



Unaudited Financial Statement And Dividend Announcement for the Three Months Period Ended 30 September 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income for the three months ended 30 September 2015

	GROUP		
	Unaudited 1Q 2016 S\$'000	Unaudited 1Q 2015 S\$'000	Changes %
Revenue	23,302	43,208	(46.1)
Cost of sales	(20,411)	(39,339)	(48.1)
Gross profit	2,891	3,869	(25.3)
Other income	1,451	1,572	(7.7)
Distribution and marketing expenses	(414)	(598)	(30.8)
Administrative expenses	(2,659)	(2,364)	12.5
Other operating expenses	(1,199)	(1,215)	(1.3)
Profit from operations	70	1,264	(94.5)
Finance costs	(326)	(272)	19.9
(Loss) Profit before income tax	(256)	992	n.m
Income tax expense	(61)	(179)	(65.9)
Net (loss) profit for the period	(317)	813	n.m
Other comprehensive (loss) income			
Net currency translation differences of financial statements of a foreign subsidiary	(479)	5	n.m
Total comprehensive (loss) income	(796)	818	n.m
Net (loss) profit attributable to:			
Equity holders of the Company	(368)	813	n.m
Non-controlling interests	51	-	n.m
	(317)	813	n.m
Total comprehensive (loss) income attributable to:			
Equity holders of the Company	(847)	818	n.m
Non-controlling interests	51	-	n.m
	(796)	818	n.m

*n.m denotes not meaningful

Profit for the period is derived after crediting/(charging) the following:-

	GROUP		
	Unaudited 1Q 2016 S\$'000	Unaudited 1Q 2015 S\$'000	Changes %
Allowance for doubtful debts	-	(50)	n.m
Amortisation of intangible assets	(147)	(147)	-
Depreciation of property, plant and equipment	(1,501)	(1,266)	18.6
Interest income	9	17	(47.1)
Loss on disposal of property, plant and equipment	-	(205)	n.m
Net foreign exchange loss	(207)	(2)	n.m

*n.m denotes 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.

Statement of Financial Position

	Group		Company	
	Unaudited 30 Sep 2015 S\$'000	Audited 30 Jun 2015 S\$'000	Unaudited 30 Sep 2015 S\$'000	Audited 30 Jun 2015 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	31,948	31,194	2,295	1,618
Trade and other receivables	19,829	17,587	92	81
Amount owing by subsidiaries	-	-	7,441	7,400
Inventories	28,761	30,800	-	-
Total current assets	80,538	79,581	9,828	9,099
<u>Non-current assets</u>				
Intangible assets	12,546	12,693	-	-
Property, plant and equipment	44,320	41,084	189	204
Investments in subsidiaries	-	-	43,914	38,801
Investment property	11,812	11,812	-	-
Golf club membership	159	159	159	159
Financial assets, available-for-sale	-	-	-	-
Deferred income tax assets	-	-	-	-
Total non-current assets	68,837	65,748	44,262	39,164
Total assets	149,375	145,329	54,090	48,263
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade and other payables	10,371	10,469	341	370
Bank loans and bills payable	39,586	39,516	3,738	4,184
Amount owing to subsidiaries	-	-	5,474	6,252
Finance lease liabilities	70	70	-	-
Current income tax liabilities	380	392	5	5
Total current liabilities	50,407	50,447	9,558	10,811
<u>Non-current liabilities</u>				
Bank loans	14,000	10,012	9,373	5,372
Finance lease liabilities	120	137	-	-
Deferred income tax liabilities	4,127	4,104	34	34
Total non-current liabilities	18,247	14,253	9,407	5,406
Capital and reserves				
Share capital	36,603	36,603	36,603	36,603
Retained earnings/ (Accumulated losses)	39,149	39,517	(1,478)	(4,557)
Capital reserve	5,237	5,237	-	-
Translation reserve	(1,207)	(728)	-	-
	79,782	80,629	35,125	32,046
Non-controlling interest	939	-	-	-
Total equity	80,721	80,629	35,125	32,046
Total liabilities and equity	149,375	145,329	54,090	48,263

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 30 September 2015		As at 30 June 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,219	38,437	1,580	38,006

Amount repayable after one year

As at 30 September 2015		As at 30 June 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,747	9,373	4,640	5,509

Details of any collateral:-

Property loans of S\$5.7 million are secured by mortgages over the properties and investment property of the Group. Finance lease liabilities of S\$0.2 million are secured by charges over the motor vehicles of the Group.

The unsecured amount consists of trust receipts and term loans arising from the ordinary course of business and bank borrowings, which includes an acquisition loan granted to the Company. Certain Group borrowings are secured by corporate guarantees from the Company.

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

Consolidated Statement of Cash Flows for the three months ended 30 September 2015

	Group 3 Months Ended	
	30 Sep 2015 S\$'000	30 Sep 2014 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) Profit before income tax	(256)	992
Adjustments for:		
Depreciation of property, plant and equipment	1,501	1,266
Loss on disposal of property, plant and equipment	-	205
Amortisation of intangible assets	147	147
Allowance for doubtful debts	-	50
Interest expense	326	272
Interest income	(9)	(17)
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	1,709	2,915
Trade and other receivables	(1,045)	756
Inventories	3,676	6,752
Trade and other payables	(970)	(2,092)
CASH GENERATED FROM OPERATIONS	3,370	8,331
Income tax paid	(79)	(29)
Interest paid	(326)	(272)
Interest received	9	17
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,974	8,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,366)	(1,091)
Proceeds from disposal of property, plant and equipment	-	7
Acquisition of subsidiary, net of cash acquired	(4,417)	-
NET CASH USED IN INVESTING ACTIVITIES	(5,783)	(1,084)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	4,601	-
Repayment of bank loans	(1,418)	(3,351)
Increase/(Decrease) in bills payables	876	(3,361)
Repayment of finance lease liabilities	(18)	(17)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	4,041	(6,729)
Net increase in cash and cash equivalents	1,232	234
Cash and cash equivalents at beginning of the financial period	31,194	33,697
Effect of foreign exchange rate changes on the cash & cash equivalent	(478)	5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	31,948	33,936

Cash and cash equivalents at the end of the period includes the following:-

	Group 3 months ended	
	30 Sep 2015 1Q2016 S\$'000	30 Sep 2014 1Q2015 S\$'000
Cash and bank balances	31,948	31,376
Fixed deposit	-	2,561
	31,948	33,937

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

Group	Share capital S\$' 000	Retained earnings S\$' 000	Translation reserve S\$' 000	Capital reserve S\$' 000	Attributable to equity holders of the Company S\$' 000	Non-controlling interest S\$' 000	Total equity S\$' 000
Balance as at 1 July 2015	36,603	39,517	(728)	5,237	80,629	-	80,629
Total comprehensive income							
Loss for the period	-	(368)	-	-	(368)	51	(317)
Other comprehensive income	-	-	(479)	-	(479)	-	(479)
	-	(368)	(479)	-	(847)	51	(796)
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	888	888
Balance as at 30 September 2015	36,603	39,149	(1,207)	5,237	79,782	939	80,721
Balance as at 1 July 2014	36,603	49,109	(13)	5,237	90,936	-	90,936
Total comprehensive income							
Profit for the period	-	813	-	-	813	-	813
Other comprehensive income	-	-	5	-	5	-	5
	-	813	5	-	818	-	818
Balance as at 30 September 2014	36,603	49,922	(8)	5,237	91,754	-	91,754

Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000
Balance as at 1 July 2015	36,603	(4,557)	32,046
Total comprehensive income	-	3,086	3,086
Balance as at 30 September 2015	36,603	(1,471)	35,132
Balance as at 1 July 2014	36,603	(3,827)	32,776
Total comprehensive income	-	451	451
Balance as at 30 September 2014	36,603	(3,376)	33,227

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, 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 previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.**

As at 30 September 2015, the share capital of the Company was 393,781,089 ordinary shares (30 June 2015: 393,781,089 ordinary shares).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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 nor reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 financial year as those applied for the audited financial statements for the year ended 30 June 2015.

- 5 If there are 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 financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share		3 months ended	
		1Q2016	1Q2015
(a)	Based on weighted average number of ordinary shares in issue	(0.09) cents	0.21 cents
(b)	On a fully diluted basis	(0.09) cents	0.21 cents

The loss per share for the period ended 30 September 2015 is calculated by dividing the loss attributable to shareholders of \$368,000 (30 September 2014: profit attributable of \$813,000) by the weighted average number of ordinary shares of 393,781,089 (30 September 2014: 393,781,089) in issue during the financial period.

The diluted loss per share for the period ended 30 September 2015 is calculated by dividing the loss attributable to shareholders of \$368,000 (30 September 2014: \$813,000) by the adjusted weighted average number of ordinary shares of 393,781,089 (30 September 2014: \$393,781,089) in issue during the financial period.

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

Net asset value per ordinary share	Group		Company	
	30 Sep 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015
Based on issued shares capital as at the end of the period reported on	20.26 cents	20.48 cents	8.92 cents	8.14 cents

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of \$79,782,000 (30 June 2015: S\$80,629,000) and 393,781,089 (30 June 2015: 393,781,089) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to shareholders of \$35,125,000 (30 June 2015: \$32,046,000) and 393,781,089 (30 June 2015: 393,781,089) ordinary shares.

- 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 financial period reported on.**

STATEMENT OF COMPREHENSIVE INCOME REVIEW

Review for the three months results: 1st quarter ended 30 September 2015 ("1Q2016") vs 1st quarter 30 September 2014 ("1Q2015")

Revenue decreased by approximately \$20.0 million or 46.1% to \$23.3 million in 1Q2016, and this was mainly due to reduced business activities from Malaysia entity (\$9.8 million) and reduction in recycling and trading business in Singapore (\$11.1 million).

As a result, cost of sales decreased by approximately \$18.9 million or 48.1% to \$20.4 million in 1Q2016 in tandem with the decrease in the Group's revenue.

Despite the Group's gross profit decreasing by \$1.0 million in 1Q2016, gross profit margin increased by 3.5% to 12.4% in 1Q2016 as compared to 8.9% in 1Q2015, mainly attributed to reductions in costs of material.

Other income reduced by approximately \$0.12 million or 7.7% to \$1.5 million in 1Q2016, mainly due to lower rental charges.

Distribution and marketing expenses decreased by approximately \$0.18 million or 30.8% to \$0.40 million in 1Q2016, mainly due to the decrease in import and export activities.

Administrative expenses increased by approximately \$0.30 million or 12.5% to \$2.7 million in 1Q2016, mainly due the waiving of storage charges for customers, and higher professional fees incurred.

Other operating expenses reduced slightly by approximately \$0.02 million or 1.3% to \$1.1 million in 1Q2016.

Finance costs increased by approximately \$0.05 million or 19.9% to \$0.32 million in 1Q2016 due to increase in bank borrowing rate.

Hence, the Group recorded a net loss of \$0.31 million in 1Q2016 as compared to a net profit of \$0.81 million in 1Q2015.

STATEMENT OF FINANCIAL POSITION REVIEW

Group shareholders' equity as at 30 September 2015 stood at \$79.8 million as compared to the end of the immediate preceding financial year, 30 June 2015 at \$80.6 million. The Group's financial position was slightly reduced by \$0.8 million.

For the period under review, trade and other receivables increased to \$19.8 million as at 30 September 2015 from \$17.6 million as at 30 June 2015. This was mainly due to inclusion of the new subsidiary's trade receivables.

Inventories decreased by \$2.0 million to \$28.8 million as at 30 September 2015 due to a reduction in the price of materials.

Properties, plant and equipment increased by \$3.2 million to \$44.3 million as at 30 June 2015 due to addition of plant and equipment for existing business segment, which was partially offset by depreciation expenses.

As a result, the Group's total assets strengthened from \$149.3 million as at 30 September 2015 to \$145.3 million as at 30 June 2015.

Total liabilities increased by \$4.0 million to \$68.6 million as at 30 September 2015, from \$64.7 million as at 30 June 2015. This was attributable mainly to additional bank loans for the acquisition of a new subsidiary.

STATEMENT OF CASH FLOWS REVIEW

Net cash generated from operating activities was \$3.3 million for 1Q2016 and this was mainly due to the reduced inventory levels and partially offset by an increase in trade receivables.

Net cash used in investing activities was \$5.8 million, mainly due to purchases of additional steel and scaffolding materials for leasing business segment. In addition, the Company entered into a sale and purchase agreement to acquire a subsidiary.

Net cash generated from financing activities was \$4.0 million due mainly to additional bank borrowings and \$5.4 million of bills payable, which partially offset by repayment of bank loans and finance lease payables of \$1.4 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to 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.

The overall industry outlook remains challenging given the lacklustre market conditions and volatility in US Dollar due to the drop in demand for steel products and the impending increase in interest rate by the US.

In line with the Group's strategy to identify and acquire assets which will add value to the Group, we have acquired Gee Sheng Machinery & Engineering Pte Ltd ("GSM"). Going forward, the Group will continue to build on GSM's current business and streamline its processes as well as harnessing the synergies within the existing group effectively.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, statement to that effect.

The Group does not have a general mandate from shareholders for IPTs.

14 Confirmation by Directors pursuant to Rule 705(5) of the SGX Listing Manual

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render these unaudited interim financial statements for the three months ended 30 September 2015, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

ANG YU SENG

Executive Chairman and Chief Executive Officer

12 November 2015