

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 2009**

The Board of Directors of Sin Ghee Huat Corporation Ltd. (the "Company") is pleased to announce the unaudited results of the Company for the second quarter and first half year ended 31 December 2009.

**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**

	Second Quarter ended			Half Year ended		
	31/12/2009	31/12/2008	Increase/ (Decrease)	31/12/2009	31/12/2008 *	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	12,159	14,035	(13)	23,171	33,681	(31)
Cost of sales	(9,766)	(10,831)	(10)	(19,162)	(25,531)	(25)
<b>Gross profit</b>	<b>2,393</b>	<b>3,204</b>	(25)	<b>4,009</b>	<b>8,150</b>	(51)
Other operating income	791	166	377	949	288	230
Distribution costs	(755)	(984)	(23)	(1,489)	(1,859)	(20)
Administrative expenses	(749)	(771)	(3)	(1,444)	(1,406)	3
Other operating expenses	(44)	(3,245)	(99)	(328)	(3,307)	(90)
Finance costs	(19)	(66)	(71)	(37)	(147)	(75)
<b>Profit/(Loss) before income tax</b>	<b>1,617</b>	<b>(1,696)</b>	N/M	<b>1,660</b>	<b>1,719</b>	(3)
Income tax expense	(288)	(133)	117	(217)	(358)	(39)
<b>Net Profit/(Loss) for period</b>	<b>1,329</b>	<b>(1,829)</b>	N/M	<b>1,443</b>	<b>1,361</b>	6
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,329</b>	<b>(1,829)</b>	N/M	<b>1,443</b>	<b>1,361</b>	6
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	<b>1,329</b>	<b>(1,829)</b>	N/M	<b>1,443</b>	<b>1,361</b>	6

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

N/M: Not meaningful

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

	Second quarter ended		Half year ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	(136)	(166)	(270)	(333)
Foreign exchange gain/(loss), net	1	30	(7)	15
Interest income on bank and short-term bank deposits	18	43	29	74
Interest expense on borrowings	-#	(45)	(4)	(102)
Allowance for doubtful debts - trade	(12)	(182)	(59)	(183)
Reversal of allowance for doubtful debts - trade	95	37	104	42
Bad debts written off - trade	-#	-	-#	(11)
Allowance for damaged/obsolete inventories	(32)	(211)	(61)	(225)
Reversal of allowance for damaged/obsolete inventories	45	39	111	90
Allowance for inventory write-down	-	(2,815)	(200)	(2,815)
Reversal of allowance for inventory write-down	569	-	569	-
Inventories written off	-#	(37)	-#	(73)
Inventories written back	12	17	30	66

# 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**

	31/12/2009	30/06/2009
	\$'000	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	35,430	33,672
Trade receivables	11,758	11,231
Other receivables, deposits and prepayments	176	183
Inventories	32,271	34,644
	<u>79,635</u>	<u>79,730</u>
<b>Non-current assets</b>		
Property, plant and equipment	7,341	7,547
Deferred income tax asset	319	328
	<u>7,660</u>	<u>7,875</u>
<b>Total assets</b>	<b><u>87,295</u></b>	<b><u>87,605</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	2,356	1,785
Other payables	497	726
Current income tax liability	867	742
	<u>3,720</u>	<u>3,253</u>
<b>Total liabilities</b>	<b><u>3,720</u></b>	<b><u>3,253</u></b>
<b>NET ASSETS</b>	<b><u>83,575</u></b>	<b><u>84,352</u></b>
<b>EQUITY</b>		
<b>Capital and reserves</b>		
Share capital	45,750	45,750
Revaluation reserve	1,461	1,461
Retained earnings	36,364	37,141
<b>Total equity</b>	<b><u>83,575</u></b>	<b><u>84,352</u></b>

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

The Company did not have any borrowings as at 31 December 2009 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

	Second quarter ended		Half year ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008*
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before income tax	1,617	(1,696)	1,660	1,719
<b>Adjustments for :</b>				
Depreciation of property, plant and equipment	136	166	270	333
Interest expense	-#	45	4	102
Interest income	(18)	(43)	(29)	(74)
Operating cash flows before working capital changes	1,735	(1,528)	1,905	2,080
Change in operating assets and liabilities				
Trade receivables	16	5,445	(527)	6,495
Other receivables, deposit and prepayments	6	42	4	302
Trade payables	1,173	(1,533)	571	(1,689)
Other payables	(282)	(137)	(229)	(2,020)
Inventories	(244)	4,104	2,373	4,294
Cash generated from operations	2,404	6,393	4,097	9,462
Interest received	18	43	32	97
Interest paid	-#	(45)	(4)	(102)
Income tax paid	-	(1,516)	(83)	(1,566)
Net cash generated from operating activities	2,422	4,875	4,042	7,891
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(9)	(8)	(64)	(197)
Net cash used in investing activities	(9)	(8)	(64)	(197)
<b>Cash flows from financing activities</b>				
Bills payable, net	-	(2,698)	-	(6,906)
Dividend paid	(2,220)	(4,107)	(2,220)	(4,107)
Net cash used in financing activities	(2,220)	(6,805)	(2,220)	(11,013)
Net increase/(decrease) in cash and cash equivalents	193	(1,938)	1,758	(3,319)
Cash and cash equivalents at beginning of the period	35,237	26,840	33,672	28,221
<b>Cash and cash equivalents at end of financial period</b>	<b>35,430</b>	<b>24,902</b>	<b>35,430</b>	<b>24,902</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	7,430	14,271	7,430	14,271
Short-term bank deposits	28,000	10,631	28,000	10,631
	35,430	24,902	35,430	24,902

# Denotes amount less than \$1,000

\* Certain reclassifications have been made to the comparative figures to enhance comparability with the current year'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
<b>Balance as at 1 July 2009</b>	45,750	1,461	37,141	84,352
Total comprehensive income for the period	-	-	114	114
<b>Balance as at 30 September 2009</b>	45,750	1,461	37,255	84,466
Total comprehensive income for the period	-	-	1,329	1,329
Dividend paid	-	-	(2,220)	(2,220)
<b>Balance as at 31 December 2009</b>	45,750	1,461	36,364	83,575
<b>Balance as at 1 July 2008</b>	45,750	1,461	39,751	86,962
Total comprehensive income for the period	-	-	3,190	3,190
<b>Balance as at 30 September 2008</b>	45,750	1,461	42,941	90,152
Dividend paid	-	-	(4,107)	(4,107)
Total comprehensive income for the period	-	-	(1,829)	(1,829)
<b>Balance as at 31 December 2008</b>	45,750	1,461	37,005	84,216

- 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 December 2009 and 31 December 2008.

- 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 31/12/2009	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 second quarter and first half year ended 31 December 2009 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 paragraph 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**

	Second quarter ended		Half year ended	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Earnings/(Loss) per share (cents)				
(a) based on weighted average number of shares in issue	0.60	(0.82)	0.65	0.61
(b) on a fully diluted basis	0.60	(0.82)	0.65	0.61
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**

	<b>31/12/2009</b>	<b>30/06/2009</b>
Net asset value per share based on issued share capital (cents)	37.6	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 SECOND QUARTER ENDED 31 DECEMBER 2009**

**Statement of Comprehensive Income**

Revenue for the second quarter ended 31 December 2009 ("2Q FY2010") decreased by 13% to \$12.2 million from \$14.0 million recorded in the corresponding period of the preceding year. The lower revenue was mainly due to lower average selling prices, though sales volume had increased relative to 2Q FY2009.

Gross profit for 2Q FY2010 was lower compared with 2Q FY2009. This 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 \$569,000 for write-down of inventories which had been sold in 2Q FY2010. There was no similar reversal in 2Q FY2009.

Distribution costs for 2Q FY2010 decreased in line with lower sales, and also because there was a write-back of AWS and unconsumed annual leave in 2Q FY2010.

Other operating expenses were substantially lower in 2Q FY2010. This was because there was an allowance for inventory write-down of \$2.8 million in 2Q FY2009 but no write-down was recorded in the quarter reported on. Finance costs were lower mainly due to lower utilization of trade financing.

The resulting comprehensive income for the quarter under review was \$1.3 million compared with a loss of \$1.8 million posted in the second quarter of the previous financial year.

**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 second quarter of this financial year.

Trade payables were higher mainly due to purchases made toward the end of 2Q FY2010 for replenishment of inventories.

Net cash generated from operating activities in the second quarter was \$2.4 million compared with \$4.9 million in 2Q FY2009.

The lower sales level in the first two quarters of the current financial year resulted in lower receivables collections in 2Q FY2010 by \$5.4 million compared with 2Q FY2009. Average receivables turnover was 88 days in 2Q FY2010 compared with 98 days for 2Q FY2009 on annualised sales basis.

Inventories increased marginally by \$244,000 in 2Q FY2010. By comparison, the Company reduced its inventory level in the corresponding period of FY2009 in view of the economic downturn, which, coupled with the inventory write-down of \$2.8 million, resulted in a decrease in inventories of \$4.1 million in 2Q FY2009. Inventory turnover was 302 days in 2Q FY2010 compared with 364 days in the corresponding quarter in FY2009 on annualised cost of sales basis.

Net cash used in financing activities decreased to \$2.2 million in 2Q FY2010 from \$6.8 million of 2Q FY2009. This was because, in 2Q FY2010, the dividend payment made was lower and there was no utilisation of trade bills. The payment of trade bills in 2Q FY2009 was \$2.7 million.

## **REVIEW OF PERFORMANCE FOR THE FIRST HALF YEAR ENDED 31 DECEMBER 2009**

### **Statement of Comprehensive Income**

Revenue for the first half year ended 31 December 2009 ("1H FY2010") was lower at \$23.2 million compared with \$33.7 million registered in 1H FY2009. The lower revenue was largely because of lower selling prices attributed to weak demand for the stainless steel products arising from the global economic downturn.

Gross profit for 1H FY2010 of \$4.0 million was lower compared with \$8.2 million in 1H FY2009. The lower gross 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 \$569,000 for write-down of inventories which were sold during the half year under review. There was no similar reversal in 1H FY2009.

Distribution costs for 1H FY2010 decreased in line with lower sales, and also because there was a write-back of AWS and unconsumed annual leave in 1H FY2010.

Other operating expenses were substantially lower in 1H FY2010 because allowance for inventory write-down was only \$200,000 compared with \$2.8 million recorded in 1H FY2009. Finance costs were lower mainly due to lower utilisation of trade financing.

The resulting comprehensive income for the half year reported on was \$1.4 million - marginally higher than the income for 1H 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 first half of this financial year.

Trade payables were higher mainly due to purchases made toward the end of 1H FY2010 for replenishment of inventories.

Net cash generated from operating activities in 1H FY2010 was \$4.0 million compared with \$7.9 million in 1H FY2009.

The lower sales level in 1H FY2010 resulted in lower receivables collections during the first half of the current financial year compared with 1H FY2009. Average receivables turnover was 93 days in 1H FY2010 compared with 81 days for 1H FY2009 on annualised sales basis.

Inventories decreased by \$2.4 million in 1H FY2010 compared with \$4.3 million in the corresponding period of FY2009. The smaller decrease was mainly because inventory write-down in 1H FY 2010 was only \$200,000 compared with \$2.8 million in 1H FY2009. Inventory turnover was 307 days in 1H



FY2010 compared with 309 days in the corresponding period in FY2009 on annualised cost of sales basis.

Net cash used in financing activities decreased to \$2.2 million in 1H FY2010 from \$11.0 million in 1H FY2009. This was because, in 1H FY2010, the dividend payment made was lower and there was no utilisation of trade bills. The payment of trade bills in 1H FY2009 was \$6.9 million.

Cash and cash equivalents as at 31 December 2009 were \$35.4 million compared with \$24.9 million as at 31 December 2008.

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

The improved performance in the second quarter over the first quarter of the current financial year is in line with the announcement made on 11 November 2009.

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.*

As anticipated in our announcement for 1Q FY2010 results, the expected gradual improvement in the market for stainless steel products did materialise. Our margins had also improved over the previous quarter, in line with our expectations then.

Some European mills had extended their Christmas stoppages or restricted production which hopefully can alleviate oversupply pressures and firm up prices. Chinese output in 2009 was an all time high. However, the Company expects selling prices to remain stable in the next quarter. The Company will continue to adopt a prudent approach towards its inventory management.

The directors expect the third quarter and second half year of the current financial year to remain profitable unless something untoward happens to the economy or stainless steel prices.

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 December 2009.

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 the statement of comprehensive Income and statement of cash flows.

The items reclassified on the face of the Statement of Comprehensive Income are as follows:

	<b>Half year ended 31/12/2008</b>	
	<b>Previously reported</b>	<b>After reclassification</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of Sales	(28,488)	(25,531)
Other operating income	90	288
Other operating expenses	(152)	(3,307)

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

	<b>Half year ended 31/12/2008</b>	
	<b>Previously reported</b>	<b>After reclassification</b>
	<b>\$'000</b>	<b>\$'000</b>
Under cash flows from operating activities		
- Trade payables and bills payables	(8,595)	-
- Trade payables	-	(1,689)
Under cash flows from financing activities		
- Bills payables, net	-	(6,906)

#### **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 first half year ended 31 December 2009 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 February 2010