

HALF YEAR 2009 FINANCIAL STATEMENT ANNOUNCEMENT

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The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS HALF-YEAR RESULTS
1(a) An income statement (for the group) together with a comparative statement for the
corresponding period of the immediately preceding financial year.

Group Income Statements	Half-year ended 30-Jun-09 S\$'000	Half-year ended 30-Jun-08 S\$'000	Increase/ (Decrease) %
Revenue	29,352	47,457	-38.1%
Cost of Sales	(24,228)	(42,198)	-42.6%
Gross Profit	5,124	5,259	-2.6%
	17%	11%	
Other Items of Income			
Interest income	3	3	-1.6%
Other credits	328	113	190.4%
Other Items of Expenses			
Marketing and distribution costs	(1,687)	(1,808)	-6.7%
Administrative expenses	(1,967)	(1,967)	0.0%
Finance costs	(158)	(160)	-1.1%
Other charges	(360)	(202)	78.2%
Profit before tax from Continuing Operations	1,283	1,238	3.7%
Income tax expense	(267)	(205)	30.2%
Profit For Half Year	1,016	1,033	-1.6%
Attributable to :			
Equity holders of Parent Company	968	740	30.8%
Minority Interest	48	293	-83.6%
Profit For The Period	1,016	1,033	-1.6%
Other Comprehensive Income			
Profit for the period	1,016	1,033	-1.6%
Exchange differences on translating foreign operations	(134)	(64)	109.4%
Total Comprehensive Income For The Period	882	969	-9.0%
Attributable to :			
Equity holders of Parent Company	834	676	23.4%
Minority Interest	48	293	-83.6%
Total Comprehensive Income For The Period	882	969	-9.0%

Notes to Income Statement

	Group Half-year ended 30-Jun-09 S\$'000	Group Half-year ended 30-Jun-08 S\$'000	Increase/ (Decrease) %
<u>Revenue</u>			
Sales	24,111	33,601	-28.2%
Contract revenue	4,940	13,718	-64.0%
Commission income	101	12	741.7%
Rental income	92	53	73.6%
Sundry income	108	73	47.9%
	29,352	47,457	-38.2%
<u>Interest Income</u>			
Interest income	3	3	0.0%
<u>Other credits</u>			
Gain on disposal of property, plant and equipment	-	111	100.0%
Reversal of allowance for doubtful trade debt	152	-	NM
Foreign exchange gain	176	2	8700.0%
	328	113	190.3%
<u>Finance costs</u>			
Interest expense	(158)	(160)	-1.1%
<u>Other charges</u>			
Loss on disposal of plant and equipment	(50)	-	NM
Loss on disposal of investment in subsidiary	(56)	-	NM
Provison for impairment of inventories	(254)	(202)	25.7%
	(360)	(202)	
NM - not meaningful			

1(b)(i) Statement of financial position (for the issuer and group) together with a comparative Statement as at the end of the immediately preceding year

	Group 30-Jun-09 S\$'000	Group 31-Dec-08 S\$'000	Company 30-Jun-09 S\$'000	Company 31-Dec-08 S\$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	4,231	6,380	4,189	4,215
Investments in Subsidiaries	-	-	1,584	1,574
Other Assets	131	71	-	71
Total Non-Current Assets	4,362	6,451	5,773	5,860
Current Assets:				
Inventories	6,045	8,520	5,450	6,991
Deferred Tax Assets	-	440	-	-
Trade and Other Receivables	15,866	33,025	15,095	29,358
Other Assets	426	1,008	131	443
Cash and Cash Equivalents	7,738	5,561	5,289	2,890
Total Current Assets	30,075	48,554	25,965	39,682
Total Assets	34,437	55,005	31,738	45,542
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent:				
Share Capital	8,947	8,947	8,947	8,947
Other Reserves	(224)	(90)	-	-
Retained Earnings	8,389	8,046	6,786	6,831
	17,112	16,903	15,733	15,778
Minority Interest	-	747	-	-
Total Equity	17,112	17,650	15,733	15,778
Non-Current Liabilities:				
Deferred Tax Liabilities	81	81	81	81
Other Financial Liabilities	3,437	257	3,437	-
Finance Leases	280	405	280	213
Total Non-Current Liabilities	3,798	743	3,798	294
Current Liabilities:				
Income Tax Payable	538	1,171	434	528
Other Financial Liabilities	1,250	9,159	1,250	7,068
Finance Leases	82	521	82	92
Trade and Other Payables	11,657	25,761	10,441	21,782
Total Current Liabilities	13,527	36,612	12,207	29,470
Total Liabilities	17,325	37,355	16,005	29,764
Total liabilities and Equity	34,437	55,005	31,738	45,542

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

Amount repayable in one year or less, or on demand					
As at 30-Jun-09				As at 31-Dec-08	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
82	1,250	9,680			NIL

Amount repayable after one year					
As at 30-Jun-09				As at 31-Dec-08	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
280	3,437	662			NIL

The unsecured loan as at 30 June 2009 was for working capital purpose, established under the SPRING Singapore's Bridging Loan Program.

The loan bears an interest rate of 5% per annum, and is repayable by 48 monthly instalments from March'09.

The obligations under finance lease are secured / covered by the lessor's charged over the leased assets.

The secured loans as at 31 December 2008 were secured / covered by :

- a. A negative pledge over the company's fixed and floating assets excluding certain inventories acquired under document credits
- b. A mortgage over a subsidiary's leasehold property.
- c. Corporate guarantees from the company and a related party of a subsidiary
- d. Fresh joint and several guarantees from related parties of the subsidiaries
- e. Equitable assignment of certain projects under a subsidiary
- f. Need to comply with certain financial covenants.

1(c) A cash flow Statement (for the Group) together with the comparative statement for the corresponding period of the immediately preceding financial year

	Group Half-year ended 30-Jun-09 S\$'000	Group Half-year ended 30-Jun-08 S\$'000
Cash flows from operating activities		
Profit before taxation	1,283	1,238
Adjustments for:		
Depreciation expense of property, plant and equipment	215	3,126
Net (gain)/loss on disposal of plant and equipment	50	(111)
Loss on disposal of investment in subsidiary	56	-
Interest income	(3)	(3)
Interest expense	158	160
Operating profit before changes in working capital	<u>1,759</u>	<u>4,410</u>
Trade & other receivables	12,764	(3,074)
Other assets	582	(1,643)
Inventories	1,720	(580)
Trade & other payables	(10,861)	2,311
Cash generated from operations	<u>5,964</u>	<u>1,424</u>
Income tax paid	(227)	(90)
Net cash from operating activities	<u>5,737</u>	<u>1,334</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	161
Purchase of plant and equipment	(51)	(3,257)
Proceeds from disposal of subsidiary	67	-
Purchase of Investment - Membership	(60)	-
Interest received	3	3
Net cash used in investing activities	<u>(41)</u>	<u>(3,093)</u>
Cash flows from financing activities		
Interest expenses paid	(158)	(160)
Dividend paid to equity shareholders	(625)	(500)
(Repayment)/Increase of bank borrowings	(1,535)	2,102
Finance lease repayment	(684)	(593)
Net cash from financing activities	<u>(3,002)</u>	<u>849</u>
Net increase (decrease) in cash and cash equivalents	2,694	(910)
Effect of Exchange Rate Changes on Cash and Cash Equivalent	(43)	(36)
Cash and cash equivalents at beginning of period	<u>5,087</u>	<u>3,317</u>
Cash and cash equivalents at end of period	<u>7,738</u>	<u>2,371</u>
Represented by:		
Cash and cash equivalents	7,738	4,469
Bank overdrafts	-	(2,098)
	<u>7,738</u>	<u>2,371</u>

Non cash transactions :

During the period, there were acquisitions of plant and equipment with total cost of \$120,000 (2008 : \$833,000) acquired by way of finance lease.

Disposal Of Teacly Note - Income Statement

	Period Ended 31st May 2009	FY Ended 31st Dec 2008
	S\$000	S\$000
Revenue	4,957	24,056
Cost of sales	(4,370)	(22,187)
Financial Costs	(46)	(235)
Selling & Distribution	(27)	(32)
Administrative Expenses	(301)	(1,087)
Other Credits / Charges	(95)	64
Profit before tax	118	579
Income tax (expense) / credit	(20)	(100)
Profit after tax	98	479
Less Minority Interest	(48)	(228)
Profit attributable to shareholders	50	251
Profit attributable to shareholders	50	251
Gain / (Loss) on disposal	(56)	-
	(6)	251

Disposal Of Teacly Note - Balance Sheet

	Period Ended 31st May 2009
	S\$'000
Cash & Cash Equivalent	717
Trade and Other Receivables	4,304
Property, Plant and Equipment	2,055
Inventories	755
Other Assets	70
Trade and Other Payables	(3,313)
Other Financial Liabilities	(2,720)
Current Tax Payable	(233)
Minority Interest	(795)
Loss On Disposal	(56)
Cash Consideration	784
Less : Cash Disposed	(717)
Net Cash Inflow on Disposal	67

The profit incurred from the subsidiary Teacly (S) Pte Ltd for the period between 1 January 2009 to 31 May 2009 are as follows :

	S\$'000
Revenue	4,957
Net Profit	98

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

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	Minority Interest S\$'000	Total Equity S\$'000
GROUP						
Balance as at 1 January 2008	8,947	(267)	5,896	14,576	519	15,095
Total comprehensive income for the year	-	(64)	740	676	293	969
Dividend paid	-	-	(500)	(500)	-	(500)
Balance as at 30 June 2008	8,947	(331)	6,136	14,752	812	15,564
Balance as at 1 January 2009	8,947	(90)	8,046	16,903	747	17,650
Total comprehensive income for the year	-	(134)	968	834	48	882
Dividends paid	-	-	(625)	(625)	-	(625)
Disposal of subsidiary	-	-	-	-	(795)	(795)
Balance as at 30 June 2009	8,947	(224)	8,389	17,112	-	17,112
COMPANY						
Balance as at 1 January 2008	8,947	-	4,352	13,299	-	13,299
Total comprehensive income for the year	-	-	553	553	-	553
Dividend paid	-	-	(500)	(500)	-	(500)
Balance as at 30 June 2008	8,947	-	4,405	13,352	-	13,352
Balance as at 1 January 2009	8,947	-	6,831	15,778	-	15,778
Total comprehensive income for the year	-	-	580	580	-	580
Dividend paid	-	-	(625)	(625)	-	(625)
Balance as at 30 June 2009	8,947	-	6,786	15,733	-	15,733

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 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.

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 are 125,000,000.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited and reviewed by the Company's 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 Group's financial statements for the current financial year compared to the audited financial statements as at 31st December 2008 except for the adoption of the applicable new and revised Financial Reporting Standards (FRS) that became effective for the Group for the financial year beginning 1st January 2009. The new or revised standards did not require significant modification of the measurement method or the presentation of the financial information.

5. If there were 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 January 2009, the Group adopted the new or revised Singapore Financial Reporting Standards ("FRS"), which are effective for the financial period beginning on or after 1 January 2009.

FRS 1 Presentation of Financial Statements – Revised presentation

FRS1 Presentation of Financial Statements – Revised Presentation ("FRS 1 (R)") requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. FRS 1 (R) also introduces the statement of comprehensive income which presents all items of income and expense recognized in income statement, together with all other items of comprehensive income and expense, either in one single statement of comprehensive income, or in two linked statements. The Group has opted to present the comprehensive income in one single statement.

FRS1 (R) is a disclosure standard and has no impact on the financial position and results of the Group.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Half-year ended 30 June 2009	Half-year ended 30 June 2008
(i) Based on number of ordinary share in issue	0.77 Cents	0.59 Cents
(ii) On a fully diluted basis	0.77 Cents	0.59 Cents

The basic and dilutive earnings per share is calculated by dividing the group's profit for the half-year period attributable to equity holders of the company of \$968,000 (2008: \$740,000) by the number of ordinary shares which is 125,000,000.

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 period reported on; and
(b) immediately preceding financial year

	Group		Company	
	As at 30.6.2009	As at 31.12.08	As at 30.6.2009	As at 31.12.08
Net asset value per ordinary share before minority interest based on number of shares in issue at end of period	13.69 cents	13.52 cents	12.59 cents	12.62 cents

Net asset value per ordinary share is calculated based on 125,000,000 ordinary shares at end of year.

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 or liabilities of the group during the current period reported on.

Review of operating result

Revenue

Group revenue reduced by 38.1% to \$29.4 million for the half-year period ended 30 June 2009 ("1H09") from \$47.5 million for the half-year period ended 30 June 2008 ("1H08"). This was due to the general slowdown in the global economy as well as the disposal of subsidiary Teacly (S) Pte Ltd in May'09.

Gross Profit

Gross profit decreased by 2.6% to \$5.1 million in 1H09 from \$5.2 million in the same corresponding period last year. However, gross profit margin improved by 6% from 11% to 17% during the period. This was mainly attributable to management's focus on higher margin sales and projects.

Operating Expenses

Group operating expenses comprising marketing and distribution costs, administrative expenses and other operating expenses amounted to \$4.2 million during the period under review were fairly consistent to \$4.1 million in the previous year.

Increase in Other Credits of 190.4% were mainly due to reversal of allowance for doubtful trade debt and foreign exchange gains as per the notes to income statement

Financial Position

Group's inventory reduced by about \$2.5 million from \$8.5 million to \$6.0 million during the period. This was due to the group's concerted effort to reduce its inventory holdings and the disposal of subsidiary Teacly (S) Pte Ltd.

Similarly, Group's trade and other receivable reduced by \$17.1 million from \$33.0 million to \$15.9 million in line with the reduction in sales during the period, improvement in collections and disposal of the subsidiary Teacly (S) Pte Ltd.

Other financial liabilities reduced by 50.2% from \$9.4 million to \$4.7 million mainly due lower utilization of trade facilities during the period.

Cash Flow

Cash flow from operating activities improved to \$5.7 million mainly attributable to improvement in both account receivables and inventory positions.

Net cash increased by \$2.7 million after taking into consideration the repayment of borrowings and dividend payment.

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

As per our remarks in the last announcement, we remain in profitable position during the period.

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.

Despite the slow down in the economy, we believe there are opportunities for us to grow and strengthen our market position.

We would continue to focus on our core business and to take advantage of the current environment to explore joint ventures and acquisitions deals.

In addition, we would further strengthen our network globally by setting up representative offices in the Asian, Middle East and Europe regions. We expect these activities would result in increased start up administrative costs which may impact our earnings in the second half.

Barring unforeseen circumstances, we expect our performance in FY2009 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

N/A.

(d) Books closure date

N/A.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been recommended in the current financial period.

13. Directors Confirmation

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading, in any material aspect.

14. Interested Parties Transactions

Name of Interested Person	Aggregate value of all interested persons transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested persons transactions conducted under shareholders' mandate pursuant to 920 (excluding transactions less than S\$100,000)
	S\$000	S\$000
Purchase from : Duvalco International Pte Ltd		1,296
Sinzhong Valves & Fittings (Wuxi) Co. Ltd		152

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
13 August 2009