



Unaudited First Half Financial Statement and Dividend Announcement for the Period Ended 31 December 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 six months ended 31 December 2013

(In S\$'000) Description	2 nd Quarter			Group		
	Actual 2Q 2014	Actual 2Q 2013	Increase/ (Decrease)	Actual HY2014	Actual HY2013	Increase/ (Decrease)
Revenue	39,577	22,717	74.2	63,703	41,433	53.7
Cost of sales	(34,736)	(18,847)	84.3	(56,735)	(35,285)	60.8
Gross profit	4,841	3,870	25.1	6,968	6,148	13.3
Other income	2,103	2,250	(6.5)	4,451	4,277	4.1
Distribution & marketing expenses	(384)	(462)	(16.9)	(666)	(571)	16.6
Administrative expenses	(2,866)	(2,116)	35.4	(4,988)	(3,882)	28.5
Other operating expenses	(1,422)	(1,536)	(7.4)	(3,034)	(3,057)	(0.8)
Profit from operations	2,272	2,006	13.3	2,731	2,915	(6.3)
Finance costs	(260)	(181)	43.6	(476)	(357)	33.3
Profit before income tax	2,012	1,825	10.2	2,255	2,558	(11.8)
Income tax	(487)	(442)	10.2	(510)	(522)	(2.3)
Profit after income tax	1,525	1,383	10.3	1,745	2,036	(14.3)
Attributable to:						
Equity holders of the Company	1,305	776	68.2	1,375	1,213	13.4
Non-controlling interest	220	607	(63.8)	370	823	(55.0)
Profit after income tax	1,525	1,383	10.3	1,745	2,036	(14.3)
Profit for the period	1,525	1,383	10.3	1,745	2,036	(14.3)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	1,525	1,383	10.3	1,745	2,036	(14.3)
Total comprehensive income attributable to:						
Equity holders of the Company	1,305	776	68.2	1,375	1,213	13.4
Non-controlling interest	220	607	(63.8)	370	823	(55.0)
	1,525	1,383	10.3	1,745	2,036	(14.3)

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

(In S\$'000) Description	Group		%
	Actual HY2014	Actual HY2013	Increase/ (Decrease)
Interest income	29	17	70.6
Depreciation of property, plant and equipment	(2,262)	(2,367)	(4.4)
Allowance for doubtful debts	(143)	(118)	21.2
Finance expenses	(476)	(357)	33.3
Net foreign exchange loss	(30)	(127)	(76.4)
Gain on disposal of property, plant and equipment	102	13	84.6
Amortisation of deferred gain on sale of properties	864	1,037	16.7
Amortisation of intangible assets	(295)	(177)	66.7

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	
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
ASSETS				
<u>Current Assets</u>				
Cash and cash equivalents	28,461	28,244	3,964	4,415
Trade receivables and other receivables	20,392	16,469	11,737	5,182
Inventories	44,379	43,106	-	-
Total current assets	93,232	87,819	15,701	9,597
<u>Non-current Assets</u>				
Investment in subsidiaries	-	-	35,498	35,498
Property, plant and equipment	39,760	39,001	162	183
Intangible assets – goodwill on acquisition	12,840	12,840	-	-
Intangible assets – customer relationship	1,974	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	66,783	66,317	35,819	35,840
Total assets	160,015	154,136	51,520	45,437
LIABILITIES AND EQUITY				
<u>Current Liabilities</u>				
Trade and other payables	6,490	8,464	6,407	894
Bank loans and bills payable	42,366	34,778	6,339	3,369
Finance lease liabilities	79	76	-	-
Deferred gain on sale of properties	-	864	-	-
Current tax liabilities	676	764	5	5
Total current liabilities	49,611	44,946	12,751	4,268
<u>Non-current Liabilities</u>				
Bank loans	15,849	15,456	8,952	10,631
Finance lease liabilities	232	168	-	-
Deferred income tax liabilities	4,111	4,111	31	31
Total non-current liabilities	20,192	19,735	8,983	10,662
Total liabilities	69,803	64,681	21,734	14,930
NET ASSETS	90,212	89,455	29,786	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)	47,540	47,149	(6,817)	(6,096)
Translation reserve	(4)	-	-	-
Non-controlling interest	6,073	5,703	-	-
Total equity	90,212	89,455	29,786	30,507
TOTAL EQUITY	90,212	89,455	29,786	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 31 December 2013		As at 30 Jun 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
14,075	28,369	16,985	17,869

Amount repayable after one year

As at 31 December 2013		As at 30 Jun 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,388	11,694	4,993	10,631

Details of any collateral: -

Property loans of approximately \$7.7 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 an acquisition loan 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 six months ended 31 December 2013

(In S\$'000) Description	Group 6 months ended	
	31 Dec 2013 HY2014	31 Dec 2012 HY2013
Cash flows from operating activities		
Profit before income tax	2,255	2,558
Adjustments for:		
Depreciation of property, plant and equipment	2,262	2,367
Gain on disposal of property, plant and equipment	(102)	(13)
Amortisation of deferred gain on sale of properties	(864)	(1,037)
Amortisation of intangible assets	295	177
Allowance for doubtful debts	143	118
Finance expenses	476	357
Interest income	(29)	(17)
Operating profit before working capital changes	4,436	4,510
Changes in working capital:		
Decrease / (increase) in trade and other receivables	(4,065)	1,525
Decrease / (increase) in inventories	(1,273)	(2,605)
Increase / (decrease) in trade and other payables	(1,110)	(1,119)
Cash generated from / (used in) operations	(2,012)	2,311
Interest paid	(476)	(714)
Interest received	29	17
Income tax paid	(879)	(357)
Net cash inflow from / (used in) operating activities	(3,338)	1,257
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,653)	(1,914)
Proceeds from disposal of property, plant and equipment	1,144	1,899
Net cash generated / (used in) investing activities	(3,509)	(15)
Cash flows from financing activities		
Net addition / (repayment) of bank loans	11,095	(2,557)
Decrease in bills payable	(3,114)	4,447
Dividends paid	(984)	(984)
Increase in finance lease liabilities	67	151
Net cash generated from financing activities	7,064	1,057
Net increase / (decrease) in cash and cash equivalents	217	2,299
Cash and cash equivalents at beginning of the financial year	28,244	23,277
Cash and cash equivalents at end of financial period	28,461	25,576

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

(In S\$'000) Description	Group 6 months ended	
	31 Dec 2013 HY2014	31 Dec 2012 HY2013
Cash and bank balances	22,642	23,316
Fixed deposits	5,819	2,260
	28,461	25,576

- 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	-	(984)	(984)	-	-	(984)
Total comprehensive income	-	1,375	1,375	(4)	370	1,741
Balance as at 31 Dec 2013	36,603	47,540	84,143	(4)	6,073	90,212
Balance as at 1 Jul 2012	36,603	39,402	76,005	-	9,619	85,625
Dividend paid	-	(984)	(984)	-	-	(984)
Total comprehensive income	-	1,213	1,213	-	823	2,036
Balance as at 31 Dec 2012	36,603	39,631	76,234	-	10,442	86,676

Company (in S\$'000)	Share Capital	Retained Earnings	Total Equity
Balance as at 1 Jul 2013	36,603	(6,096)	30,507
Dividend paid	-	(984)	(984)
Total comprehensive income	-	263	263
Balance as at 31 Dec 2013	36,603	(6,817)	29,786
Balance as at 1 Jul 2012	36,603	(5,255)	31,348
Dividend paid	-	(984)	(984)
Total comprehensive income	-	134	134
Balance as at 31 Dec 2012	36,603	(6,050)	30,553

- 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.

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 31 December 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	
	31 Dec 2013	31 Dec 2012
(a) Based on weighted average number of ordinary shares in issue	0.35 cents	0.31 cents
(b) On a fully diluted basis	0.35 cents	0.31 cents

The earnings per share for the period ended 31 December 2013 is calculated by dividing the profit attributable to shareholders of \$1,375,000 (31 Dec 2012: \$1,213,000) by the weighted average number of ordinary shares of 393,781,089 (31 Dec 2012: 393,781,089) in issue during the financial period.

The diluted earnings per share for the period ended 31 December 2013 is calculated by dividing the profit attributable to shareholders of \$1,375,000 (31 Dec 2012: \$1,213,000) by the weighted average number of ordinary shares of 393,781,089 (31 Dec 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	
	31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
Based on issued share capital as at the end of the period reported on	21.37 cents	21.27 cents	7.56 cents	7.75 cents

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of \$84,139,000 (30 Jun 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 \$29,786,000 (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: 2nd quarter ended 31 December 2013 ("2Q2014") vs 2nd quarter ended 31 December 2012 ("2Q2013")

Revenue increased by approximately \$16.9 million or 74.2% to \$39.6 million in 2Q2014, and this was mainly due to increased revenues from our recycling and trading business segments, plus contributions from our Malaysia entity.

Consequently, cost of sales increased by approximately \$15.9 million or 84.3% from \$18.8 million in 2Q2013 to \$34.7 million in 2Q2014, this was in line with the increase in Group's revenue streams although material costs rose much higher than the increase in revenue.

Gross profit improved from \$3.9 in 2Q2013 to \$4.8 million in 2Q2014, mainly attributed to higher revenue. However, gross profit margin reduced from 17.0% in 2Q2013 to 12.2% in 2Q2014 as selling prices were pressured lower due to intense competition.

Other income reduced by approximately \$147,000 or 6.5% mainly due to lower recognition of amortisation of deferred gain on sale of properties for the period.

Distribution expenses decreased by approximately \$78,000 to \$384,000 in 2Q2014 as the increase in business activity for the trading and recycling business segments was offset by a reduction in truck costs pertaining to scaffolding services business segment.

Administrative expenses increased by approximately \$750,000 or 35.4% to \$2.9 million in 2Q2014 from \$2.1 million in 2Q2013 mainly due to increased payroll expense and the infrastructure costs to support business expansion plans in our Malaysia entity.

Other operating expenses decreased by approximately \$114,000 to \$1.4 million in 2Q2014 were mainly due to the reduced rental expenses from our landlords as we returned two properties during the period, offset by higher amortisation of intangible assets pertaining to an acquisition.

Finance costs increased by approximately \$79,000 or 43.6% to \$260,000 in 2Q2014 were mainly due to higher term loans (both short term and acquisition loans) and trust receipts interests.

In line with our increased revenue and infrastructure costs outlay, our net profit increased marginally to \$1.5 million in 2Q2014 from \$1.4 million in 2Q2013.

Review for half-year results: 6 months ended 31 December 2013 ("HY2014") vs 6 months ended 31 December 2012 ("HY2013")

The increase in revenue of approximately \$22.3 million or 53.7% to \$63.7 million in HY2014 was mainly due to increased volume cum sales in our trading and recycling business segments. We started to see revenue contribution from our newly added Malaysia entity for this period.

On the back of the higher revenue streams, cost of sales increased by approximately \$21.4 million or 60.8% to \$56.7 million in HY2014. This increase was mainly due to higher cost of materials.

Gross profit improved by \$820,000 to \$7.0 million, mainly attributable to higher sales. Despite this, gross profit margin reduced from 14.8% in HY2013 to 10.9% in HY2014 as we continue to see strong competition and uncertainties within our steel industry. Margins were squeezed on both the selling prices and scrap buying prices for our trading and recycling business segments. Therefore, lower gross profit margins were reported across all our business segments.

Other income increased by approximately \$174,000 or 4.1% mainly due to gain from disposal of fixed assets and higher transportation services income levied.

Distribution and marketing expenses increased by approximately \$95,000 or 16.7% to \$666,000 in line with the increased business activities in general.

Administrative expenses also increased by \$1.1 million or 28.5% to \$5.0 million in HY2014 as compared to \$3.9 million in HY2013. The increased was mainly due to higher payroll costs and the infrastructure cost to support business expansion plan for our Malaysia entity.

Other operating expenses remained relatively the same at approximately \$3.0 million for both periods under review. The higher amortization of intangible assets was offset by lower rental expenses as we returned two properties to our landlord.

Finance cost increased by approximately \$119,000 or 33.3% mainly due to higher term loans and trust receipts interests as we increased our borrowings to support the overall increased business activities.

Accordingly, net profit in HY2014 was \$1.7 million as compared to \$2.0 million registered in HY2013. Net profit margins were 2.7% and 4.9% for HY2014 and HY2013 respectively.

STATEMENT OF FINANCIAL POSITION REVIEW

Group's shareholders equity as at 31 December 2013 stood at \$90.2 million as compared to the end of the immediately preceding financial year, 30 June 2013 at \$89.5 million. The stronger balance sheet position was mainly due to increased trade receivables balances, higher inventories and additions of rental assets purchased net of borrowings.

Trade and other receivables position has increased by \$3.9 million to \$20.4 million as at 31 December 2013. This was mainly due to increased sales transacted in the month of December 2013. Nonetheless, the Group continues to put in place tight credit controls with close periodic monitoring.

Inventories increased to \$44.4 million as at 31 December 2013 mainly due to building our Malaysia entity's stockpile, net of reduced inventories to support higher sales in our trading and recycling business segments for the period under review.

Properties, plant and equipment increased by \$760,000 to \$39.8 million as at 31 December 2013 as we continue to add more rental assets to our leasing business segment and applied the usual depreciation charge for the period.

As such, our total assets strengthened to \$160.0 million as at 31 December 2013.

Total liabilities stood at \$69.8 million as at 31 December 2013 from the reported \$64.7 million as at 30 June 2013. The increase 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 \$3.5 million for the six months ended 31 December 2013 as compared to \$1.3 million net cash generated for the corresponding period. This was mainly due to higher trade receivables balances as at 31 December 2013 as more revenues were registered in December 2013. In addition, we experienced slower collections patterns in our scaffolding services, trading and leasing business segments. The building of stockpile in our Malaysia entity was in line with our expansion plan.

Net cash used in investing activities was \$3.3 million as we continue to add more steel and scaffolding rental materials under current market conditions.

Net cash generated from financing activities was \$7.1 million and this was mainly due to higher utilization of short term loans to fund working capital requirements and increased in bills payable for inventory purchases. These were in line with our increased revenues and expansion plans in Malaysia.

In view of the above, cash and cash equivalents increased to \$28.5 million as at 31 December 2013 from \$25.6 million as at 31 December 2012. Nevertheless, we continue to exercise caution in our working capital management and key performance indicators for 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 2Q 2014 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.

Business outlook is expected to be slow and current steel prices will further be depressed from the excess stocks situation. Fierce competition and pressures resulting in lower selling prices are becoming more apparent.

Locally, operating conditions will continue to be challenging as a result of higher labour costs. We continue to emphasize on our core competencies with prudent working capital management. Apart from growing organically, we continue to tap on complementary businesses through acquisitions and forging alliances.

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 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 half year ended 31 December 2013, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

ANG YU SENG

CEO/Executive Chairman
13 February 2014