

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 DECEMBER 2011**

**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>FY2012</b>	<b>FY2011</b>	<b>Increase/ (Decrease)</b>	<b>FY2012</b>	<b>FY2011</b>	<b>Increase/ (Decrease)</b>
	<b>Second quarter ended</b>	<b>31/12/2010</b>		<b>Half year ended</b>	<b>31/12/2010</b>	
	<b>31/12/2011</b>	<b>31/12/2010</b>	<b>(Decrease)</b>	<b>31/12/2011</b>	<b>31/12/2010</b>	<b>(Decrease)</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	
Revenue	14,307	12,113	18	28,234	24,222	17
Cost of sales	(11,033)	(9,062)	22	(21,406)	(18,765)	14
<b>Gross profit</b>	<b>3,274</b>	<b>3,051</b>	7	<b>6,828</b>	<b>5,457</b>	25
Other operating income	132	73	81	154	119	29
Distribution costs	(1,157)	(1,014)	14	(2,259)	(1,951)	16
Administrative expenses	(710)	(754)	(6)	(1,460)	(1,563)	(7)
Other operating expenses	-	(115)	-	-	(267)	-
<b>Profit before income tax</b>	<b>1,539</b>	<b>1,241</b>	24	<b>3,263</b>	<b>1,795</b>	82
Income tax expense	(338)	(270)	25	(665)	(453)	47
<b>Net Profit for the period</b>	<b>1,201</b>	<b>971</b>	24	<b>2,598</b>	<b>1,342</b>	94
<b>Earnings per share</b>						
Basic (cents)	0.54	0.44		1.17	0.60	
Diluted (cents)	0.54	0.44		1.17	0.60	

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

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

	<b>Group</b>					
	FY2012	FY2011	Increase/ (Decrease)	FY2012	FY2011	Increase/ (Decrease)
	Second quarter ended	31/12/2010		Half year ended	31/12/2010	
	31/12/2011	31/12/2010	%	31/12/2011	31/12/2010	%
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<b>Net Profit for the period</b>	1,201	971	24	2,598	1,342	94
<b>Other comprehensive income:</b>						
Foreign currency translation differences for foreign operations	42	5	740	115	(12)	N/M
<b>Total comprehensive income for the period</b>	<b>1,243</b>	<b>976</b>	<b>27</b>	<b>2,713</b>	<b>1,330</b>	<b>104</b>
<b>Attributable to:</b>						
Equity holders of the Company	1,243	976	27	2,713	1,330	104
<b>Total comprehensive income for the period</b>	<b>1,243</b>	<b>976</b>	<b>27</b>	<b>2,713</b>	<b>1,330</b>	<b>104</b>

N/M: Not meaningful

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

	<b>Group</b>			
	FY2012	FY2011	FY2012	FY2011
	Second quarter ended	31/12/2010	Half year ended	31/12/2010
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(206)	(154)	(408)	(298)
Gain on disposal of property, plant and equipment	-	42	#	42
Foreign exchange gain/(loss), net	44	(8)	44	(64)
Interest income on bank and short-term bank deposits	35	31	75	66
Reversal/(Allowance) for doubtful debts – trade, net	50	(106)	33	(202)
(Allowance)/Reversal for inventory write-down, net	(3)	195	48	57
Reversal for damaged/obsolete inventories, net	7	145	22	132
Inventories written-off	(10)	(19)	(11)	(17)

# 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	
	31/12/2011	30/06/2011	31/12/2011	30/06/2011
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	8,814	8,770	8,390	8,568
Deferred tax assets	166	164	166	164
Investment in a subsidiary	–	–	5,000	5,000
	8,980	8,934	13,556	13,732
<b>Current assets</b>				
Inventories	36,645	30,880	33,837	29,887
Trade and other receivables	15,581	15,618	15,578	15,217
Cash and cash equivalents	28,531	36,356	27,350	32,923
	80,757	82,854	76,765	78,027
<b>Total assets</b>	<b>89,737</b>	<b>91,788</b>	<b>90,321</b>	<b>91,759</b>
<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	65	(50)	–	–
Retained earnings	37,699	39,541	38,191	39,788
Total equity	85,374	87,101	85,801	87,398
<b>Current liabilities</b>				
Trade and other payables	3,183	3,747	3,340	3,421
Current income tax liability	1,180	940	1,180	940
<b>Total liabilities</b>	4,363	4,687	4,520	4,361
<b>Total equity and liabilities</b>	<b>89,737</b>	<b>91,788</b>	<b>90,321</b>	<b>91,759</b>

- 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 2011 and 30 June 2011.

- 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			
	FY2012 Second quarter ended 31/12/2011 S\$'000	FY2011 31/12/2010 S\$'000	FY2012 Half year ended 31/12/2011 S\$'000	FY2011 31/12/2010 S\$'000
<b>Operating activities</b>				
Profit for the period	1,201	971	2,598	1,342
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	206	154	408	298
Gain on disposal of property, plant and equipment	-	(42)	#	(42)
Interest income	(35)	(31)	(75)	(66)
Income tax expense	338	270	665	453
Operating cash flows before working capital changes	1,710	1,322	3,596	1,985
Trade and other receivables	(699)	(144)	37	1,153
Trade and other payables	(650)	(834)	(564)	(843)
Inventories	(1,678)	1,099	(5,765)	(478)
<b>Cash (used in) / generated from operations</b>	(1,317)	1,443	(2,696)	1,817
Interest received	35	31	75	66
Income tax paid	(472)	(300)	(427)	(300)
<b>Net cash (used in) / generated from operating activities</b>	(1,754)	1,174	(3,048)	1,583
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	91	1	91
Purchase of property, plant and equipment	(206)	(674)	(453)	(1,167)
<b>Net cash used in investing activities</b>	(206)	(583)	(452)	(1,076)
<b>Cash flows from financing activities</b>				
Dividend paid	(4,440)	(4,440)	(4,440)	(4,440)
<b>Net cash used in financing activities</b>	(4,440)	(4,440)	(4,440)	(4,440)
<b>Net decrease in cash and cash equivalents</b>	(6,400)	(3,849)	(7,940)	(3,933)
Cash and cash equivalents at beginning of the period	34,889	39,704	36,356	39,805
Effect of exchange rate fluctuations	42	5	115	(12)
<b>Cash and cash equivalents at end of financial period</b>	<b>28,531</b>	<b>35,860</b>	<b>28,531</b>	<b>35,860</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	18,531	30,860	18,531	30,860
Short-term bank deposits	10,000	5,000	10,000	5,000
	<b>28,531</b>	<b>35,860</b>	<b>28,531</b>	<b>35,860</b>

# 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	Revaluation reserve	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<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>
Total comprehensive income for the quarter ended 31 December 2011	-	-	42	1,201	1,243
Dividend paid	-	-	-	(4,440)	(4,440)
<b>Balance as at 31 December 2011</b>	<b>45,750</b>	<b>1,860</b>	<b>65</b>	<b>37,699</b>	<b>85,374</b>
<b>Balance as at 1 July 2010</b>	<b>45,750</b>	<b>1,860</b>	<b>-</b>	<b>38,655</b>	<b>86,265</b>
Total comprehensive income for the quarter ended 30 September 2010	-	-	(17)	371	354
<b>Balance as at 30 September 2010</b>	<b>45,750</b>	<b>1,860</b>	<b>(17)</b>	<b>39,026</b>	<b>86,619</b>
Total comprehensive income for the quarter ended 31 December 2010	-	-	5	971	976
Dividend paid	-	-	-	(4,440)	(4,440)
<b>Balance as at 31 December 2010</b>	<b>45,750</b>	<b>1,860</b>	<b>(12)</b>	<b>35,557</b>	<b>83,155</b>

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

	Share capital	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<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>
Total comprehensive income for the quarter ended 31 December 2011	-	-	1,384	1,384
Dividend paid	-	-	(4,440)	(4,440)
<b>Balance as at 31 December 2011</b>	<b>45,750</b>	<b>1,860</b>	<b>38,191</b>	<b>85,801</b>
<b>Balance as at 1 July 2010</b>	<b>45,750</b>	<b>1,461</b>	<b>37,141</b>	<b>84,352</b>
Total comprehensive income for the quarter ended 31 September 2010	-	-	114	114
<b>Balance as at 30 September 2010</b>	<b>45,750</b>	<b>1,461</b>	<b>37,255</b>	<b>84,466</b>
Total comprehensive income for the quarter ended 31 December 2010	-	-	1,329	1,329
Dividend paid	-	-	(2,220)	(2,220)
<b>Balance as at 31 December 2010</b>	<b>45,750</b>	<b>1,461</b>	<b>36,364</b>	<b>83,575</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 31 December 2011 and 31 December 2010.

- 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 31/12/2011</b>	<b>As at 30/06/2011</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 in respect of the period ended 31 December 2011 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 2011.

- 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	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.54	0.44	1.17	0.60
(b) on a fully diluted basis	0.54	0.44	1.17	0.60
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	
	31/12/2011	30/06/2011	31/12/2011	30/06/2011
Net asset value per share based on issued share capital (cents)	38.5	39.2	38.6	39.4
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 2011

The Group posted a revenue of \$14.3 million for the second quarter ended 31 December 2011 ("2Q2012") compared with \$12.1 million recorded in the corresponding quarter of the preceding financial year ("2Q2011"). Net profit for the quarter rose 24% to \$1.2 million from \$971,000 over the same period last year.

The increase in revenue was largely attributed to increases in sales volume and average selling price. The average cost price also increased, but in more significant proportion than the increase in average selling price, resulting in smaller increase in gross profit for the quarter.

Distribution costs were higher generally due to increased business activities and manpower costs.

Other operating income was higher at \$132,000 compared with \$73,000 in 2Q2011. This was mainly attributed to, on a net basis, doubtful debts write-back of \$50,000 (2Q2011: Nil) and exchange gain of

\$44,000 (2Q2011: Nil) whereas gain on disposal of property, plant and equipment for 2Q2011 was \$42,000 but nil in 2Q2012.

Other operating expenses in the second quarter of FY2011, on net basis, comprised mainly allowance for doubtful debts of \$106,000 but none in 2Q2012.

### **Statement of Comprehensive Income - For the first half year ended 31 December 2011**

Group revenue for the first half year ended 31 December 2011 ("1H2012") rose 17% to \$28.2 million from \$24.2 million registered in the first half of the preceding year ("1H2011"). Net profit achieved was \$2.6 million which approximately doubled that of 1H2011.

Sales volume and average selling price increased during 1H2012 over the same period last year, resulting in an increase in revenue. The average cost price also increased. Gross profit margin was 24% for 1H2012 compared with 23% for 1H2011.

Distribution costs were higher mainly due to increased business activities, manpower costs and depreciation.

Other operating income was higher at \$154,000 compared with \$119,000 in 1H2011. This was mainly attributed to (on a net basis) doubtful debts write-back of \$33,000 (2Q2011: nil) and exchange gain of \$44,000 (2Q2011: nil) whereas gain on disposal of property, plant and equipment for 2Q2011 was \$42,000 but nil in 2Q2012.

There were no other operating expenses for 1H2012. Other operating expenses for 1H2011 of \$267,000 mainly comprised, on a net basis, an allowance for doubtful debt of \$202,000 and foreign exchange loss of \$64,000.

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

As at 31 December 2011, the Group's inventories stood at \$36.6 million compared with \$35.0 million as at 30 September 2011 and \$30.9 million as at 30 June 2011. The increases (of which 71% was in the first quarter and 29% in the second quarter) were attributed to inventory replenishments for the Company and subsidiaries.

Cash resources were utilised for the inventory replenishments, resulting in negative net cash used in operating activities of \$1.8 million in 2Q2012 versus a positive of \$1.2 million in 2Q2011. For the same reason, inventory replenishments in the half year ended 31 December 2011 resulted in negative net cash used in operating activities of \$3.0 million in 1H2012 compared with a positive of \$1.6 million in 1H2011.

Lower capital expenditure was incurred during the quarter under review mainly because the facilities improvements at our 32 Gul Crescent, Singapore warehouse and the setting up of the Group's facilities in Suzhou in 2Q2011 were largely completed in the preceding year. This also accounted for the smaller net cash used in investing activities in 1H2012 versus 1H2011.

Cash and cash equivalents were lower at \$28.5 million compared with \$35.9 million as of 30 June 2011. The reduction was mainly attributed to inventory replenishments and dividend payment.

**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 FY2012 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 Economic Development Board's "Business expectations of the manufacturing sector – 31 January 2012" stated that the manufacturing sector remains pessimistic about business prospects in the first half of 2012, amidst continuing global economic uncertainty..... all clusters in the manufacturing sector expect less favourable business conditions in the first six months of 2012, due mainly to uncertainties in Europe and the US.

In addition, it was also stated that the marine and offshore engineering segment expects a slowdown in orders on the back of the looming global economic uncertainties .....the electronics and precision engineering clusters are the least upbeat about business conditions for the January – June 2012 period.

MEPS Steel News (17.01.2012) stated that customer stock levels are low in all regions as buyers have been reluctant to purchase stainless steel products in the current economic climate; and predicts an increase in the benchmark price over the next six months but contends that the price increase may be short lived due to the fragile nature of most markets.

Despite the gloomy outlook we find that underlying demand for our products thus far still appears reasonable and barring unforeseen circumstances, the directors expect the 3Q and FY 2012 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 2011.

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 consolidated income statement.

The items reclassified on the face of the Consolidated Income Statement 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
Cost of sales	(9,383)	(9,062)	(18,937)	(18,765)
Other operating income	484	73	856	119
Other operating expenses	(205)	(115)	(832)	(267)

#### 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 2011 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

8 February 2012