

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 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

	Group					
	Second quarter ended		Increase/	Half year ended		Increase/
	31/12/2012	31/12/2011	(Decrease)	31/12/2012	31/12/2011	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	13,438	14,307	(6)	30,206	28,234	7
Cost of sales	(10,396)	(11,033)	(6)	(23,808)	(21,406)	11
Gross profit	3,042	3,274	(7)	6,398	6,828	(6)
Other operating income	92	132	(30)	150	154	(3)
Distribution costs	(1,091)	(1,157)	(6)	(2,194)	(2,259)	(3)
Administrative expenses	(719)	(710)	1	(1,505)	(1,460)	3
Other operating expenses	(2)	-	NM	(272)	-	NM
Profit before income tax	1,322	1,539	(14)	2,577	3,263	(21)
Income tax expense	(264)	(338)	(22)	(531)	(665)	(20)
Net profit for the period	1,058	1,201	(12)	2,046	2,598	(21)
Earnings per share						
Basic (cents)	0.48	0.54		0.92	1.17	
Diluted (cents)	0.48	0.54		0.92	1.17	

1(a)(ii) Consolidated Statement of Comprehensive Income

	Group					
	Second quarter ended		Increase/ (Decrease) %	Half year ended		Increase/ (Decrease) %
	31/12/2012	31/12/2011		31/12/2012	31/12/2011	
S\$'000	S\$'000		S\$'000	S\$'000		
Net profit for the period	1,058	1,201	(12)	2,046	2,598	(21)
Other comprehensive income:						
Foreign currency translation differences for foreign operations	12	42	(71)	(30)	115	NM
Total comprehensive income for the period	1,070	1,243	(14)	2,016	2,713	(26)
Attributable to:						
Equity holders of the Company	1,070	1,243		2,016	2,713	
Total comprehensive income for the period	1,070	1,243	(14)	2,016	2,713	(26)

NM: Not meaningful

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

	Group			
	Second quarter ended		Half year ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(225)	(206)	(446)	(408)
Gain on disposal of property, plant and equipment	30	-	30	#
Foreign exchange (loss) / gain, net	(2)	44	(272)	44
Interest income on bank and short-term bank deposits	56	35	102	75
Reversal of allowance for doubtful debts - trade	5	50	5	33
Reversal of allowance for inventories, net	44	4	275	70
Inventories written back / (written off)	20	(10)	(151)	(11)

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

	Group		Company	
	31/12/2012	30/06/2012	31/12/2012	30/06/2012
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,437	8,742	8,170	8,424
Investment in subsidiaries	–	–	4,607	4,607
Investment in securities	2,033	–	2,033	–
Deferred tax asset	28	145	28	145
	10,498	8,887	14,838	13,176
Current assets				
Inventories	32,952	31,666	28,612	28,191
Trade and other receivables	16,579	20,082	18,037	20,941
Cash and cash equivalents	31,032	32,569	29,525	31,018
	80,563	84,317	76,174	80,150
Total assets	91,061	93,204	91,012	93,326
Equity attributable to equity holders of the Company				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	1,860	1,860	1,860	1,860
Currency translation reserve	(1)	29	–	–
Retained earnings	38,260	40,654	38,421	40,882
Total equity	85,869	88,293	86,031	88,492
Current liabilities				
Trade and other payables	4,231	3,816	4,020	3,739
Current income tax liability	961	1,095	961	1,095
Total liabilities	5,192	4,911	4,981	4,834
Total equity and liabilities	91,061	93,204	91,012	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 31 December 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			
	Second quarter ended		Half year ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit for the period	1,058	1,201	2,046	2,598
Adjustments for :				
Depreciation of property, plant and equipment	225	206	446	408
Gain on disposal of property, plant and equipment	(30)	-	(30)	#
Interest income	(56)	(35)	(102)	(75)
Income tax expenses	264	338	531	665
Operating cash flows before working capital changes	1,461	1,710	2,891	3,596
Trade and other receivables	2,178	(699)	3,503	37
Trade and other payables	482	(650)	415	(564)
Inventories	(2,156)	(1,678)	(1,286)	(5,765)
Cash generated from / (used in) operations	1,965	(1,317)	5,523	(2,696)
Interest received	56	35	102	75
Income tax paid	(548)	(472)	(548)	(427)
Net cash generated from / (used in) operating activities	1,473	(1,754)	5,077	(3,048)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	30	-	30	1
Purchase of property, plant and equipment	(128)	(206)	(141)	(453)
Investment in securities	(2,033)	-	(2,033)	-
Net cash used in investing activities	(2,131)	(206)	(2,144)	(452)
Cash flows from financing activities				
Dividend paid	(4,440)	(4,440)	(4,440)	(4,440)
Net cash used in financing activities	(4,440)	(4,440)	(4,440)	(4,440)
Net decrease in cash and cash equivalents	(5,098)	(6,400)	(1,507)	(7,940)
Cash and cash equivalents at beginning of the period	36,118	34,889	32,569	36,356
Effect of exchange rate fluctuations	12	42	(30)	115
Cash and cash equivalents at end of period	31,032	28,531	31,032	28,531
Cash and cash equivalents comprise:				
Cash and bank balances	19,032	18,531	19,032	18,531
Short-term bank deposits	12,000	10,000	12,000	10,000
	31,032	28,531	31,032	28,531

- 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
Balance as at 1 July 2012	45,750	1,860	29	40,654	88,293
Total comprehensive income for the quarter ended 30 September 2012	-	-	(42)	988	946
Balance as at 30 September 2012	45,750	1,860	(13)	41,642	89,239
Total comprehensive income for the quarter ended 31 December 2012	-	-	12	1,058	1,070
Dividend paid	-	-	-	(4,440)	(4,440)
Balance as at 31 December 2012	45,750	1,860	(1)	38,260	85,869
Balance as at 1 July 2011	45,750	1,860	(50)	39,541	87,101
Total comprehensive income for the quarter ended 30 September 2011	-	-	73	1,397	1,470
Balance as at 30 September 2011	45,750	1,860	23	40,938	88,571
Total comprehensive income for the quarter ended 31 December 2011	-	-	42	1,201	1,243
Dividend paid	-	-	-	(4,440)	(4,440)
Balance as at 31 December 2011	45,750	1,860	65	37,699	85,374

Statement of Changes in Equity for the Company

	Share capital S\$'000	Revaluation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2012	45,750	1,860	40,882	88,492
Total comprehensive income for the quarter ended 30 September 2012	-	-	945	945
Balance as at 30 September 2012	45,750	1,860	41,827	89,437
Total comprehensive income for the quarter ended 31 December 2012	-	-	1,034	1,034
Dividend paid	-	-	(4,440)	(4,440)
Balance as at 31 December 2012	45,750	1,860	38,421	86,031
Balance as at 1 July 2011	45,750	1,860	39,788	87,398
Total comprehensive income for the quarter ended 30 September 2011	-	-	1,459	1,459
Balance as at 30 September 2011	45,750	1,860	41,247	88,857
Total comprehensive income for the quarter ended 31 December 2011	-	-	1,384	1,384
Dividend paid	-	-	(4,440)	(4,440)
Balance as at 31 December 2011	45,750	1,860	38,191	85,801

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 and treasury shares as at 31 December 2012 and 31 December 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:*

	As at 31/12/2012	As at 30/06/2012
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 period ended 31 December 2012 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

	Group		Group	
	Second quarter ended		Half year ended	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.48	0.54	0.92	1.17
(b) on a fully diluted basis	0.48	0.54	0.92	1.17
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

	Group		Company	
	31/12/2012	30/06/2012	31/12/2012	30/06/2012
Net asset value per share based on issued share capital (cents)	38.7	39.8	38.8	39.9
Number of shares on 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.*

REVIEW OF PERFORMANCE

Statement of Comprehensive Income - For the second quarter ended 31 December 2012 ("2Q2013")

Revenue for 2Q2013 decreased 6% to \$13.44 million from \$14.31 million recorded in the corresponding quarter of the preceding year (2Q2012). The decrease was largely due to lower selling prices, though sales volume increased marginally. Gross profit for the quarter was 7% lower compared with 2Q2012 mainly due to lower revenue.

Other operating revenue was lower at \$92,000 (2Q2012: \$132,000) mainly due to lower reversal of allowance for doubtful debts of \$5,000 (2Q2012: \$50,000) and because there was no foreign exchange gain recorded (2Q2012: \$44,000), as offset by a gain on disposal of property, plant and equipment of \$30,000 (2Q2012: nil).

The profit before tax for 2Q2013 was lower mainly due to lower revenue.

Statement of Comprehensive Income
- For the half year ended 31 December 2012 ("1H2013")

Revenue for 1H2013 was higher compared with the corresponding half-year ended 31 December 2011 ("1H2012") mainly due to shipment of "project orders" in the first quarter. The gross profit in respect of the "project orders" was significantly lower than the normal gross profit margin, resulting in a proportionately higher cost of sales relative to the revenue for the half year. This in turn adversely affected the gross profit for 1H2013.

Other operating expenses of \$272,000 (1H2012: nil) mainly comprised foreign exchange loss recorded in the first quarter.

The above factors led to a lower profit, before and after tax, for the half year ended 31 December 2012 compared with 1H2012.

Statements of Financial Position and Cash Flows

Trade and other receivables were lower at \$16.58 million as of 31 December 2012 compared with \$20.08 million as of 30 June 2012 largely due to higher collection of trade receivables and lower prepayments to suppliers.

An investment in securities amounting to \$2.03 million was made during the quarter. The investment was in the form of bonds issued by a reputable local bank with a view to providing a higher rate of return on the Group's excess cash.

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

The second quarter and half year ended 31 December 2012 were 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 global economy has stabilized somewhat following a slew of political elections in major markets like US, South Korea, Japan and China. Recent measures taken by China to boost its economy appear to paint a positive economic outlook for 2013.

Steady oil price will ensure a continuing, if not growing, demand for stainless steel products in the oil & gas, offshore and rig-building industries.

Against this backdrop, the directors expect the third quarter and full year to be 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 31 December 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 second quarter and half year ended 31 December 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

7 February 2013