



Unaudited Financial Statement and Dividend Announcement for the Period Ended 30 September 2013

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

- 1(a) 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 Sep 2013

(In S\$'000) Description	Group 3 months ended		
	Actual 1Q2014	Actual 1Q2013	Increase/ (Decrease)
Revenue	24,126	18,716	28.9
Cost of sales	(21,999)	(16,438)	33.8
Gross profit	2,127	2,278	(6.6)
Other income	2,348	2,027	15.8
Distribution & marketing expenses	(282)	(109)	158.7
Administrative expenses	(2,122)	(1,766)	20.1
Other operating expenses	(1,612)	(1,521)	6.0
Profit from operations	459	909	(49.5)
Finance costs	(216)	(176)	22.7
Profit before income tax	243	733	(66.8)
Income tax	(23)	(80)	(71.3)
Profit after income tax	220	653	(66.3)
Attributable to:			
Equity holders of the Company	70	437	(84.0)
Non-controlling interest	150	216	(30.6)
Profit after income tax	220	653	(66.3)
Profit for the year	220	653	(66.3)
Other comprehensive income	-	-	-
Total comprehensive income for the year	220	653	(66.3)
Total comprehensive income attributable to:			
Equity holders of the Company	70	437	(84.0)
Non-controlling interest	150	216	(30.6)
	220	653	(66.3)

Profit before income tax is arrived at after crediting/(charging) the following: -

(In S\$'000) Description	Group		%
	Actual 1Q2014	Actual 1Q2013	Increase/ (Decrease)
Interest income	18	7	157.1
Depreciation of property, plant and equipment	(1,141)	(1,174)	(2.8)
Finance expenses	(216)	(176)	22.7
Net foreign exchange (loss) / gain	(43)	(125)	65.6
Gain / (loss) on disposal of property, plant and equipment	(9)	(43)	(79.1)
Amortisation of deferred gain on sale of properties	519	519	-
Amortisation of intangible assets	(148)	(88)	134.1

n.m. = 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

(In S\$'000) Description	Group		Company	
	30 Sep 2013	30 Jun 2013	30 Sep 2013	30 Jun 2013
ASSETS				
<u>Current Assets</u>				
Cash and cash equivalents	24,308	28,244	3,519	4,415
Trade receivables and other receivables	18,048	16,469	12,778	5,182
Amount owing by subsidiaries	-	-	-	-
Inventories	52,436	43,106	-	-
Total current assets	94,792	87,819	16,297	9,597
<u>Non-current Assets</u>				
Investment in subsidiaries	-	-	35,498	35,498
Property, plant and equipment	38,100	39,001	173	183
Intangible assets – goodwill on acquisition	12,840	12,840	-	-
Intangible assets – customer relationship	2,121	2,267	-	-
Investment property	12,000	12,000	-	-
Golf club membership	159	159	159	159
Deferred income tax assets	50	50	-	-
Total non-current assets	65,270	66,317	35,830	35,840
Total assets	160,062	154,136	52,127	45,437
LIABILITIES AND EQUITY				
<u>Current Liabilities</u>				
Trade and other payables	7,092	8,464	8,230	894
Bank loans and bills payable	43,360	34,778	3,358	3,369
Finance lease liabilities	61	76	-	-
Deferred gain on sale of properties	346	864	-	-
Current tax liabilities	787	764	5	5
Total current liabilities	51,646	44,946	11,593	4,268
<u>Non-current Liabilities</u>				
Bank loans	14,462	15,456	9,803	10,631
Finance lease liabilities	180	168	-	-
Deferred gain on sale of properties	-	-	-	-
Deferred income tax liabilities	4,111	4,111	31	31
Total non-current liabilities	18,753	19,735	9,834	10,662
Total liabilities	70,399	64,681	21,427	14,930
NET ASSETS	89,663	89,455	30,700	30,507
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	36,603	36,603	36,603	36,603
Retained earnings / (accumulated losses)	47,219	47,149	(5,903)	(6,096)
Translation reserve	(12)	-	-	-
Non-controlling interest	5,853	5,703	-	-
Total equity	89,663	89,455	30,700	30,507
TOTAL EQUITY	89,663	89,455	30,700	30,507

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 Sep 2013		As at 30 Jun 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
15,002	28,358	20,187	14,591

Amount repayable after one year

As at 30 Sep 2013		As at 30 Jun 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,659	9,803	4,139	11,317

Details of any collateral: -

Property loans of approximately \$5.1 million (30 Jun 2013: \$5.7 million) are secured by mortgages over the properties and investment property of the Company's subsidiaries.

The unsecured amount consists of trust receipts and term loans held by the Company's subsidiaries arising from the ordinary course of business and bank borrowings. It also includes acquisition loans granted to the Company during the period under review. Certain Group's borrowings are covered by corporate guarantees.

- 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.

Statement of Cash Flows for the 3 months ended 30 Sep 2013

(In S\$'000) Description	Group 3 months ended	
	30 Sep 2013 1Q2014	30 Sep 2012 1Q2013
Cash flows from operating activities		
Profit before income tax	243	733
Adjustments for:		
Depreciation of property, plant and equipment	1,141	1,174
Gain on disposal of property, plant and equipment	9	43
Net income from investments	-	-
Amortisation of deferred gain on sale of properties	(519)	(519)
Amortisation of intangible assets	148	88
Allowance for doubtful debts	-	-
Finance expenses	216	176
Interest income	(18)	(7)
Operating profit before working capital changes	1,220	1,688
Changes in working capital:		
Decrease / (increase) in trade and other receivables	(1,579)	1,059
Decrease / (increase) in inventories	(9,330)	(1,550)
Increase / (decrease) in trade and other payables	(1,372)	3,362
Cash generated from / (used in) operations	(11,061)	4,559
Interest paid	(216)	(176)
Interest received	18	7
Income tax paid	-	(537)
Net cash inflow from / (used in) operating activities	(11,259)	3,853
Cash flows from investing activities		
Purchase of property, plant and equipment	(411)	(1,095)
Establishment of subsidiary	(401)	-
Proceeds from disposal of property, plant and equipment	550	1,485
Net cash generated from / (used in) investing activities	(262)	380
Cash flows from financing activities		
Net addition / (repayment) of bank loans	9,080	(1,278)
Increase in bills payable	(1,492)	(6,164)
Dividends paid (if applicable)	-	-
Increase / (decrease) in finance lease liabilities	(3)	163
Net cash generated from / (used in) financing activities	7,585	(7,279)
Net increase / (decrease) in cash and cash equivalents	(3,936)	(3,046)
Cash and cash equivalents at beginning of the financial year	28,244	23,277
Cash and cash equivalents at end of financial period	24,308	20,231

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

(In S\$'000) Description	Group 3 months ended	
	30 Sep 2013 3M2014	30 Sep 2012 3M2013
Cash and bank balances	18,893	17,973
Fixed deposits	5,415	2,258
	24,308	20,231

- 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.

Statement of Changes in Equity

Group (in S\$'000)	Share Capital	Retained Earnings	Attributable to equity holders of the Company	Translation Reserve	Non- controlling Interest	Total Equity
Balance as at 1 Jul 2013	36,603	47,149	83,752	-	5,703	89,455
Dividend paid	-	-	-	-	-	-
Total comprehensive income	-	70	70	(12)	150	208
Balance as at 30 Sep 2013	36,603	47,219	83,822	(12)	5,853	89,663
Balance as at 1 Jul 2012	36,603	39,402	76,005	-	9,620	85,625
Dividend paid	-	-	-	-	-	-
Total comprehensive income	-	437	437	-	216	653
Balance as at 30 Sep 2012	36,603	39,839	76,442	-	9,836	86,278

Company (in S\$'000)	Share Capital	Retained Earnings	Total Equity
Balance as at 1 Jul 2013	36,603	(6,096)	30,507
Dividend paid	-	-	-
Total comprehensive income	-	193	193
Balance as at 30 Sep 2013	36,603	(5,903)	30,700
Balance as at 1 Jul 2012	36,603	(5,255)	31,349
Dividend paid	-	-	-
Total comprehensive income	-	134	134
Balance as at 30 Sep 2012	36,603	(5,120)	31,483

- 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, issues 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.

No 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 Sep 2013, the share capital of the Company was 393,781,089 ordinary shares (as at 30 June 2013: 393,781,089 ordinary shares).

- 1(d) (iv) A statement showing all shares, 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 or reviewed by the Company's auditors.

- 3 Where the figures have been audited and 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 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 2013.

- 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 the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings/(loss) per ordinary share	Group	
	30 Sep 2013	30 Sep 2012
(a) Based on weighted average number of ordinary shares in issue	0.02 cents	0.11 cents
(b) On a fully diluted basis	0.02 cents	0.11 cents

The earnings per share for the period ended 30 Sep 2013 is calculated by dividing the profit attributable to shareholders of \$70,000 (30 Sep 2012: \$437,000) by the weighted average number of ordinary shares of 393,781,089 (30 Sep 2012: 393,781,089) in issue during the financial period.

The diluted earnings per share for the period ended 30 Sep 2013 is calculated by dividing the profit attributable to shareholders of \$70,000 (30 Sep 2012: \$437,000) by the weighted average number of ordinary shares of 393,781,089 (30 Sep 2012: 393,781,089) in issue during the financial period.

- 7 Net assets 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 financial period reported on; and
- (b) immediately preceding financial year.

Net asset value per ordinary share	Group		Company	
	30 Sep 2013	30 Jun 2013	30 Sep 2013	30 Jun 2013
Based on issued share capital as at the end of the period reported on	21.29 cents	21.27 cents	7.80 cents	7.75 cents

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of \$83,822,000 (30 June 2013: \$83,752,000) and 393,781,089 (30 Jun 2013: 393,781,089) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to shareholders of \$30,700,000 (30 Jun 2013: \$30,507,000) and 393,781,089 (30 Jun 2013: 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 3 months results: 1st quarter ended 30 Sep 2013 ("1Q2014") vs. 1st quarter ended 30 Sep 2012 ("1Q2013")

Revenue increased by approximately \$5.4 million or 28.9% to \$24.1 million in 1Q2014 as compared to previous corresponding period at \$18.7 million. The increase was mainly due to higher revenue from our trading and recycling business segments totaling \$21.4 million. Revenue from our scaffolding service business segment was relatively on par for both periods.

In line with our revenue streams and new business addition in Malaysia, our cost of sales also increased by approximately \$5.6 million or 33.8% to \$22.0 million. The direct cost in our Malaysia's entity pertains to the expected initial infrastructure cost to build business momentum.

Gross profit reported in 1Q2014 was \$2.1 million, a slight decrease from the previous corresponding period at \$2.3 million. Gross profit margin decreased from 12.2% in 1Q2013 to 8.8%, and this was consistent with the nature of our trading and recycling business segments. These gross profit margins narrowed as selling prices continued to face pressure. In addition, our scaffolding service business segment also contributed higher gross profit margins despite reporting similar revenues.

Other income increased by approximately \$321,000 or 15.8% mainly due to the increase in rental income and higher interest income in 1Q2014.

Distribution and marketing expenses increased to \$282,000 in 1Q2014 as compared to \$109,000 reported in 1Q2013. This was mainly due to increased business activities in general.

Administrative expenses increased by approximately \$356,000 or 20.1% to \$2.1 million in 1Q2014 from \$1.8 million in 1Q2013. This was mainly due to increased payroll expense and the infrastructure cost to support business expansion plans for the Malaysia entity.

Other operating expenses increased by approximately \$91,000 or 6.0% to \$1.6 million as we accounted for higher amortization of intangible asset for the period.

Finance cost increased to \$216,000 in Q12014 and this was mainly due to higher utilization of short term loans and trade financing facilities to fund our inventory purchases.

Income tax of \$23,000 was provided to account for the possible tax payable for the period under review. We adopt the group tax relief and hence, the lower tax provision as compared to 1Q2013.

In line with our expectations following the lower gross profit and higher operating costs, our net profit decreased from \$653,000 in 1Q2013 to \$220,000 in 1Q2014.

STATEMENT OF FINANCIAL POSITION REVIEW

For the period under review, trade and other receivables position has increased from \$16.5 million as at 30 June 2013 to \$18.0 million as at 30 September 2013, in line with our increased revenue. Our trade receivable collection days also showed improved results with average collection period reduced to 65 days, compared to 70 days in the previous corresponding period.

Inventories increased by \$9.3 million to reach \$52.4 million as at 30 September 2013 mainly due to our intended plan to build stockpiles in our newly established Malaysia entity. We also replenished the stock levels in our trading, recycling and scaffolding services business segments in Singapore.

Properties, plant and equipment stood at \$38.1 million as at 30 September 2013 as we disposed some of our fixed assets and applied the usual depreciation charge for the period. Given the current market demand, we stocked up more leasing cum rental steel materials.

As such, our total assets stood at \$160.1 million and \$154.1 million as at 30 September 2013 and 30 June 2013 respectively.

Total liabilities stood at \$70.4 million as at 30 September 2013 from the reported \$64.7 million as at 30 June 2013. The increased was mainly due to higher utilization of our short term loans for working capital and increased trade bills payables for inventory purchases.

STATEMENT OF CASH FLOW STATEMENT REVIEW

Net cash used in operating activities was approximately \$11.3 million for three months ending 30 September 2013 as compared to net cash generated of approximately \$3.9 million for the corresponding period. This was mainly due to stock levels increasing by approximately \$9.3 million. In line with our growth and expansion plan, it was a deliberated move to build inventories and placed deposits particularly in our newly established metal recycling business in Malaysia.

Net cash used in investing activities amounted to \$263,000 was mainly due to lesser proceeds from disposal of fixed assets, increased purchase of steel and scaffolding rental materials plus our initial capital injected into our Malaysian subsidiary.

Net cash used in financing activities was \$7.6 million mainly due increased short term loans utilized to fund our working capital requirements in our expansion and increased in bills payables for inventory purchases.

Nonetheless, we will continue to exercise vigilance in our working capital management and key performance indicators of our overall business and financial performance.

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

The Group's actual 1Q2014 result is in line with the statement made in the previous result announcement.

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.**

Global economic growth is anticipated to be slow and current steel prices will be depressed. Local operating conditions continue to be challenging and expected to remain weak despite moderate infrastructure projects feeding the business pipelines. The escalating labour expenses further add to higher operating costs in this tough environment.

We continue to place emphasis on our core competencies, with prudent working capital management. Acquisitions and forging alliances remain as one of our growth strategies to tap new recurring income streams.

11 **Dividend**

(a) **Current Financial Period Reported On**
Any dividend recommended for the current financial period reported on?

None.

(b) **Corresponding Period of the Immediately Preceding Financial Year**
Any dividend recommended for the current financial 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/recommended, 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) of the SGX Listing Manual. If no IPT has been obtained, statement to the effect.

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

- 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 3 months ended 30 Sep 2013, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

ANG YU SENG

Chairman / CEO

13 November 2013