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## **KIAN HO POSTS \$2.1 M IN 1H NET PROFIT ON REVENUE OF \$51.4 M**

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**SINGAPORE, 12 August 2011** – Stockist, distributor and retailer of bearings and seals products, **Kian Ho Bearings Ltd**, has posted an interim net profit of \$2.1 million on revenue of \$51.4 million for the six months ended 30 June 2011 (“1H11”), versus a net profit of \$2.9 million and revenue of \$49.2 million a year ago (“1H10”). Earnings per share for 1H11 was 0.85 cent, compared to 1.19 cent for 1H10.

Commenting on the Group’s performance, Mr Teo Teng Beng, Managing Director of Kian Ho, said, “Our results for the first half of the year reflect mixed market conditions. The strong growth momentum in Asia in the first quarter was tempered by market weakness in Europe, and compounded in the second quarter, by the effects of the earthquake and tsunami in Japan. In spite of the challenges, we were able to turn in a satisfactory set of results.”

The healthy growth in the Group’s Asia segment in the first quarter was driven mainly by sustained demand from Asia-based original equipment manufacturer (“OEM”) customers and contribution from the Group’s setups in Singapore, Malaysia and Taiwan. This was unfortunately disrupted by the natural disasters in Japan in March 2011 and a cyclical correction in the semiconductor industry, which negatively affected the supply and distribution of Japan-originated bearings and seals to the region. The disruption, along with uncertainties in Europe, resulted in the Group posting a modest 5% gain in revenue.

Increased competition arising from the slowdown in demand also led to pressure on average selling prices, and a decline in gross margin from 22.8% in 1H10 to 21.3% in 1H11. Operating expenses for 1H11 were higher year-on-year in view of increased staff cost. Accordingly, profit before tax fell to \$2.7 million, compared to \$3.6 million the year before.

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**Outlook**

Going forward, Kian Ho expects operating conditions in the industry to be relatively challenging. Activities in the semiconductor industry remain uncertain, while the European sovereign debt crisis will continue to cap the level of business activity in Europe. To safeguard itself against rising costs and pricing pressure, Kian Ho is adopting a prudent approach towards its business strategy by keeping a tight rein on costs and avoiding an unnecessary build up in inventory.

The Group continues to develop its regional sales network. However, the Group had also adopted a cautious approach in its business strategy in view that the global economy is still uncertain.

Said Mr Teo, "Kian Ho has, over the years, built up a robust distribution portfolio and an extensive sales network across the region. This has helped to sustain us through several economic cycles. Our business is also built on sound fundamentals, and we will leverage our strengths to ensure that we stay ahead of the competition."

**About Kian Ho Bearings Ltd**

*Kian Ho Bearings Ltd (K22.SI / KH SP) is one of the largest professional stockist, distributor and retailer of bearings and seals products in the region. With more than 50 years of track record and heritage, Kian Ho has built up a comprehensive product range of more than 35,000 product types across various brands. With its extensive presence in South East Asia, Greater China, and Australia, the Group caters to the needs of resellers and OEM customers globally. For more information, please visit <http://www.kianho.com.sg>*

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