

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 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					
	FY2012		Increase/ (Decrease)	FY2011		Increase/ (Decrease)
	Third quarter ended	31/03/2011		Nine months ended	31/03/2011	
	31/03/2012	31/03/2011	(Decrease)	31/03/2012	31/03/2011	(Decrease)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	16,339	13,504	21	44,573	37,726	18
Cost of sales	(12,545)	(9,742)	29	(33,951)	(28,507)	19
Gross profit	3,794	3,762	1	10,622	9,219	15
Other operating income	55	51	8	167	157	6
Distribution costs	(1,195)	(1,124)	6	(3,454)	(3,075)	12
Administrative expenses	(651)	(735)	(11)	(2,111)	(2,298)	(8)
Other operating expenses	(201)	(67)	200	(159)	(321)	(50)
Profit before income tax	1,802	1,887	(5)	5,065	3,682	38
Income tax expense	(229)	(169)	36	(894)	(622)	44
Net profit for the period	1,573	1,718	(8)	4,171	3,060	36
Earnings per share						
Basic (cents)	0.71	0.77		1.88	1.38	
Diluted (cents)	0.71	0.77		1.88	1.38	

* Certain reclassifications have been made to the comparative figures to enhance comparability with the presentation for the current year (see note 14).

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

	Group							
	FY2012		FY2011		FY2012		FY2011	
	Third quarter ended		Increase/		Nine months ended		Increase/	
	31/03/2012	31/03/2011	(Decrease)	%	31/03/2012	31/03/2011	(Decrease)	%
	S\$'000	S\$'000			S\$'000	S\$'000		
Net profit for the period	1,573	1,718	(8)		4,171	3,060		36
Other comprehensive income:								
Foreign currency translation differences for foreign operations	(9)	(21)	(57)		106	(33)		N/M
Total comprehensive income for the period	1,564	1,697	(8)		4,277	3,027		41
Attributable to:								
Equity holders of the Company	1,564	1,697			4,277	3,027		
Total comprehensive income for the period	1,564	1,697	(8)		4,277	3,027		41

N/M: Not meaningful

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

	Group			
	FY2012		FY2011	
	Third quarter ended		Nine months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(211)	(220)	(619)	(518)
Gain on disposal of property, plant and equipment	2	-	2	42
Foreign exchange loss, net	(114)	(67)	(69)	(131)
Interest income on bank and short-term bank deposits	32	36	106	102
Reversal/(Allowance) for doubtful debts - trade	15	13	48	(189)
Reversal/(Allowance) for inventory write-down	78	364	126	421
Reversal/(Allowance) for damaged/obsolete inventories	45	79	67	211
Inventories written-off	(4)	(2)	(15)	(18)

(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	
	31/03/2012	30/06/2011	31/03/2012	30/06/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,797	8,770	8,453	8,568
Deferred tax assets	126	164	126	164
Investment in subsidiaries	-	-	5,000	5,000
	<u>8,923</u>	<u>8,934</u>	<u>13,579</u>	<u>13,732</u>
Current assets				
Inventories	33,193	30,880	29,317	29,887
Trade and other receivables	16,819	15,618	17,815	15,217
Cash and cash equivalents	32,318	36,356	31,202	32,923
	<u>82,330</u>	<u>82,854</u>	<u>78,334</u>	<u>78,027</u>
Total assets	<u>91,253</u>	<u>91,788</u>	<u>91,913</u>	<u>91,759</u>
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	56	(50)	-	-
Retained earnings	39,272	39,541	39,835	39,788
Total equity	<u>86,938</u>	<u>87,101</u>	<u>87,445</u>	<u>87,398</u>
Current liabilities				
Trade and other payables	3,300	3,747	3,453	3,421
Current income tax liability	1,015	940	1,015	940
Total liabilities	<u>4,315</u>	<u>4,687</u>	<u>4,468</u>	<u>4,361</u>
Total equity and liabilities	<u>91,253</u>	<u>91,788</u>	<u>91,913</u>	<u>91,759</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 March 2012 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	FY2011	FY2012	FY2011
	Third quarter ended	31/03/2011	Nine months ended	31/03/2011
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit for the period	1,573	1,718	4,171	3,060
Adjustments for :				
Depreciation of property, plant and equipment	211	220	619	518
Gain on disposal of property, plant and equipment	(2)	-	(2)	(42)
Interest income	(32)	(36)	(106)	(102)
Income tax expenses	229	169	894	622
Operating cash flows before working capital changes	1,979	2,071	5,576	4,056
Trade and other receivables	(1,238)	(1,179)	(1,201)	(26)
Trade and other payables	117	1,889	(447)	1,046
Inventories	3,452	(485)	(2,313)	(963)
Cash generated from operations	4,310	2,296	1,615	4,113
Interest received	32	36	106	102
Income tax paid	(354)	(291)	(781)	(591)
Net cash generated from operating activities	3,988	2,041	940	3,624
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	8	-	9	91
Purchase of property, plant and equipment	(200)	(84)	(653)	(1,251)
Net cash used in investing activities	(192)	(84)	(644)	(1,160)
Cash flows from financing activities				
Dividend paid	-	-	(4,440)	(4,440)
Net cash used in financing activities	-	-	(4,440)	(4,440)
Net (decrease)/increase in cash and cash equivalents	3,796	1,957	(4,144)	(1,976)
Cash and cash equivalents at beginning of the period	28,531	35,860	36,356	39,805
Effect of exchange rate fluctuations	(9)	(21)	106	(33)
Cash and cash equivalents at end of financial period	32,318	37,796	32,318	37,796
Cash and cash equivalents comprise:				
Cash and bank balances	22,318	27,796	22,318	27,796
Short-term bank deposits	10,000	10,000	10,000	10,000
	32,318	37,796	32,318	37,796

- 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
Balance as at 1 July 2011	45,750	1,860	(50)	39,541	87,101
Total comprehensive income for the half year ended 31 December 2011	-	-	115	2,598	2,713
Dividend paid	-	-	-	(4,440)	(4,440)
Balance as at 31 December 2011	45,750	1,860	65	37,699	85,374
Total comprehensive income for the quarter ended 31 March 2012	-	-	(9)	1,573	1,564
Balance as at 31 March 2012	45,750	1,860	56	39,272	86,938
Balance as at 1 July 2010	45,750	1,860	-	38,655	86,265
Total comprehensive income for the half year ended 31 December 2010	-	-	(12)	1,342	1,330
Dividend paid	-	-	-	(4,440)	(4,440)
Balance as at 31 December 2010	45,750	1,860	(12)	35,557	83,155
Total comprehensive income for the quarter ended 31 March 2011	-	-	(21)	1,718	1,697
Balance as at 31 March 2011	45,750	1,860	(33)	37,275	84,852

Statement of Changes in Equity for the Company

	Share capital	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2011	45,750	1,860	39,788	87,398
Total comprehensive income for the half year ended 31 December 2011	-	-	2,843	2,843
Dividend paid	-	-	(4,440)	(4,440)
Balance as at 31 December 2011	45,750	1,860	38,191	85,801
Total comprehensive income for the quarter ended 31 March 2012	-	-	1,644	1,644
Balance as at 31 March 2012	45,750	1,860	39,835	87,445
Balance as at 1 July 2010	45,750	1,860	38,659	86,269
Total comprehensive income for the half year ended 31 December 2010	-	-	1,463	1,463
Dividend paid	-	-	(4,440)	(4,440)
Balance as at 31 December 2010	45,750	1,860	35,682	83,292
Total comprehensive income for the quarter ended 31 March 2011	-	-	1,788	1,788
Balance as at 31 March 2011	45,750	1,860	37,470	85,080

- 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 March 2012 and 31 March 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 31/03/2012	As at 30/06/2011
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 March 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 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	
	Third quarter ended		Nine months ended	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.71	0.77	1.88	1.38
(b) on a fully diluted basis	0.71	0.77	1.88	1.38
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	
	31/03/2012	30/06/2011	31/03/2012	30/06/2011
Net asset value per share based on issued share capital (cents)	39.2	39.2	39.4	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 third quarter ended 31 March 2012**

The Group posted a higher revenue of \$16.34 million for the third quarter ended 31 March 2012 ("3Q2012") compared with \$13.50 million recorded in the corresponding quarter of the preceding financial year ("3Q2011"). The 21% increase in revenue was mainly attributed to increase in sales volume and average selling price.

The higher cost of sales for 3Q2012 was partly due to higher sales and partly due to lower amount of reversal of allowance for inventory write-down and damaged/obsolete inventories. The reversal amounts were \$123,000 and \$443,000 for 3Q2012 and 3Q2011 respectively. Gross profit for 3Q2012 was approximately at the level of 3Q2011 even though sales were higher mainly because the reversal amount was substantially less in 3Q2012. Reversal of allowance for inventory write-down generally arose when the allowance for inventory write-down was no longer necessary upon sales of the inventory items.

Other operating expenses were higher at \$201,000 (3Q2011: \$67,000) mainly due to higher foreign exchange loss of \$114,000 (3Q2011: \$67,000) and a provision for value added taxes (VAT) amounting to \$82,000 (3Q2011: nil) in respect of inventories purchased for our Suzhou subsidiary. The provision for VAT was made as a matter of prudence as there is no certainty of recovery.

Administrative expenses were lower mainly due to lower staff costs and write-back of unconsumed leave.

Income tax expense was higher in 3Q2012 mainly because of PIC (Productivity and Innovation Credit) claims in 3Q2011 and a deferred tax reversal recognized in 3Q2012 in respect of timing differences, resulting in lower tax expense in 3Q2011.

In view of the above, a lower net profit of \$1.57 million was posted for 3Q2012 compared with \$1.72 million in 3Q2011.

Statement of Comprehensive Income **- For the nine months ended 31 March 2012**

Group revenue for the nine months ended 31 March 2012 rose 18% to \$44.57 million from \$37.73 million registered in the corresponding period of the preceding year ("YTD2011"). The increase in revenue was mainly due to increases in sales volume and average selling price.

Distribution costs were higher mainly due to increased business activities, manpower costs and depreciation. The decrease in administrative expense was largely due to lower staff costs and write-back of unconsumed leave.

Other operating expenses (on net basis) were lower compared with YTD2011 mainly due to lower exchange loss and nil allowance for doubtful debts (YTD2011: \$189,000).

Statements of Financial Position

As at 31 March 2012, the Group's inventories were higher at \$33.19 million compared with \$30.88 million as at 30 June 2011 mainly due to replenishment of inventories for the subsidiaries.

Trade and other receivables were higher compared with 30 June 2011 mainly due to higher sales, most of which are on credit terms, in the quarter under review versus the quarter ended 30 June 2011.

Cash and cash equivalents were lower at \$32.32 million compared with \$36.36 million as of 30 June 2011 as cash was expended for inventory replenishment by the subsidiaries.

Consolidated Statement of Cash Flows

Net cash generated from operations for the 3Q2012 was higher at \$3.99 million (3Q2011: \$2.04 million) largely because more inventories were drawn down than purchased resulting in a net decrease in inventory in the quarter.

Purchase of property, plant and equipment in 3Q2012 was higher at \$200,000 (3Q2011: \$84,000) mainly due to replacement of two old trucks. For the 9 months ended 31 March 2012, lower capital expenditure was incurred versus the corresponding 9 months of FY2011 as the warehouse facilities and the setting up of the Suzhou facilities were largely completed in the preceding year.

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

The third 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 Ministry of Trade and Industry has, in the Economic Survey of Singapore (dated February 2012) stated that –

“The outlook for the global economy remains weak. The Eurozone is expected to enter into a mild recession and growth in key Asian economies is also likely to moderate in line with the slowdown in external demand.

Given the subdued macroeconomic environment, Singapore’s manufacturing and other export-related sectors are expected to remain sluggish. As such, it expects the Singapore economy to grow at a more measured pace of 1 to 3 per cent in 2012 (full calendar year).

This forecast, however, does not factor in downside risks to growth, namely a disorderly sovereign default in the Eurozone and a global oil price shock precipitated by geopolitical tensions in the Middle East. Should any of the downside risks materialize, there could be further impact to Singapore’s growth.”

MEPS steel news (March 2012) has noted that the ongoing downward trend of nickel price is a matter of concern and could lead to lower surcharges. Also new nickel mining projects could add to global nickel production in 2012 and will contribute to a surplus of supply over demand. However, it also expects nickel prices to remain in a fairly tight range this year although other raw material costs had escalated.

It was noted that frequent and substantial changes in prices may cause irregular buying patterns – some stockists or users may buy when prices are rising, in expectation of further increases or delay buying when prices are declining, in expectation of further declines. Such actions disguise the true demand situation. Looking at the underlying demand, the directors expect the 4Q and FY2012 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 March 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 Group does not have any general mandate from shareholders pursuant to Rule 920.

14. 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:

	Third quarter ended 31/03/2011		9 months ended 31/03/2011	
	Previously reported	After reclassifi- cation	Previously reported	After reclassifi- cation
	S\$'000	S\$'000	S\$'000	S\$'000
Cost of sales	(10,184)	(9,742)	(29,121)	(28,507)
Other operating income	495	51	1,288	157
Other operating expenses	(69)	(67)	(838)	(321)

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 third quarter ended 31 March 2012 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 May 2012