

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

Consolidated Statement of Comprehensive Income

	Group		
	First quarter ended		Increase/ (Decrease)
	30/09/2010	30/09/2009*	
	S\$'000	S\$'000	%
Revenue	12,109	11,012	10
Cost of sales	(9,554)	(9,396)	2
Gross profit	2,555	1,616	58
Other operating income	417	158	164
Distribution costs	(937)	(734)	28
Administrative expenses	(809)	(709)	14
Other operating expenses	(672)	(284)	137
Finance costs	-	(4)	N/M
Profit before income tax	554	43	1,188
Income tax (expense) / write-back	(183)	71	N/M
Net Profit for the period	371	114	225
Other comprehensive income			
Foreign currency translation differences for foreign operations	(17)	-	N/M
Total comprehensive income for the period	354	114	211
Net Profit attributable to:			
Equity holders of the Company	371	114	225
Total comprehensive income attributable to:			
Equity holders of the Company	354	114	211

* Certain reclassifications have been made to the comparative figures to enhance comparability with the current's 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:

	Group	
	First quarter ended	
	30/09/2010	30/09/2009
	S\$'000	S\$'000
Depreciation of property, plant and equipment	(144)	(134)
Foreign exchange loss, net	(56)	(8)
Interest income on bank and short-term bank deposits	35	11
Interest expense on borrowings	-	(4)
Allowance for doubtful debts - trade	(107)	(47)
Reversal of allowance for doubtful debts - trade	11	9
Allowance for damaged/obsolete inventories	(46)	(29)
Reversal of allowance for damaged/obsolete inventories	33	67
Allowance for inventory write-down	(466)	(200)
Reversal of allowance for inventory write-down	328	-
Inventories written off	-	-#
Inventories written back	2	19

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	
	30/09/2010	30/06/2010	30/09/2010	30/06/2010
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	39,704	39,805	39,076	38,786
Trade receivables	11,646	13,074	11,623	13,074
Other receivables, deposits and prepayments	303	172	325	195
Inventories	29,899	28,322	29,727	28,322
	81,552	81,373	80,751	80,377
Non-current assets				
Property, plant and equipment	8,517	8,168	8,276	8,168
Deferred income tax asset	160	275	160	275
Investment in a subsidiary	-	-	1,000	1,000
	8,677	8,443	9,436	9,443
Total assets	90,229	89,816	90,187	89,820
LIABILITIES				
Current liabilities				
Trade payables	2,021	1,878	1,940	1,878
Other payables	858	1,010	826	1,010
Current income tax liability	731	663	731	663
	3,610	3,551	3,497	3,551
Total liabilities	3,610	3,551	3,497	3,551
NET ASSETS	86,619	86,265	86,690	86,269
EQUITY				
Capital and reserves 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	(17)	-	-	-
Retained earnings	39,026	38,655	39,080	38,659
TOTAL EQUITY	86,619	86,265	86,690	86,269

- 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 2010 and 30 June 2010.

- 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	
	30/09/2010	30/09/2009
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	554	43
Adjustments for :		
Depreciation of property, plant and equipment	144	134
Interest expense	-	4
Interest income	(35)	(11)
Operating cash flows before working capital changes	663	170
Change in operating assets and liabilities		
Trade receivables	1,428	(543)
Other receivables, deposits and prepayments	(131)	(2)
Trade payables	143	(602)
Other payables	(152)	53
Inventories	(1,577)	2,617
Cash generated from operations	374	1,693
Interest received	35	14
Interest paid	-	(4)
Income tax paid	-	(83)
Net cash generated from operating activities	409	1,620
Cash flows from investing activities		
Purchase of property, plant and equipment	(493)	(55)
Net cash used in investing activities	(493)	(55)
Net (decrease)/increase in cash and cash equivalents	(84)	1,565
Cash and cash equivalents at beginning of the period	39,805	33,672
Effect of exchange rate fluctuations	(17)	-
Cash and cash equivalents at end of financial period	39,704	35,237
Cash and cash equivalents comprise:		
Cash and bank balances	34,704	14,578
Short-term bank deposits	5,000	20,659
	39,704	35,237

- 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 2010	45,750	1,860	-	38,655	86,265
Total comprehensive income for the quarter ended 30 September 2010	-	-	(17)	371	354
Balance as at 30 September 2010	45,750	1,860	(17)	39,026	86,619

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 2010	45,750	1,860	38,659	86,269
Total comprehensive income for the quarter ended 30 September 2010	-	-	421	421
Balance as at 30 September 2010	45,750	1,860	39,080	86,690
Balance as at 1 July 2009	45,750	1,461	37,141	84,352
Total comprehensive income for the quarter ended 30 September 2009	-	-	114	114
Balance as at 30 September 2009	45,750	1,461	37,255	84,466

- 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 30 September 2010 and 30 September 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 30/09/2010	As at 30/06/2010
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 first quarter ended 30 September 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 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 2010.

- 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	
	First quarter ended	
	30/09/2010	30/09/2009
Earnings per share (cents)		
(a) based on weighted average number of shares in issue	0.17	0.10
(b) on a fully diluted basis	0.17	0.10
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

	Group		Company	
	30/09/2010	30/06/2010	30/09/2010	30/06/2010
Net asset value per share based on issued share capital (cents)	39.0	38.9	39.0	38.9
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 FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

Statement of Comprehensive Income

Revenue for the first quarter ended 30 September 2010 ("1Q2011") increased by 10% to \$12.1 million from \$11.0 million posted in the corresponding quarter of the preceding financial year ("1Q2010"). The higher revenue was mainly attributed to an 18% increase in volume over 1Q2010.

Gross profit margin improved to 21% (1Q2010: 15%). The average selling price and average cost price in 1Q2011 decreased by 7% and 14% respectively compared with 1Q2010. The larger reduction in average cost price relative to the reduction in average selling price resulted in a favourable differential which, together with the increased volume, contributed to the overall improved gross profit margin in 1Q2011.

Other income rose to \$417,000 in 1Q2011 compared with \$158,000 in 1Q2010. The increase was mainly due to reversal of inventory write-down of \$328,000 (1Q2010: nil) and a higher interest income on bank deposits of \$35,000 (1Q2010: \$11,000), as offset by lower reversal of allowance for damaged/obsolete inventories of \$33,000 (1Q2010: \$67,000).

The Group's China subsidiary in Suzhou commenced operations during the first quarter.

Distribution costs and administration expenses were higher mainly due to increased manpower costs, withdrawal in January 2010 of rebates previously given by the relevant government agencies on property tax and land rental, as well as expenses for our newly set-up facility in Suzhou.

Other operating expenses were higher mainly due to increased allowance for doubtful debts of \$107,000 (1Q2010: \$47,000), allowance for inventory write-down of \$466,000 (1Q2010: \$200,000), allowance for damage/obsolete inventories of \$46,000 (1Q2010: \$29,000), and foreign exchange loss of \$56,000 (1Q2010: \$8,000).

Income tax expense of \$183,000 for 1Q2011 comprised provision of \$122,000 for current income tax payable, \$115,000 arising from reduction in deferred tax asset, as offset by an over-provision of \$54,000 in current income tax liability in respect of the preceding financial year. Income tax write-back of \$71,000 for 1Q2010 mainly related to an increase in deferred tax asset as offset by provision for income tax payable.

Net profit achieved for the quarter under review improved to \$371,000 (1Q2010: \$114,000).

Statements of Financial Position and Cash Flows

The Group continued to maintain a strong financial position as well as a positive working capital position as at 30 September 2010.

Net cash generated from operating activities in 1Q2011 was lower at \$409,000 compared with \$1.6 million in 1Q2010. This was mainly due to inventory replenishments as offset by faster collection of trade receivables during 1Q2011.

Net cash used in investing activities was higher at \$493,000 (1Q2010: \$55,000) mainly due to capital expenditure incurred for our facility in China and warehouse in Singapore.

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 of FY2011 remained profitable in line with the prospect statement (item 10 of the results announcement for the fourth quarter and year ended 30 June 2010) made on 26 August 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 price of nickel, a key determinant of stainless steel prices, was on the upward trend during 1Q2011, and still appears to be on the rise so far. However, this has not translated into tangible price increases for our stainless steel products, as competition is keen amidst the price volatility in the market. Buyers are cautious with their orders.

Nevertheless, the Group maintains a healthy order book, and will continue to strive for a balanced sales and contribution mix of the products.

The directors expect the 2Q2011 to show improvement over 1Q2011, and the current financial year 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

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 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 statement of comprehensive income.

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

	First quarter ended 30/09/2009	
	Previously reported	After reclassifi- cation
	S\$'000	S\$'000
Administrative expenses	(695)	(709)
Finance Costs	(18)	(4)

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 2010 to be false or misleading in any material aspect.

Lim Lian Soon
Chief Executive Officer

Kua Chee Meng
Director

BY ORDER OF THE BOARD

Lim Lian Soon
Chief Executive Officer

10 November 2010