenue was mainly attributed to shipment in 1Q2013 of the remaining "bulk purchases" (or "project orders") which were secured against keen competition from two customers in the neighbouring countries.

The gross profit margin in respect of the "bulk purchases" was significantly lower than the normal gross profit margin. This resulted in a proportionately higher cost of sales relative to the revenue, which in turn reduced the overall gross profit and margin for the quarter. There were no similar "bulk purchases" in 1Q2012.

Other operating expenses were higher at \$273,000 (1Q2012: \$23,000) mainly due to foreign exchange loss of \$270,000 arising from weaker US dollar currency.

The above factors resulted in a lower net profit for the quarter.

### **Statements of Financial Position and Cash Flows**

Inventories decreased marginally during the quarter ended 30 September 2012 due to lower inventory purchases. Trade and other receivables were lower mainly due to lower prepayment to suppliers of \$279,000 (30 June 2012: \$1.92 million).

Cash and cash equivalents increased to \$36.12 million compared with \$32.57 million a quarter ago largely due to lower inventory purchases and higher cash collections from the customers in the quarter. These factors also contributed to a positive \$3.56 million in cash generated from operations during 1Q2013 compared with cash used in operations amounting to \$1.38 million during 1Q2012.

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

The first quarter was profitable in line with expectation.

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 Eurozone woes and slowing growth in China continue to weigh in on the economy resulting in uncertainties. Nickel price has been volatile in the last quarter with movements ranging between USD16,000 and USD19,000 per MT. This price volatility and the economic uncertainties may affect end users' buying patterns with postponement of purchases, which could lead to a slightly weaker demand for stainless steel products in the near terms.

However, oil price remains relatively robust. This presumably will augur well for continuing streams of investments in the oil and gas industries and stabilising demand from the offshore and rig-building industries.

Indonesia and Malaysia, our key markets outside Singapore, continue to enjoy stable growth.

These underlying business conditions are still manageable, and the directors expect the second quarter to remain profitable.

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

*(e) The date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined:*

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 30 September 2012.

13. *If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.*

The Company does not have any general mandate from shareholders pursuant to Rule 920.

#### **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 first quarter ended 30 September 2012 to be false or misleading in any material aspect.

Kua Ghim Siong  
Director / Interim Chief Executive Officer

Kua Chee Seng  
Director

BY ORDER OF THE BOARD

Kua Ghim Siong  
Director / Interim Chief Executive Officer

6 November 2012