

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 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					
	FY2011	FY2010	Increase/ (Decrease)	FY2011	FY2010	Increase/ (Decrease)
	Second quarter ended 31/12/2010	31/12/2009*		Half year ended 31/12/2010	31/12/2009*	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	12,113	12,159	-	24,222	23,171	5
Cost of sales	(9,383)	(9,766)	(4)	(18,937)	(19,162)	(1)
Gross profit	2,730	2,393	14	5,285	4,009	32
Other operating income	484	791	(39)	856	949	(10)
Distribution costs	(1,014)	(755)	34	(1,951)	(1,489)	31
Administrative expenses	(754)	(768)	(2)	(1,563)	(1,477)	6
Other operating expenses	(205)	(44)	366	(832)	(328)	154
Finance costs	-	-	-	-	(4)	N/M
Profit before income tax	1,241	1,617	(23)	1,795	1,660	8
Income tax expense	(270)	(288)	(6)	(453)	(217)	109
Net Profit for the period	971	1,329	(27)	1,342	1,443	(7)
Other comprehensive income:						
Foreign currency translation differences for foreign operations	5	-	N/M	(12)	-	N/M
Total comprehensive income for the period	976	1,329	(27)	1,330	1,443	(8)
Net Profit attributable to:						
Equity holders of the Company	971	1,329	(27)	1,342	1,443	(7)
Total comprehensive income attributable to:						
Equity holders of the Company	976	1,329	(27)	1,330	1,443	(8)

* Certain reclassifications have been made to the comparative figures to enhance comparability with the presentation for the current year (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			
	FY2011	FY2010	FY2011	FY2010
	Second quarter ended		Half year ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(154)	(136)	(298)	(270)
Gain on disposal of property, plant and equipment	42	-	42	-
Foreign exchange (loss)/gain, net	(8)	1	(64)	(7)
Interest income on bank and short-term bank deposits	31	18	66	29
Interest expense on borrowings	-	-#	-	(4)
Allowance for doubtful debts - trade	(116)	(12)	(223)	(59)
Reversal of allowance for doubtful debts - trade	10	95	21	104
Bad debts written off - trade	-	-#	-	-#
Allowance for damaged/obsolete inventories	(61)	(32)	(107)	(61)
Reversal of allowance for damaged/obsolete inventories	206	45	239	111
Allowance for inventory write-down	-	-	(421)	(200)
Reversal of allowance for inventory write-down	195	569	478	569
Inventories written off	(19)	-#	(17)	-#
Inventories written back	-	12	-	30

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	
	31/12/2010 S\$'000	30/06/2010 S\$'000	31/12/2010 S\$'000	30/06/2010 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	35,860	39,805	31,496	38,786
Trade receivables	11,859	13,074	11,969	13,074
Other receivables, deposits and prepayments	234	172	253	195
Inventories	28,800	28,322	28,448	28,322
	<u>76,753</u>	<u>81,373</u>	<u>72,166</u>	<u>80,377</u>
Non-current assets				
Property, plant and equipment	8,988	8,168	8,749	8,168
Deferred income tax asset	41	275	41	275
Investment in a subsidiary	-	-	5,000	1,000
	<u>9,029</u>	<u>8,443</u>	<u>13,790</u>	<u>9,443</u>
Total assets	<u>85,782</u>	<u>89,816</u>	<u>85,956</u>	<u>89,820</u>
LIABILITIES				
Current liabilities				
Trade payables	1,437	1,878	1,396	1,878
Other payables	608	1,010	686	1,010
Current income tax liability	582	663	582	663
	<u>2,627</u>	<u>3,551</u>	<u>2,664</u>	<u>3,551</u>
Total liabilities	<u>2,627</u>	<u>3,551</u>	<u>2,664</u>	<u>3,551</u>
NET ASSETS	<u>83,155</u>	<u>86,265</u>	<u>83,292</u>	<u>86,269</u>
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	(12)	-	-	-
Retained earnings	35,557	38,655	35,682	38,659
TOTAL EQUITY	<u>83,155</u>	<u>86,265</u>	<u>83,292</u>	<u>86,269</u>

- 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 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			
	FY2011 Second quarter ended 31/12/2010 S\$'000	FY2010 31/12/2009 S\$'000	FY2011 Half year ended 31/12/2010 S\$'000	FY2010 31/12/2009 S\$'000
Cash flows from operating activities				
Profit before income tax	1,241	1,617	1,795	1,660
Adjustments for :				
Depreciation of property, plant and equipment	154	136	298	270
Gain on disposal of property, plant and equipment	(42)	-	(42)	-
Interest expense	-	- [#]	-	4
Interest income	(31)	(18)	(66)	(29)
Operating cash flows before working capital changes	1,322	1,735	1,985	1,905
Change in operating assets and liabilities				
Trade receivables	(213)	16	1,215	(527)
Other receivables, deposits and prepayments	69	6	(62)	4
Trade payables	(584)	1,173	(441)	571
Other payables	(250)	(282)	(402)	(229)
Inventories	1,099	(244)	(478)	2,373
Cash generated from operations	1,443	2,404	1,817	4,097
Interest received	31	18	66	32
Interest paid	-	- [#]	-	(4)
Income tax paid	(300)	-	(300)	(83)
Net cash generated from operating activities	1,174	2,422	1,583	4,042
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	91	-	91	-
Purchase of property, plant and equipment	(674)	(9)	(1,167)	(64)
Net cash used in investing activities	(583)	(9)	(1,076)	(64)
Cash flows from financing activities				
Dividend paid	(4,440)	(2,220)	(4,440)	(2,220)
Net cash used in financing activities	(4,440)	(2,220)	(4,440)	(2,220)
Net increase in cash and cash equivalents	(3,849)	193	(3,933)	1,758
Cash and cash equivalents at beginning of the period	39,704	35,237	39,805	33,672
Effect of exchange rate fluctuations	5	-	(12)	
Cash and cash equivalents at end of financial period	35,860	35,430	35,860	35,430
Cash and cash equivalents comprise:				
Cash and bank balances	30,860	7,430	30,860	7,430
Short-term bank deposits	5,000	28,000	5,000	28,000
	35,860	35,430	35,860	35,430

[#] Denotes amount less than \$1,000

- 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
Total comprehensive income for the quarter ended 31 December 2010	-	-	5	971	976
Dividend paid	-	-	-	(4,440)	(4,440)
Balance as at 31 December 2010	45,750	1,860	(12)	35,557	83,155

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
Total comprehensive income for the quarter ended 31 December 2010	-	-	1,042	1,042
Dividend paid	-	-	(4,440)	(4,440)
Balance as at 31 December 2010	45,750	1,860	35,682	83,292
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
Total comprehensive income for the quarter ended 31 December 2009	-	-	1,329	1,329
Dividend paid	-	-	(2,220)	(2,220)
Balance as at 31 December 2009	45,750	1,461	36,364	83,575

- 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 31 December 2010 and 31 December 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 31/12/2010	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 second quarter ended 31 December 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		Group	
	Second quarter ended		Half year ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.44	0.60	0.60	0.65
(b) on a fully diluted basis	0.44	0.60	0.60	0.65
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	
	31/12/2010	30/06/2010	31/12/2010	30/06/2010
Net asset value per share based on issued share capital (cents)	37.5	38.9	37.5	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

Statement of Comprehensive Income - For the second quarter ended 31 December 2010

The Group posted a revenue of \$12.1 million for the second quarter ended 31 December 2010 ("2Q2011"), maintaining approximately the same level as in the corresponding period of the preceding financial year ("2Q2010"). Net profit for the quarter was \$971,000 compared with \$1.3 million posted in 2Q2010.

Whilst sales volume increased by 12% compared with 2Q2010, the increased revenue attributed to volume increase was offset by a 11% reduction in average selling price. Average cost price also declined over the same period by 14%, which helped improve the gross profit margin to 23% (2Q2010: 20%).

Distribution costs were higher mainly due to increased manpower costs and expenses for the Suzhou operation which was established only in this financial year.

Other operating income was lower at \$484,000 compared with \$791,000 in 2Q2010. This was mainly attributed to lower reversal of allowances for inventory write-down of \$195,000 (2Q2010: \$569,000) and

for doubtful debts of \$10,000 (2Q2010: \$95,000), as offset by increased reversal of allowance for damaged/obsolete inventories of \$206,000 (2Q2010: \$45,000).

Other operating expenses were higher at \$205,000 compared with \$44,000 in 2Q2010. This was mainly due to increased allowances for doubtful debts of \$116,000 (2Q2010: \$12,000), and for damaged/obsolete inventories of \$61,000 (2Q2010: \$32,000).

Statement of Comprehensive Income **- For the first half year ended 31 December 2010**

Group revenue for the first half year ended 31 December 2010 ("1H2011") was 5% higher compared with the first half of the preceding year ("1H2010"). Net profit achieved was \$1.3 million (1H2010: \$1.4 million).

Whilst sales volume rose 15% in 1H2011 over the same period last year, the average selling price of the products decreased by 9%, partially offsetting the revenue from volume increase. Average cost price declined by a more significant proportion of 14%, contributing to the improved gross profit margin of 22% (1H2010: 17%) for the half year.

Distribution costs were higher mainly due to increased manpower costs and expenses for the initial phase of our China operations. In addition, withdrawal in January 2010 of the rebates previously granted by relevant government agencies on property tax and land rental also resulted in the relative increase in distribution costs and administration expenses.

Other operating income was lower at \$856,000 compared with \$949,000 in 1H2010. This was mainly attributed to lower reversal of inventory write-down of \$478,000 (1H2010: \$569,000), lower reversal of allowance for doubtful debts of \$21,000 (1H2010: \$104,000), as offset by increased reversal of allowance for damaged/obsolete inventories of \$239,000 (1H2010: \$111,000), and the gain arising from disposal of property, plant and equipment of \$42,000 (1H2010: nil).

Other operating expenses were higher at \$832,000 compared with \$328,000 in 1H2010. This was largely due to increases in allowance for inventory write-down \$421,000 (1H2010: \$200,000), allowance for damaged/obsolete inventories of \$107,000 (1H2010: \$61,000), foreign exchange loss of \$64,000 (1H2010: \$7,000), and allowance for doubtful debts of \$223,000 (1H2010: \$59,000).

Statements of Financial Position and Cash Flows

The Group continued to maintain healthy cash balances as well as a positive working capital position as at 31 December 2010.

Net cash generated from operating activities in 2Q2011 was lower at \$1.2 million compared with \$2.4 million in 2Q2010. This was mainly because the level of goods-in-transit as at the end of 2Q2010 was higher relative to the end of the period under review, and also due to lower pre-tax profit from operating activities in 2Q2011.

For the half year ended 31 December 2010, net cash generated from operating activities was \$1.6 million compared with \$4.0 million in 1H2010 largely due to inventory replenishments.

The investing activities mainly comprised capital expenditure for the facilities extension at our 32 Gul Crescent, Singapore, as well as for the Group's newly set-up facilities in Suzhou, and purchase of machinery and vehicles for both locations.

Dividend paid during the second quarter was \$4.4 million. \$2.2 million was paid in the same period last year.

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 of FY2011 showed improvement over the preceding quarter 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.*

Sales for 2Q2011 stayed at 1Q2011 level but 5% higher in 1H2011 than 1H2010. Gross margin in 2Q2011 was 23% versus 21% in 1Q2011, and 22% for 1H2011 versus 17% in 1H2010.

Nickel, the barometer of stainless steel prices, increased from approximately USD 23,000 per metric ton at the end of 1Q2011 to almost USD 25,000 per metric ton at the end of 2Q2011. Despite this and the slight improvement in sales volume, customers were able to resist price increases due to competition from other niche competitors for certain category of products.

The traditional calendar year-end slowdown whereby companies minimise their inventories and extended holiday breaks resulted in reduced demand. Aggressive selling by some producers and sellers contributed to price resistance. Demand is expected to increase in the next quarter to compensate for the reduced demand in 2Q2011. With the price of nickel still on the rise, profit margins should improve in the next quarter.

The directors expect the third quarter and FY2011 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 31 December 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:

	Second quarter ended 31/12/2010		Half year ended 31/12/2010	
	Previously reported	After reclassifi- cation	Previously reported	After reclassifi- cation
	S\$'000	S\$'000	S\$'000	S\$'000
Administrative expenses	(749)	(768)	(1,444)	(1,477)
Finance Costs	(19)	-	(37)	(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 second quarter ended 31 December 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

9 February 2011