

**HALF YEAR UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2012**

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS HALF-YEAR RESULTS

1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Half-year ended 30-Jun-12 S\$'000	Half-year ended 30-Jun-11 S\$'000	Increase/ (Decrease) %
Revenue	27,073	22,022	22.94%
Cost of Sales	(20,683)	(17,254)	19.87%
Gross Profit	<u>6,390</u>	<u>4,768</u>	34.02%
	24%	22%	
Other Items of Income			
Interest Income	16	35	-54.29%
Other Credits	-	75	NM
Other Items of Expenses			
Marketing and Distribution Costs	(1,813)	(2,019)	-10.20%
Administrative Expenses	(3,605)	(2,559)	40.88%
Finance Costs	(173)	(82)	110.98%
Other Charges	(304)	(99)	207.07%
Share of Losses from Equity - Accounted Joint Ventures	(54)	-	NM
Profit Before Tax from Continuing Operations	<u>457</u>	<u>119</u>	284.03%
Income Tax Expense	(23)	(22)	4.55%
Profit from Continuing Operations, Net of Tax	<u>434</u>	<u>97</u>	347.42%
Attributable to :			
Owners of the Parent	33	(99)	NM
Non-Controlling Interests	401	196	104.59%
Profit, Net of Tax	<u>434</u>	<u>97</u>	347.42%
Other Comprehensive Income/(Loss)			
Profit for the year	434	97	347.42%
Exchange Differences on Translating Foreign Operations, Net of Tax	(230)	(229)	0.44%
Total Comprehensive Income/(Loss) For The Year	<u>204</u>	<u>(132)</u>	NM
Attributable to :			
Owners of the Parent	(120)	(302)	60.26%
Non-Controlling Interests	324	170	90.59%
Total Comprehensive Income/(Loss) For The Year	<u>204</u>	<u>(132)</u>	NM

NM - Not Meaningful

Notes to Consolidated Statement of Comprehensive Income

	Half-year ended 30-Jun-12 S\$'000	Half-year ended 30-Jun-11 S\$'000	Increase/ (Decrease) %
<u>Revenue</u>			
Sales	26,791	21,821	22.78%
Commission income	91	74	22.97%
Rental income	60	59	1.69%
Sundry income	131	68	92.65%
	27,073	22,022	22.94%
Interest income	16	35	-54.29%
<u>Other Credits</u>			
Foreign exchanges gain	-	34	NM
Gain on disposal of plant and equipment	-	1	NM
Reversal of allowance for inventories	-	40	NM
	-	75	NM
<u>Finance Costs</u>			
Interest expense	(173)	(82)	110.98%
<u>Other Charges</u>			
Plant and equipment written off	-	(18)	NM
Amortisation of intangible asset	(116)	(81)	43.21%
Foreign exchange adjustment losses	(188)	-	NM
	(304)	(99)	207.07%

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 financial year.

	Group 30-Jun-12 S\$'000	Group 31-Dec-11 S\$'000	Company 30-Jun-12 S\$'000	Company 31-Dec-11 S\$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	7,582	7,952	2,991	3,143
Investments in Subsidiaries	-	-	11,335	10,794
Investments in Joint Ventures	6	60	49	49
Intangible Assets	4,810	5,131	-	-
Other Assets	87	87	87	87
Total Non-Current Assets	12,485	13,230	14,462	14,073
Current Assets:				
Inventories	6,335	4,271	2,727	1,599
Trade and Other Receivables	19,003	18,098	14,446	17,485
Other Assets	3,176	3,078	648	711
Cash and Cash Equivalents	4,176	8,566	1,765	3,446
Total Current Assets	32,690	34,013	19,586	23,241
Total Assets	45,175	47,243	34,048	37,315
EQUITY AND LIABILITIES				
Equity attributable to owner of the parent:				
Share Capital	13,177	13,174	13,177	13,174
Other Reserves	(230)	(77)	-	-
Retained Earnings	9,040	9,007	9,533	10,297
	21,987	22,104	22,710	23,471
Non-Controlling Interests	3,003	2,555	-	-
Total Equity	24,990	24,659	22,710	23,471
Non-Current Liabilities:				
Deferred Tax Liabilities	273	317	81	81
Other Financial Liabilities	-	200	-	200
Finance Leases	251	277	83	119
Total Non-Current Liabilities	524	794	164	400
Current Liabilities:				
Income Tax Payable	120	309	66	296
Other Financial Liabilities	4,535	5,219	2,876	3,492
Finance Leases	69	100	69	69
Trade and Other Payables	14,937	16,162	8,163	9,587
Total Current Liabilities	19,661	21,790	11,174	13,444
Total Liabilities	20,185	22,584	11,338	13,844
Total Equity and Liabilities	45,175	47,243	34,048	37,315

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-June-12		As at 31-Dec-11			
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
69	4,535	691	3,935		

Amount repayable after one year					
As at 30-June-12		As at 31-Dec-11			
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
251	0	277	200		

The group's bank borrowing and debt securities as at 31 December 2011 were secured / covered by :

- a. A negative pledge over the assets of the company
- b. Corporate guarantees from the company
- c. Personal guarantee from related party of subsidiary

The obligations under finance lease are secured by a charge over the leased assets and the personal guarantee from a director of company.

1(c) A consolidated statement of cash flows (for the group) together with the comparative statement for the corresponding period of the immediately preceding financial year.

	Group Half-year ended 30-Jun-12 S\$'000	Group Half-year ended 30-Jun-11 S\$'000
Cash flows from operating activities		
Profit before tax	457	119
Adjustments for:		
Plant and equipment written off	-	18
Depreciation expense of property, plant and equipment	468	214
Amortisation of intangible asset	116	81
Share of loss from equity-accounted joint venture	54	-
Interest income	(16)	(35)
Interest expense	173	82
Effect of exchange rate changes on working capital	(97)	-
Operating profit before changes in working capital	<u>1,155</u>	<u>479</u>
Trade & other receivables	(866)	(7,091)
Other assets	(98)	375
Inventories	(1,946)	(226)
Other liabilities	-	393
Trade & other payables	(1,225)	4,613
Cash used in operations	<u>(2,980)</u>	<u>(1,457)</u>
Income tax refund	-	15
Income tax paid	(264)	-
Net cash used in operating activities	<u>(3,244)</u>	<u>(1,442)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(85)	(424)
Net cash outflow from acquisition of subsidiaries (Note A)	(489)	-
Intangible asset (Note B)	509	-
Interest received	16	35
Net cash used in investing activities	<u>(49)</u>	<u>(389)</u>
Cash flows from financing activities		
Interest paid	(173)	(82)
Capital contributions from Non-Controlling Interest	45	-
Repayment of bank borrowings	(884)	(365)
Finance lease repayment	(57)	(147)
Issuance of shares	3	4,226
Net cash (used in) / from financing activities	<u>(1,066)</u>	<u>3,632</u>
Net (decrease) increase in cash and cash equivalents	<u>(4,359)</u>	<u>1,801</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalent	(31)	(229)
Cash and cash equivalents at beginning of year	<u>8,566</u>	<u>6,711</u>
Cash and cash equivalents at end of year	<u>4,176</u>	<u>8,283</u>
Represented by:		
Cash and cash equivalents	<u>4,176</u>	<u>8,283</u>
	<u>4,176</u>	<u>8,283</u>

Note A

The group acquired 70% of DVC Valves (M) Sdn. Bhd. with effective from 15 February 2012. The transactions were accounted by the purchase method of accounting. The net assets acquired are as follows:

	Fair Value on Acquisition	
	RM\$ '000	S\$ '000
Cash & Cash Equivalent	1	1
Inventories	289	118
Property, Plant, Equipment	360	147
	<hr/>	<hr/>
	650	266
Non-controlling interest	(195)	(80)
Goodwill	745	304
Consideration	<hr/>	<hr/>
	1,200	490
	<hr/> <hr/>	<hr/> <hr/>
Satisfied by:		
Cash consideration	1,200	490
Less: Cash taken over	(1)	(1)
Net cash outflow on acquisition	<hr/>	<hr/>
	1,199	489

Note B

Rebate from land purchases amounts to RMB 2.9 million.

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	Attributable to Parent sub-total S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP						
Previous year:						
Balance as at 1 January 2011	8,947	(492)	8,849	17,304	1,273	18,577
Movements in Equity:						
Total comprehensive loss for the year	-	(203)	(99)	(302)	170	(132)
Issuance of share capital	4,226	-	-	4,226	-	4,226
Balance as at 30 June 2011	13,173	(695)	8,750	21,228	1,443	22,671
Current year:						
Balance as at 1 January 2012	13,174	(77)	9,007	22,104	2,555	24,659
Movements in Equity:						
Total comprehensive income for the year	-	(153)	33	(120)	324	204
Issuance of share capital	3	-	-	3	-	3
Acquisition/Incorporation of subsidiaries	-	-	-	-	124	124
Balance as at 30 June 2012	13,177	(230)	9,040	21,987	3,003	24,990
COMPANY						
Previous year:						
Balance as at 1 January 2011	8,947	-	8,045	16,992	-	16,992
Movements in Equity:						
Total comprehensive income for the year	-	-	449	449	-	449
Issuance of share capital	4,226	-	-	4,226	-	4,226
Balance as at 30 June 2011	13,173	-	8,494	21,667	-	21,667
Current year:						
Balance as at 1 January 2012	13,174	-	10,297	23,471	-	23,471
Movements in Equity:						
Total comprehensive loss for the year	-	-	(764)	(764)	-	(764)
Issuance of share capital	3	-	-	3	-	3
Balance as at 30 June 2012	13,177	-	9,533	22,710	-	22,710

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 are 187,669,000.

Total number of issued shares excluding treasury shares as at the end of the immediately preceding year are 187,625,000.

There were total of 44,000 warrants exercised during the financial period, resulting in new 44,000 ordinary shares being issued.

There are 62,331,000 warrants outstanding each with an exercise price of S\$0.08 expiring on 11 January 2013.

1(d)(iii) Total number of issued share excluding treasury share as at the end of current financial period and as at the end of the immediately preceding year.

	30-Jun-12	31-Dec-11
Issued & fully paid share capital	187,625,000	125,000,000
Addition:		
Rights issued	0	62,500,000
Exercise of share warrants	44,000	125,000
Total number of shares	187,669,000	187,625,000

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury share as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or 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 31 December 2011 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 1 January 2012. 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.

The same accounting policies and methods of computation have been applied.

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.

	30-June-12	30-June-11
(i) Based on number of ordinary share in issue	0.02 cents	(0.05 cents)
(ii) On a fully diluted basis	0.02 cents	(0.04 cents)

The basic earnings per share for the half year period ended 30 June 2012 was calculated by dividing the group's profit from continuing operations attributable to equity holders of the parents net of tax of \$33,000 by the number of weighted average ordinary shares which is 187,636,560.

No dilutive earning per shares was computed as the calculation was anti-dilutive.

The basic loss per share for the half-year period ended 30 June 2011 was calculated by dividing the group's loss from continuing operations attributable to equity holders of the parent of \$99,000 by the number of weighted average ordinary shares which is 184,108,425.

The dilutive loss per share for the half-year period ended 30 June 2011 was calculated by dividing the group's loss from continuing operations attributable to equity holders of the parent of \$99,000 by the total number of weighted average ordinary shares and the effect of outstanding warrants, which is 242,645,490.

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 30.6.12	As at 31.12.2011	As at 30.6.12	As at 31.12.2011
Net asset value per ordinary share based on number of shares in issue at end of period/year	11.72 cents	11.78 cents	12.10 cents	12.51 cents

Net asset value per ordinary share is calculated based on 187,669,000 (FY2011 : 187,625,000) ordinary shares at the end of the period/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

The Group's revenue increased by \$5.1 million or 22.9%, from \$22.0 million for the half year period ended 30 June 2011 ("1H2011") to \$27.1 million for the half year period ended 30 June 2012 ("1H2012"). This was mainly attributable to the increase in sales in Malaysia.

Gross Profit

Gross profit increased by \$1.6 million or 34.0%, from \$4.8 million in 1H2011 to \$6.4 million in 1H2012, due to the overall increase in revenue as explained above. The gross profit margin improved by 2 percentage points from 22% in 1H2011 to 24% 1H2012 during the period. This was mainly attributable to a decrease in sales contribution from territories with lower margin in 1H2012 relative to 1H2011.

Marketing and Distribution Costs

Marketing and distribution costs decreased by \$0.2 million or 10.2%, from \$2.0 million in 1H2011 to \$1.8 million in 1H2012. This was mainly attributable to better control of overall marketing expenses.

Administrative Expenses

Administrative expenses increased by \$1.0 million or 40.9%, from \$2.6 million in 1H2011 to \$3.6 million in 1H2012 due mainly to expenses incurred in the new subsidiaries in Australia and Malaysia.

Finance Costs

Finance costs increased by \$91,000 or 111.0%, from \$82,000 in 1H2011 to \$173,000 in 1H2012 mainly due to additional financing for working capital purposes.

Other Charges

Other charges increased by \$205,000 or 207.1%, from \$99,000 in 1H2011 to \$304,000 in 1H2012, mainly attributable to foreign exchange adjustment losses and amortisation of intangible assets.

Share of Loss From Equity – Accounted Joint Ventures

Share of joint ventures' losses amounted to \$54,000 due to our Group's share of losses in of joint ventures in Singapore and overseas.

Profit Before Tax from Continuing Operations

Profit before tax from continuing operations increased by \$338,000 or 284.0%, from \$119,000 in 1H2011 to \$457,000 in 1H2012, due mainly to higher revenue and gross margin.

Income Tax Expense

Income tax expense increased by \$1,000 or 4.6%, from \$22,000 in 1H2011 to \$23,000 in 1H2012, and was mainly attributable to the higher profit achieved in 1H2012.

Financial Position

Non-Current Assets

Non-current assets decreased by \$0.7 million, from \$13.2 million as at 31 December 2011 to \$12.5 million as at 30 June 2012, mainly attributable to rebates from land purchase in China as well as adjustments for foreign exchange fluctuations for assets in overseas subsidiaries that were recorded in foreign currencies.

Current Assets

Current assets decreased by \$1.3 million, from \$34.0 million as at 31 December 2011 to \$32.7 million as at 30 June 2012, mainly attributable to the following:

- 1) Increase in inventories by \$2.0 million, from \$4.3 million as at 31 December 2011 to \$6.3 million as at 30 June 2012, which was in line with the higher Revenue achieved during the period; and
- 2) Increase in trade and other receivables by \$0.9 million, from \$18.1 million as at 31 December 2011 to \$19.0 million as at 30 June 2012, which was in line with the higher revenue achieved during the period.

The aforementioned were partially offset by a decrease in cash and cash equivalents by \$4.4 million, from \$8.6 million as at 31 December 2011 to \$4.2 million as at 30 June 2012. Please refer to section 'Statement of Cash Flow' below for more information.

Non-Current Liabilities

Non-current liabilities decreased by \$0.3 million, from \$0.8 million as at 31 December 2011 to \$0.5 million as at 30 June 2012, mainly attributable to a reduction in term loan liability.

Current Liabilities

Current liabilities decreased by \$2.1 million, from \$21.8 million as at 31 December 2011 to \$19.7 million as at 30 June 2012. The decrease was mainly attributable to the following:

- 1) Decrease in other financial liabilities (current) by \$0.8 million, from \$5.3 million as at 31 December 2011 to \$4.5 million as at 30 June 2012, mainly due to lower utilisation of facilities; and
- 2) Decrease in trade and other payables by \$1.3 million, from \$16.2 million as at 31 December 2011 to \$14.9 million as at 30 June 2012, mainly due to earlier payments to suppliers.

Statement of Cash Flow

Net cash used in operating activities was \$3.2 million in 1H2012, due to operating profit before working capital changes of \$1.2 million, net cash used in working capital of \$4.1 million, and income tax paid of \$0.3 million. The net cash used in working capital of \$4.1 million was mainly attributable to an increase in trade and other receivables by \$0.9 million, increase in other assets by \$0.1 million, increase in inventories by \$1.9 million in line with higher revenue recorded, and a decrease in trade and other payables of \$1.2 million.

The cash flow used in investing activities was \$0.04 million in 1H2012, due mainly to the purchase of plant and equipment of \$0.1 million, acquisition of subsidiary in Malaysia of \$0.5 million as well as rebate received from overseas land acquisition.

The cash flow used in financing activities was \$1.1 million, due mainly to repayment of bank borrowings, finance lease as well as interest expense payment.

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. No forecast or prospect statement was previously disclosed.

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.

Intense market competition and the tough operating environment continued to be our challenges in 2012.

We would continue our efforts to enhance our products spectrum, strengthen our manufacturing base, as well as develop our marketing networks.

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/recommendeded, a statement to that effect

No dividend is declared or recommended for the current financial period reported on.

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 : Wu LLC	-	5
Sinzhong Valves & Fittings (Wuxi) Co. Ltd	-	1,964

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
14 August 2012