



Unaudited Financial Statement And Dividend Announcement for the Period Ended 31 March 2014

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 nine months ended 31 March 2014

	GROUP			GROUP		
	Unaudited 3Q 2014 S\$'000	Unaudited 3Q 2013 S\$'000	Changes %	Unaudited 9M 2014 S\$'000	Unaudited 9M 2013 S\$'000	Changes %
Revenue	37,716	23,708	59.1	101,306	65,141	55.5
Cost of sales	(34,458)	(20,649)	66.9	(91,080)	(55,934)	62.8
Gross profit	3,258	3,059	6.5	10,226	9,207	11.1
Other income	1,810	2,571	(29.6)	6,261	6,848	(8.6)
Distribution and marketing expenses	(360)	(250)	44.0	(1,026)	(821)	25.0
Administrative expenses	(2,482)	(1,935)	28.3	(7,456)	(5,817)	28.2
Other operating expenses	(1,103)	(1,508)	(26.9)	(4,136)	(4,565)	(9.4)
Profit from operations	1,123	1,937	(42.0)	3,869	4,852	(20.3)
Finance expenses	(243)	(171)	42.1	(719)	(528)	36.2
Profit before income tax	880	1,766	(50.2)	3,150	4,324	(27.2)
Income tax expense	198	(296)	n.m	(312)	(818)	(61.9)
Profit for the period	1,078	1,470	(26.7)	2,838	3,506	(19.1)
Other comprehensive income						
Currency translation gains arising from consolidation	215	-	n.m	211	-	n.m
Total comprehensive income	1,293	1,470	(12.0)	3,049	3,506	n.m
Net profit attributable to:						
Equity holders of the Company	1,043	1,308	(20.3)	2,433	2,521	(3.5)
Non-controlling interest	35	162	(78.4)	405	985	(58.9)
	1,078	1,470	(26.7)	2,838	3,506	(19.1)
Total comprehensive income attributable to:						
Equity holders of the Company	1,258	1,308	(3.8)	2,644	2,521	4.9
Non-controlling interest	35	162	(78.4)	405	985	(58.9)
	1,293	1,470	(12.0)	3,049	3,506	(13.0)

*nm denotes not meaningful

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

	GROUP			GROUP		
	Unaudited 3Q 2014 S\$'000	Unaudited 3Q 2013 S\$'000	Changes %	Unaudited 9M 2014 S\$'000	Unaudited 9M 2013 S\$'000	Changes %
Interest income	14	6	133.3	43	23	87.0
Depreciation of property, plant and equipment	(1,178)	(1,116)	5.6	(3,440)	(3,483)	(1.2)
Allowance for doubtful debts	(32)	-	n.m	(175)	(118)	48.3
Finance expenses	(243)	(171)	42.1	(719)	(528)	36.2
Net foreign exchange (loss)/gain	(84)	49	n.m	(114)	(176)	(35.2)
Amortisation of deferred gain on sale of properties	-	519	n.m	864	1,556	(44.5)
Gain on disposal of property, plant and equipment	-	178	n.m	102	191	(46.6)
Amortisation of intangible assets	(147)	(88)	67.0	(442)	(265)	66.8

*nm 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 31 Mar 14 S\$'000	Audited 30 Jun 13 S\$'000	Unaudited 31 Mar 14 S\$'000	Audited 30 Jun 13 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	31,629	28,244	3,738	4,415
Trade and other receivables	19,250	16,469	96	242
Amount owing by subsidiaries	-	-	4,399	4,940
Inventories	39,338	43,106	-	-
Total current assets	90,217	87,819	8,233	9,597
<u>Non-current assets</u>				
Intangible assets	14,667	15,107	-	-
Property, plant and equipment	39,725	39,001	159	183
Investments in subsidiaries	-	-	35,498	35,498
Investment property	12,000	12,000	-	-
Golf club membership	159	159	159	159
Financial assets, available-for-sale	-	-	-	-
Deferred income tax assets	50	50	-	-
Total non-current assets	66,601	66,317	35,816	35,840
Total assets	156,818	154,136	44,049	45,437
LIABILITIES				
<u>Current liabilities</u>				
Trade and other payables	6,720	8,464	369	894
Bank loans and bills payable	37,897	34,778	5,619	3,369
Finance lease liabilities	-	76	-	-
Deferred gain on sale of properties	-	864	-	-
Current income tax liabilities	1,663	764	5	5
Total current liabilities	46,280	44,946	5,993	4,268
<u>Non-current liabilities</u>				
Bank loans	15,489	15,456	8,112	10,631
Finance lease liabilities	294	168	-	-
Deferred income tax liabilities	3,235	4,111	31	31
Total non-current liabilities	19,018	19,735	8,143	10,662
Total liabilities	65,298	64,681	14,136	14,930
NET ASSETS	91,520	89,455	29,913	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)	48,598	47,149	(6,690)	(6,096)
Translation reserve	211	-	-	-
	85,412	83,752	29,913	30,507
Non-controlling interest	6,108	5,703	-	-
TOTAL EQUITY	91,520	89,455	29,913	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 March 2014		As at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
28,899	8,998	16,985	17,869

Amount repayable after one year

As at 31 March 2014		As at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,345	11,438	4,993	10,631

Details of any collateral:-

Property loans of S\$5.3 million are secured by mortgages over the properties and investment property of the Group.

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. Certain Group 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.

Consolidated Statement of Cash Flows for the nine months ended 31 March 2014

	Group 9 Months Ended	
	31 Mar 2014 S\$'000	31 Mar 2013 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	3,150	4,324
Adjustments for:		
Depreciation of property, plant and equipment	3,440	3,483
Gain on disposal of property, plant and equipment	(102)	(191)
Fair value gain on investment property		
Amortisation of deferred gain on sale of properties	(864)	(1,556)
Amortisation of intangible assets	442	265
Allowance for doubtful debts	175	8
Interest expense	719	528
Interest income	(43)	(23)
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	6,917	6,838
Trade and other receivables	(2,956)	3,721
Inventories	4,322	(1,637)
Trade and other payables	(1,744)	(1,075)
CASH GENERATED FROM OPERATIONS	6,539	7,847
Income tax paid	(634)	(1,006)
Interest paid	(719)	(528)
Interest received	43	23
NET CASH GENERATED FROM OPERATING ACTIVITIES	5,229	6,336
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,206)	(2,759)
Proceeds from disposal of property, plant and equipment	1,144	2,272
NET CASH (USED IN) INVESTING ACTIVITIES	(4,062)	(487)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	12,389	1,013
Repayment of bank loans	(3,644)	(3,851)
(Decrease)/increase in bills payable	(5,593)	223
Dividends paid	(984)	(984)
Repayment of finance lease liabilities	50	113
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	2,218	(3,486)
Net increase in cash and cash equivalents	3,385	2,363
Cash and cash equivalents at beginning of the financial year	28,244	23,277
CASH AND CASH EQUIVALENTS AT END OF PERIOD	31,629	25,640

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

	Group 9 months ended	
	31 Mar 2014 9M2014 S\$'000	31 Mar 2013 9M2013 S\$'000
Cash and bank balances	27,088	24,622
Fixed deposit	4,541	1,018
	31,629	25,640

- 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	Attributable to equity holders of the Company S\$' 000	Non-controlling interest S\$' 000	Total equity S\$' 000
Balance as at 1 July 2013	36,603	47,149	-	83,752	5,703	89,455
Total comprehensive income						
Profit for the period	-	2,433	-	2,433	405	2,838
Other comprehensive income	-	-	211	211	-	211
Dividend paid	-	2,433	211	2,644	405	3,049
	-	(984)	-	(984)	-	(984)
Balance as at 31 March 2014	36,603	48,598	211	85,412	6,108	91,520
Balance as at 1 July 2012	36,603	39,402	-	76,005	9,619	85,624
Total comprehensive income	-	2,521	-	2,521	985	3,506
Dividend paid	-	(984)	-	(984)	-	(984)
Balance as at 31 March 2013	36,603	40,939	-	77,542	10,604	88,146

Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000
Balance as at 1 July 2013	36,603	(6,096)	30,507
Total comprehensive income	-	390	390
Dividend paid	-	(984)	(984)
Balance as at 31 March 2014	36,603	(6,690)	29,913
Balance as at 1 July 2012	36,603	(5,254)	31,349
Total comprehensive income	-	311	311
Dividend paid	-	(984)	(984)
Balance as at 31 March 2013	36,603	(5,927)	30,676

- 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 31 March 2014, the share capital of the Company was 393,781,089 ordinary shares (30 June 2013: 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 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 and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share		3 months ended		9 months ended	
		3Q2014	3Q2013	9M2014	9M2013
(a)	Based on weighted average number of ordinary shares in issue	0.26 cents	0.33 cents	0.62 cents	0.64 cents
(b)	On a fully diluted basis	0.26 cents	0.33 cents	0.62 cents	0.64 cents

The earnings per share for the period ended 31 March 2014 is calculated by dividing the profit attributable to shareholders of \$2,433,000 (31 March 2013: \$2,521,000) by the weighted average number of ordinary shares of 393,781,089 (31 March 2013: 393,781,089) in issue during the financial period.

The diluted earnings per share for the period ended 31 March 2014 is calculated by dividing the profit attributable to shareholders of \$2,433,000 (31 March 2013: \$2,521,000) by the adjusted weighted average number of ordinary shares of 393,781,089 (31 March 2013: 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	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
Based on issued shares capital as at the end of the period reported on	21.69 cents	21.27 cents	7.60 cents	7.75 cents

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of \$85,412,000 (30 June 2013: S\$83,752,000) and 393,781,089 (30 June 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 \$29,913,000 (30 June 2013: S\$30,507,000) and 393,781,089 (30 June 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 the three months results: 3rd quarter ended 31 March 2014 ("3Q2014") vs 3rd quarter 31 March 2013 ("3Q2013")

Revenue increased by approximately \$14.0 million or 59.1% to \$37.7 million in 3Q2014, and this was mainly due to increased revenues from our recycling and trading business segments (\$5.1 million), plus contributions from our Malaysia entity (\$8.9 million).

Consequently, cost of sales increased by approximately \$13.8 million or 66.9% to \$34.5 million in 3Q2014, this was in line with the increase in Group's revenue streams although material costs rose higher than the increase in revenue.

Gross profit improved \$0.2 million to \$3.3 million in 3Q2014, mainly attributed to higher revenue. However, gross profit margin reduced from 12.9% in 3Q2013 to 8.6% in 3Q2014, mainly attributed to lower selling prices from the trading business segment.

Other income reduced by approximately \$0.8 million or 29.6% mainly due to the absence of rental income in FY2014 for properties sold under the sales and leaseback agreements.

Distribution expenses increased by approximately \$0.1 million or 44.0% to \$0.4 million in 3Q2014, mainly due to the increase in business activity.

Administrative expenses increased by approximately \$0.5 million or 28.3% to \$2.5 million in 3Q2014, mainly due to the business activity of our Malaysia entity.

Other operating expenses decreased by \$0.4 million or 26.9% to \$1.1 million in 3Q2014, mainly due to the absence in rental expenses in FY2014 for properties sold under the sales and leaseback agreements.

During this quarter, the Group had recorded a tax credit as a result of tax refunded from the Inland Revenue Authority of Singapore.

Hence, our net profit decreased from \$1.5 million in 3Q2013 to \$1.1 million in 3Q2014.

Review for the 9 months results: 9 months ended 31 March 2014 ("9M2014") vs 9 months ended 31 March 2013 ("9M2013")

The increase in revenue of approximately \$36.2 million or 55.5% to \$101.3 million in 9M2014 was mainly due to increased revenues from our trading and recycling business segments (\$17.7 million), plus revenue contribution from our Malaysia entity (\$18.5 million).

Cost of sales increased by approximately \$35.1 million or 62.8% from \$55.9 million in 9M2013 to \$91.1 million in 9M2014, in line with the increase in Group's revenue and business activities, plus contribution from our Malaysia entity.

Gross profit margin reduced from 14.1% in 9M2013 to 10.1% in 9M2014 as we continue to see strong competition within our steel industry.

Other income decreased by approximately \$0.6 million or 8.6%, mainly due to the absence of rental income in FY2014 for properties sold under the sales and leaseback agreements. This was partially offset by gains from disposal of fixed assets.

The increase in distribution expenses by \$0.2 million or 25.0% to \$1.0 million was mainly due to the increase in business activities.

Administrative expenses increased by approximately \$1.6 million or 28.2% to \$7.5 million in 9M2014, mainly due to the business activity of our Malaysia entity.

Other operating expenses decreased by \$0.4 million or 9.4% mainly due to the absence in rental expenses in FY2014 for properties sold under the sales and leaseback agreements.

Finance costs increased by approximately \$0.2 million or 36.2%, mainly due to an increase in term loans and trust receipts so as to support the overall increased business activities.

Hence, our net profit reduced to \$2.8 million in 9M2014 from \$3.5 million in 9M2013. Net profit margins were 2.8% and 5.4% for 9M2014 and 9M2013 respectively.

STATEMENT OF FINANCIAL POSITION REVIEW

Group shareholders' equity as at 31 March 2014 stood at \$91.5 million as compared to the end of the immediate preceding financial year, 30 June 2013, at \$89.5 million. The stronger balance sheet position was mainly due to increase financial performance for the nine month period.

For the period under review, trade and other receivables position had increased from \$16.5 million as at 30 June 2013 to \$19.3 million as at 31 March 2014. This was mainly due to the increased business activity and contribution from our Malaysia entity.

Inventories decreased by \$3.8 million to \$39.3 million as at 31 March 2014 as we reduced our inventory new orders in view of the downward trend in steel prices. The decrease was also due to the fulfilment of higher sales orders.

Properties, plant and equipment increased by \$0.7 million to \$39.7 million as at 31 March 2014 due to the acquisition of new machinery and assets for our leasing business segment.

As such, our total assets strengthen from \$154.1 million as at 30 June 2013 to \$156.8 million as at 31 March 2014.

Total liabilities stood at \$65.3 million as at 31 March 2014 from the reported \$64.7 million as at 30 June 2013. The increase was mainly due to higher utilisation of our short term loans for working capital.

The increase was offset by a decrease in trade and other payables of \$1.7 million to \$6.7 million as at 31 March 2014 as a result of payments to vendors and reduction in purchases.

STATEMENT OF CASH FLOWS REVIEW

Net cash generated from operating activities was \$5.2 million for 9M2014 and this was mainly due to profitable operations from the metal recycling & scaffolding segments.

Net cash used in investing activities was \$4.1 million, mainly due to purchases of steel and scaffolding materials. This was partially offset by proceeds from disposal of property, plant and equipment.

Net cash generated from financing activities was \$2.2 million due mainly to utilisation of short term loans to fund working capital requirements.

In view of the above, cash and cash equivalents increased by \$3.4 million for 9M2014.

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 3Q2014 results are 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.

The overall industry outlook is expected to be challenging and steel prices are expected to remain sluggish given the weak demand from the market. In these circumstances, the Group will stay vigilant in managing the stock level and stay prudent in its capital management.

Amid operating in this challenging environment, the Group has continued to seek growth organically and through acquisition. On 24 April 2014, the Group entered into an Assets Acquisition Agreement to acquire properties and machinery for the operations in Malaysia. The Group believes this acquisition will extend its presence in this region and strengthen its position in the recycling arena.

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 nine months ended 31 March 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

ANG YU SENG

Executive Chairman and Chief Executive Officer

8 May 2014