

UNAUDITED FIRST HALF FINANCIAL STATEMENTS ANNOUNCEMENT

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PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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-10 S\$000	Half-year ended 30-Jun-09 S\$000	Increase/ (Decrease) %
Revenue	16,732	29,352	-43.00%
Cost of Sales	(13,289)	(24,228)	-45.15%
Gross Profit	3,443	5,124	-32.81%
	21%	17%	
Other Items of Income			
Interest income	5	3	66.67%
Other credits	818	328	149.39%
Other Items of Expenses			
Marketing and distribution costs	(1,905)	(1,687)	12.92%
Administrative expenses	(2,024)	(1,967)	2.90%
Finance costs	(68)	(158)	-56.96%
Other charges	(120)	(360)	-66.67%
Profit before tax from Continuing Operations	149	1,283	-88.37%
Income tax expense	(39)	(267)	-85.39%
Profit from Continuing Operations, Net of Tax	110	1,016	-89.15%
Attributable to :			
Equity holders of Parent Company	165	968	-82.95%
Minority Interest	(55)	48	-214.58%
Profit, Net of Tax	110	1,016	-89.17%
Other Comprehensive Income			
Profit for the year	110	1,016	-89.17%
Exchange differences on translating foreign operations, Net of Tax	(28)	(134)	-79.10%
Total Comprehensive Income For The Year	82	882	-90.70%
Attributable to :			
Equity holders of Parent Company	137	834	-83.57%
Minority Interest	(55)	48	-214.58%
Total Comprehensive Income For The Year	82	882	-90.70%

Notes to Income Statement	Half-year ended 30-Jun-10 S\$000	Half-year ended 30-Jun-09 S\$000	Increase/ (Decrease) %
<u>Revenue</u>			
Sales	16,384	24,111	-32.05%
Contract revenue	-	4,940	NM
Commission income	70	101	-30.69%
Rental income	65	92	-29.35%
Sundry income	213	108	97.22%
	16,732	29,352	-43.00%
<u>Interest Income</u>			
Interest income	5	3	66.67%
<u>Other credits</u>			
Gain on disposal of property, plant and equipment	105	-	NM
Reversal of allowance for doubtful trade debt	-	152	NM
Reversal of allowance for inventories	713	-	NM
Foreign exchange gain	-	176	NM
	818	328	149.39%
<u>Finance costs</u>			
Interest expense	(68)	(158)	-56.96%
<u>Other charges</u>			
Loss on disposal of plant and equipment	-	(50)	NM
Loss on disposal of investment in subsidiary	-	(56)	-100.00%
Provision for impairment of inventories	-	(254)	NM
Fixed assets written off	(2)	-	NM
Foreign exchange loss	(118)	-	NM
	(120)	(360)	-66.67%
NM - not meaningful			

1(b)(i) A 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-10 S\$'000	Group 31-Dec-09 S\$'000	Company 30-Jun-10 S\$'000	Company 31-Dec-09 S\$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	4,187	3,557	3,596	3,518
Investments in Subsidiaries	-	-	2,484	2,484
Other Assets	87	87	87	87
Deferred Tax Assets	55	55	-	-
Total Non-Current Assets	4,329	3,699	6,167	6,089
Current Assets:				
Assets held for sales under FRS 105	-	549	-	549
Inventories	4,056	6,556	3,021	6,182
Trade and Other Receivables	7,963	9,052	7,028	8,411
Other Assets	3,448	559	2,977	206
Cash and Cash Equivalents	6,697	13,123	4,629	10,028
Total Current Assets	22,164	29,839	17,655	25,376
Total Assets	26,493	33,538	23,822	31,465
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent:				
Share Capital	8,947	8,947	8,947	8,947
Other Reserves	(329)	(301)	-	-
Retained Earnings	8,803	9,888	8,237	8,482
	17,421	18,534	17,184	17,429
Minority Interest	976	-	-	-
Total Equity	18,397	18,534	17,184	17,429
Non-Current Liabilities:				
Deferred Tax Liabilities	81	81	81	81
Other Financial Liabilities	800	800	800	800
Finance Leases	224	221	224	221
Total Non-Current Liabilities	1,105	1,102	1,105	1,102
Current Liabilities:				
Income Tax Payable	668	520	433	291
Other Financial Liabilities	1,400	1,800	1,400	1,800
Finance Leases	92	92	92	92
Trade and Other Payables	4,831	11,490	3,608	10,751
Total Current Liabilities	6,991	13,902	5,533	12,934
Total Liabilities	8,096	15,004	6,638	14,036
Total liabilities and Equity	26,493	33,538	23,822	31,465

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-10		As at 31-Dec-09			
Secured	Unsecured	Secured	Unsecured		
S\$'000	S\$'000	S\$'000	S\$'000		
1,492	NIL	1,892	NIL		

Amount repayable after one year					
As at 30-Jun-10		As at 31-Dec-09			
Secured	Unsecured	Secured	Unsecured		
S\$'000	S\$'000	S\$'000	S\$'000		
1,024	NIL	1,021	NIL		

Of the secured loan of \$2.52 million, \$2.2 million 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 installments from March 2009.

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

The loans were secured / covered by:

- a. A negative pledge over the assets of the company
- b. Corporate guarantees from the company

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-10 S\$'000	Group Half-year ended 30-Jun-09 S\$'000
Cash flows from operating activities		
Profit before taxation	149	1,283
Adjustments for:		
Depreciation expense of property, plant and equipment	184	215
Net (gain)/loss on disposal of plant and equipment	(103)	50
Loss on disposal of investment in subsidiary	-	56
Interest income	(5)	(3)
Interest expense	68	158
Operating profit before changes in working capital	293	1,759
Restricted cash	2,049	-
Trade & other receivables	1,089	12,764
Other assets	(292)	582
Inventories	2,500	1,720
Trade & other payables	(6,661)	(10,861)
Cash generated from operations	(1,022)	5,964
Income tax refund / (paid)	109	(227)
Net cash (used in) / from operating activities	(913)	5,737
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	668	-
Purchase of plant and equipment	(778)	(51)
Proceeds from disposal of subsidiary	-	67
Purchase of Investment - Membership	-	(60)
Deposits for acquisition of subsidiary	(2,597)	-
Interest received	5	3
Net cash used in investing activities	(2,702)	(41)
Cash flows from financing activities		
Interest expenses paid	(68)	(158)
Dividend paid to equity shareholders	(1,250)	(625)
Repayment of bank borrowings	(400)	(1,535)
Finance lease repayment	(49)	(684)
Contribution by Minority Interest	1,031	-
Net cash used in financing activities	(736)	(3,002)
Net increase (decrease) in cash and cash equivalents	(4,351)	2,694
Effect of Exchange Rate Changes on Cash and Cash Equivalent	(26)	(43)
Cash and cash equivalents at beginning of period	11,074	5,087
Cash and cash equivalents at end of period	6,697	7,738
Represented by:		
Cash and cash equivalents	6,697	7,738
	6,697	7,738

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

<u>GROUP</u>	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	Minority Interest S\$'000	Total Equity S\$'000
Balance as at 1 January 2009	8,947	(90)	8,046	16,903	747	17,650
Total comprehensive income for the period	-	(134)	968	834	48	882
Dividend paid	-	-	(625)	(625)	-	(625)
Disposal of subsidiary	-	-	-	-	(795)	(795)
Balance as at 30 June 2009	8,947	(224)	8,389	17,112	-	17,112
Balance as at 1 January 2010	8,947	(301)	9,888	18,534	-	18,534
Contribution by non-controlling interests	-	-	-	-	1,031	1,031
Total comprehensive income for the period	-	(28)	165	137	(55)	82
Dividends paid	-	-	(1,250)	(1,250)	-	(1,250)
Balance as at 30 June 2010	8,947	(329)	8,803	17,421	976	18,397
<u>COMPANY</u>						
Balance as at 1 January 2009	8,947	-	6,831	15,778	-	15,778
Total comprehensive income for the period	-	-	580	580	-	580
Dividend paid	-	-	(625)	(625)	-	(625)
Balance as at 30 June 2009	8,947	-	6,786	15,733	-	15,733
Balance as at 1 January 2010	8,947	-	8,482	17,429	-	17,429
Total comprehensive income for the year	-	-	1,005	1,005	-	1,005
Dividend paid	-	-	(1,250)	(1,250)	-	(1,250)
Balance as at 30 June 2010	8,947	-	8,237	17,184	-	17,184

- 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 corresponding period of that 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 2009 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 2010. 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.

Not applicable

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.

	30 June 2010	30 June 2009
(i) Based on number of ordinary share in issue	0.13 cents	0.77 cents
(ii) On a fully diluted basis	0.13 cents	0.77 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 \$165,000 (2009: \$968,000) 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 30.06.2010	As at 31.12.09	As at 30.06.2010	As at 31.12.09
Net asset value per ordinary share before minority interest based on number of shares in issue at end of period	13.94 cents	14.83 cents	13.75 cents	13.94 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

Revenue reduced by 43% from \$29.3 million in the half-year period ended 30 June ("HY") 2009 to \$16.7 million in HY2010. This was mainly due to the slowdown of the global markets as well as the disposal of subsidiary Teacly (S) Pte Ltd in May 2009.

Other Credits

Other credits increased by 150% from \$328,000 in HY2009 to \$818,000 in HY2010 mainly due to the reversal of stocks provision as well as gains in disposal of plant and equipment.

Gross Profit

Gross profit decreased by 32.8% from \$5.1 million in HY2009 to \$3.4 million in HY2010. However, gross profit margin improved by approximately 4 percentage points from 17% to 21% during the period. This was mainly attributable to Group's continuous focus on higher margin sales as well as introduction of new products with higher margin.

Operating Expenses

Operating expenses comprising marketing and distribution costs, administrative expenses and other operating expenses amounted to \$4.1 million in HY2010 and was fairly consistent with the Group's operating expenses of \$4.2 million in HY2009.

Income Tax Expense

The decrease in income tax expense of 85.4% in HY2010 was in line with the lower taxable income as a result of lower revenue.

Financial Position

The Group's inventories decreased by \$2.5 million from \$6.6 million as at 31 December 2009 to \$4.1 million as at 30 June 2010. This was due to the Group's concerted effort to reduce its inventory holdings.

The Group's trade and other receivables reduced by \$1.1 million from \$9.1 million as at 31 December 2009 to \$8.0 million as at 30 June 2010 which was in line with the reduction in sales.

Other financial liabilities reduced by 15.4% from \$2.6 million to \$2.2 million mainly due to prepayment of outstanding facilities during the period.

Cash Flow

The Group recorded a cash flow outflow from operating activities of \$0.9 million in HY2010 compared to a cash inflow from operating activities of S\$5.7 million in HY2009. This was mainly attributable to lower collection due to lower revenue during the period.

The Group recorded a net decrease in cash and cash equivalents of \$ 4.3 million in HY2010 mainly attributable to payment of \$2.6 million to a trust account for purpose of JV investment in Malaysia as well as payment of term loan servicing.

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

Not applicable

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.

We expect the business environment to remain competitive in Singapore. Cost and expenses would likely remain high in view of lower sales and continuing efforts to develop our new markets in the regions via representative offices.

Relative to the previous financial year, we expect sales to be lower for existing markets. However, we expect the aforesaid shortfall to be offset by sales in new markets.

Our efforts to develop new markets in the Middle East, Europe and India are taking longer than expected to contribute to the Group's bottom line. We expect these areas' expenses to continue at a manageable rate.

We believe the strategy to strengthen our global network is vital for the Group's growth and we would continue to search for opportunities to position ourselves for growth.

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 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

Interested Persons 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 :		
Sinzhong Valves & Fittings (Wuxi) Co. Ltd	-	305

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
11 August 2010