

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

The Board of Directors of Sin Ghee Huat Corporation Ltd. (the “Company”) is pleased to announce the unaudited results of the Company for the quarter ended 30 September 2009.

PART I - INFORMATION REQUIRED FOR QUARTERLY ANNOUNCEMENT

1(a)(i) Statement of Comprehensive Income

	Quarter ended		Increase/ (Decrease) %
	30/09/2009	30/09/2008	
	\$'000	\$'000	
Revenue	11,012	19,646	(44)
Cost of sales	(9,396)	(14,700)	(36)
Gross profit	1,616	4,946	(67)
Other operating income	158	137	15
Distribution expenses	(734)	(875)	(16)
Administrative expenses	(695)	(635)	9
Other operating expenses	(284)	(77)	269
Finance expenses	(18)	(81)	(78)
Profit before income tax	43	3,415	(99)
Income tax expense	71	(225)	(132)
Profit for the quarter	114	3,190	(96)
Other comprehensive income	-	-	-
Total comprehensive income for the quarter	114	3,190	(96)
Total comprehensive income attributable to:			
Owners of the Company	114	3,190	(96)

1(a)(ii) Profit for the quarter has been arrived at after charging/(crediting) the following:

	Quarter ended	
	30/09/2009	30/09/2008
	\$'000	\$'000
Allowance for doubtful trade debts	47	1
Allowance for damaged/obsolete inventories	29	14
Allowance for inventories write-down	200	-
Bad trade debts written off	-	11
Depreciation of property, plant and equipment	134	167
Foreign exchange loss, net	8	16
Interest income on bank and short-term bank deposit	(11)	(32)
Interest on borrowings	4	57
Reversal of allowance for damaged/obsolete inventories	(67)	(51)
Reversal of allowance for doubtful trade debts	(9)	(4)
Inventories written back	(19)	(49)
Inventories written off	#	36

Denotes amount less than \$1,000

1(b)(i) Statement of Financial Position

	30/09/2009	30/06/2009
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	35,237	33,672
Trade receivables	11,774	11,231
Other receivables, deposits and prepayments	182	183
Inventories	32,027	34,644
	<u>79,220</u>	<u>79,730</u>
Non-current assets		
Property, plant and equipment	7,468	7,547
Deferred income tax asset	412	328
	<u>7,880</u>	<u>7,875</u>
Total assets	<u>87,100</u>	<u>87,605</u>
LIABILITIES		
Current liabilities		
Trade payables	1,183	1,785
Other payables	779	726
Current income tax liability	672	742
	<u>2,634</u>	<u>3,253</u>
Total liabilities	<u>2,634</u>	<u>3,253</u>
NET ASSETS	<u>84,466</u>	<u>84,352</u>
EQUITY		
Capital and reserves		
Share capital	45,750	45,750
Revaluation reserve	1,461	1,461
Retained earnings	37,255	37,141
Total equity	<u>84,466</u>	<u>84,352</u>

1(b)(ii) Borrowings

Amount repayable in one year or less, or on demand:

30/09/2009		30/06/2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Amount repayable after one year:

30/09/2009		30/06/2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

1(c) Statement of Cash Flows

	Quarter ended	
	30/09/2009 \$'000	30/09/2008 \$'000
Cash flows from operating activities		
Profit before income tax	43	3,415
Adjustments for:		
Depreciation of property, plant and equipment	134	167
Interest expense	4	57
Interest income	(11)	(32)
Operating cash flows before working capital changes	170	3,607
Changes in operating assets and liabilities		
Trade receivables	(543)	1,050
Other receivables, deposit and prepayments	(2)	262
Trade payables	(602)	(156)
Other payables	53	(1,882)
Inventories	2,617	190
Cash generated from operations	1,693	3,071
Interest received	14	52
Interest paid	(4)	(57)
Income tax paid	(83)	(50)
Net cash generated from operating activities	1,620	3,016
Cash flows from investing activities		
Purchase of property, plant and equipment	(55)	(188)
Net cash used in investing activities	(55)	(188)
Cash flows from financing activities		
Bills payable, net	-	(4,209)
Net cash used in financing activities	-	(4,209)
Net increase/(decrease) in cash and cash equivalents	1,565	(1,381)
Cash and cash equivalents at beginning of the period	33,672	28,221
Cash and cash equivalents at end of the period	35,237	26,840
Cash and cash equivalents comprise:		
Cash and bank balances	14,578	6,435
Short-term bank deposits	20,659	20,405
	35,237	26,840

1(d)(i) Statement of Changes in Equity

	Share capital \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Total \$'000
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
As at 30 September 2009	<u>45,750</u>	<u>1,461</u>	<u>37,255</u>	<u>84,466</u>
As at 1 July 2008	45,750	1,461	39,751	86,962
Total comprehensive income for the quarter ended 30 September 2008	-	-	3,190	3,190
As at 30 September 2008	<u>45,750</u>	<u>1,461</u>	<u>42,941</u>	<u>90,152</u>

1(d)(ii) There were no changes in the share capital of the Company since 30 June 2009. There were no outstanding convertibles or treasury shares as at 30 September 2009 and 30 September 2008.

1(d)(iii)

	30/09/2009	30/06/2009
Number of shares in issue	222,000,000	222,000,000

1(d)(iv) There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2009.

2. The figures in respect of the quarter ended 30 September 2009 have not been audited or reviewed by the auditors.

3. *Where the figures have been audited or reviewed, the auditors' report (including any qualification or emphasis of a matter).*

Not applicable.

4. The Company has applied the same accounting policies and methods of computation as in its audited financial statements for the year ended 30 June 2009, except for the adoption of revised Financial Reporting Standards disclosed in paragraph 5 below.

5. On 1 July 2009, the Company adopted the revised Singapore Financial Reporting Standard (FRS) 1(R) – Presentation of Financial Statements.

FRS 1(R) requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income, which income are presented in the Statement of Comprehensive Income.

The "Balance Sheet" and "Cash Flow Statement" have been re-titled to "Statement of Financial Position" and "Statement of Cash Flows" respectively.

Comparative figures have been restated to conform to the requirements of the revised standard.

6. Earnings per Share

Earnings per share (cents)	Quarter ended	
	30/09/2009	30/09/2008
(a) based on weighted average number of shares in issue	0.1	1.4
(b) on a fully diluted basis	0.1	1.4
Weighted average number of shares in issue	222,000,000	222,000,000

7. Net Asset Value per Share

	30/09/2009	30/06/2009
Net asset value per share based on issued share capital (cents)	38.1	38.0
Number of shares in issue	222,000,000	222,000,000

8. Review of Performance*Revenue*

Revenue decreased by \$8.6 million or 44%, from \$19.6 million for the quarter ended 30 September 2008 ("1Q2009") to \$11.0 million for the quarter ended 30 September 2009 ("1Q2010"). The decrease was due mainly to a decrease in average selling price of \$6,043 per tonne or 38%, from \$16,038 per tonne for 1Q2009 to \$9,995 per tonne for 1Q2010 and a decrease in sales volume of 123 tonnes or 10%, from 1,225 tonnes for 1Q2009 to 1,102 tonnes for 1Q2010, as a result of a fall in demand for stainless steel products.

Gross profit

Gross profit decreased by \$3.3 million or 67%, from \$4.9 million for 1Q2009 to \$1.6 million for 1Q2010. The decrease was due mainly to a decrease in revenue and a decrease in gross profit margin. Gross profit margin decreased from 25% for 1Q2009 to 15% for 1Q2010. The decrease was due mainly to a decrease in average selling price.

Other Operating Income

Other operating income increased by \$0.02 million or 15%, from \$0.14 million for 1Q2009 to \$0.16 million for 1Q2010. The increase was due mainly to an increase of sundry income of \$0.05 million as job credit grants received offset by a decrease in inventories written back of \$0.03 million.

Distribution Expenses

Distribution expenses decreased by \$0.15 million or 16%, from \$0.88 million for 1Q2009 to \$0.73 million for 1Q2010. The decrease was due mainly to the decrease in sales volume.

Other Operating Expenses

Other operating expenses increased by \$0.2 million or 269%, from \$0.08 million for 1Q2009 to \$0.28 for 1Q2010. The increase was due mainly to an increase in allowance for inventories write-down of \$0.2 million for 1Q2010 (1Q2009: Nil).

Finance Expenses

Finance expenses decreased by \$0.06 million or 78%, from \$0.08 million for 1Q2009 to \$0.02 million for 1Q2010. The decrease was due mainly to lower interest expense incurred on bills payables as a result of lower utilization of trade financing and lower interest cost.

Profit before income tax

Profit before income tax decreased by \$3.36 million or 99%, from \$3.4 million for 1Q2009 to 0.04 million for 1Q2010. The decrease was due mainly to the decrease in gross profit. Profit before income tax margin decreased from 17% for 1Q2009 to 0.4% for 1Q2010. The decrease was due mainly to the decrease in gross profit margin.

Income tax

Income tax for 1Q2010 relates to a provision for income tax payable for 1Q2010 of \$13,000 offset by a increase in deferred tax asset of \$84,000.

Review of Financial Position

The Company continued to enjoy a positive working capital position as at 30 September 2009.

Trade payables

Trade payables decreased by \$0.6 million or 34%, from \$1.8 million as at 30 June 2009 to \$1.2 million as at 30 September 2009. The decrease was due mainly to a decrease in purchases.

Deferred income tax asset

Deferred income tax asset was \$0.4 million as at 30 September 2009 which was due mainly to an allowance for write-down of \$2.3 million as at 30 September 2009.

Review of Cash Flows

Net increase in cash and cash equivalents for 1Q2010 was \$1.6 million. The increase was due mainly to a decrease in inventories of \$2.6 million. This was offset by an increase in trade receivables of \$0.5 million and a decrease in trade payables of \$0.6 million.

9. No forecast or prospect statement was previously disclosed.
10. Although the global economic and financial crisis had abated, recovery in demand for our products in the industries that we serve is still muted. However, there has been a gradual improvement in the market and also margins for steel products.

The Company does not expect demand for its products to improve significantly in the near term. European mills are trying to maintain their increased prices over the past few months but will be constrained by competition for market share in an environment where demand is subdued. Stockists are also reluctant to risk increasing their inventories significantly. The Company, however, expects selling prices to remain stable and margins firmer. The directors therefore expect 2Q2010, while it remains challenging, to show some improvement over this current 1Q2010.
11. *If a decision regarding dividend has been made:*

Not applicable.
12. No dividend has been declared /recommended for the quarter ended 30 September 2009.

Confirmation by Directors

Pursuant to Rule 705(5) of the Listing Manual, we, the undersigned, on behalf of the Board of the Directors of the Company, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of the Directors of the Company which may render the unaudited financial statements for the quarter ended 30 September 2009 to be false or misleading in any material aspect.



Lim Lian Soon
Chief Executive Officer



Kua Chee Seng
Director

BY ORDER OF THE BOARD

Lim Lian Soon
Chief Executive Officer

11 November 2009