



Unaudited Financial Statement And Dividend Announcement for the Three Months Period Ended 30 September 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 three months ended 30 September 2014

	GROUP		
	Unaudited 1Q 2015 S\$'000	Unaudited 1Q 2014 S\$'000	Changes %
Revenue	43,208	24,126	79.1
Cost of sales	(39,339)	(21,999)	78.8
Gross profit	3,869	2,127	81.9
Other income	1,572	2,348	(33.0)
Distribution and marketing expenses	(598)	(282)	112.1
Administrative expenses	(2,364)	(2,122)	11.4
Other operating expenses	(1,215)	(1,612)	(24.6)
Profit from operations	1,264	459	175.4
Finance expenses	(272)	(216)	25.9
Profit before income tax	992	243	308.2
Income tax expense	(179)	(23)	n.m
Net profit for the period	813	220	269.5
Other comprehensive income			
Net currency translation differences of financial statements of a foreign subsidiary	5	(12)	n.m
Total comprehensive income	818	208	293.3
Net profit attributable to:			
Equity holders of the Company	813	70	n.m
Non-controlling interests	-	150	n.m
	813	220	269.5
Total comprehensive income attributable to:			
Equity holders of the Company	818	58	n.m
Non-controlling interests	-	150	n.m
	818	208	293.3

*n.m denotes not meaningful

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

	GROUP		
	Unaudited 1Q 2015 S\$'000	Unaudited 1Q 2014 S\$'000	Changes %
Allowance for doubtful debts	(50)	-	n.m
Amortisation of intangible assets	(147)	(148)	(0.7)
Amortisation of deferred gain on sale of properties	-	519	n.m
Depreciation of property, plant and equipment	(1,266)	(1,141)	11.0
Interest income	17	18	(5.6)
Loss on disposal of property, plant and equipment	(205)	(9)	n.m
Net foreign exchange loss	(2)	(43)	(95.3)

*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 14 S\$'000	Audited 30 Jun 14 S\$'000	Unaudited 30 Sep 14 S\$'000	Audited 30 Jun 14 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	33,937	33,697	1,320	2,751
Trade and other receivables	23,010	23,818	11,088	11,001
Inventories	36,312	43,063	-	-
Total current assets	93,259	100,578	12,408	13,752
<u>Non-current assets</u>				
Intangible assets	13,135	13,282	-	-
Property, plant and equipment	39,299	39,686	204	162
Investments in subsidiaries	-	-	38,801	38,801
Investment property	14,500	14,500	-	-
Golf club membership	159	159	159	159
Financial assets, available-for-sale	-	-	-	-
Deferred income tax assets	50	50	-	-
Total non-current assets	67,143	67,677	39,164	39,122
Total assets	160,402	168,255	51,572	52,874
LIABILITIES				
<u>Current liabilities</u>				
Trade and other payables	7,252	9,342	5,234	4,828
Bank loans and bills payable	41,593	47,059	4,945	5,689
Finance lease liabilities	70	70	-	-
Current income tax liabilities	1,225	1,043	5	5
Total current liabilities	50,140	57,514	10,184	10,522
<u>Non-current liabilities</u>				
Bank loans	14,447	15,694	8,498	9,549
Finance lease liabilities	190	207	-	-
Deferred income tax liabilities	4,753	4,785	27	27
Total non-current liabilities	19,390	20,686	8,525	9,576
Total liabilities	69,530	78,200	18,709	20,098
NET ASSETS	90,873	90,055	32,863	32,776
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)	54,278	53,465	(3,740)	(3,827)
Translation reserve	(8)	(13)	-	-
TOTAL EQUITY	90,873	90,055	32,863	32,776

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 2014		As at 30 June 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,458	40,205	1,706	45,423

Amount repayable after one year

As at 30 September 2014		As at 30 June 2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,139	8,498	3,957	11,944

Details of any collateral:-

Property loans of S\$7.3 million are secured by mortgages over the properties and investment property of the Group. Finance lease liabilities of S\$0.3 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 2014

	Group 3 Months Ended	
	30 Sep 2014 S\$'000	30 Sep 2013 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	993	243
Adjustments for:		
Depreciation of property, plant and equipment	1,266	1,141
Loss on disposal of property, plant and equipment	205	9
Amortisation of deferred gain on sale of properties	-	(519)
Amortisation of intangible assets	147	148
Allowance for doubtful debts	50	-
Interest expense	272	216
Interest income	(17)	(18)
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES	2,916	1,220
Trade and other receivables	756	(1,980)
Inventories	6,752	(9,330)
Trade and other payables	(2,092)	(1,372)
CASH GENERATED FROM / (USED IN) OPERATIONS	8,332	(11,462)
Income tax paid	(29)	-
Interest paid	(272)	(216)
Interest received	17	18
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	8,048	(11,660)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,091)	(411)
Proceeds from disposal of property, plant and equipment	7	550
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	(1,084)	139
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loans	-	10,188
Repayment of bank loans	(3,351)	(1,108)
Repayment of bills payable	(3,361)	(1,492)
Repayment of finance lease liabilities	(17)	(3)
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	(6,729)	7,585
Net increase/(decrease) in cash and cash equivalents	235	(3,936)
Cash and cash equivalents at beginning of the financial year	33,697	28,244
Effect of exchange rate changes on cash & cash equivalent	5	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	33,937	24,308

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

	Group 3 months ended	
	30 Sep 2014 1Q2015 S\$'000	30 Sep 2013 1Q2014 S\$'000
Cash and bank balances	31,376	18,893
Fixed deposit	2,561	5,415
	33,937	24,308

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 2014	36,603	53,465	(13)	90,055	-	90,055
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	54,278	(8)	90,873	-	90,873
Balance as at 1 July 2013	36,603	47,149	-	83,752	5,703	89,455
Total comprehensive income						
Profit for the period	-	70	-	70	150	220
Other comprehensive income	-	-	(12)	(12)	-	(12)
	-	70	(12)	58	150	208
Balance as at 30 September 2013	36,603	47,219	(12)	83,810	5,853	89,663

Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000
Balance as at 1 July 2014	36,603	(3,827)	32,776
Total comprehensive income	-	89	89
Balance as at 30 September 2014	36,603	(3,738)	32,865
Balance as at 1 July 2013	36,603	(6,096)	30,507
Total comprehensive income	-	193	193
Balance as at 30 September 2013	36,603	(5,903)	30,700

- 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 2014, the share capital of the Company was 393,781,089 ordinary shares (30 June 2014: 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 2014.

- 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	
		30 Sep 2014	30 Sep 2013
(a)	Based on weighted average number of ordinary shares in issue	0.21 cents	0.02 cents
(b)	On a fully diluted basis	0.21 cents	0.02 cents

The earnings per share for the period ended 30 September 2014 is calculated by dividing the profit attributable to shareholders of \$813,000 (30 September 2013: \$70,000) by the weighted average number of ordinary shares of 393,781,089 (30 September 2013: 393,781,089) in issue during the financial period.

The diluted earnings per share for the period ended 30 September 2014 is calculated by dividing the profit attributable to shareholders of \$813,000 (30 September 2013: \$70,000) by the adjusted weighted average number of ordinary shares of 393,781,089 (30 September 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	
	30 Sep 2014	30 Jun 2014	30 Sep 2014	30 Jun 2014
Based on issued shares capital as at the end of the period reported on	23.08 cents	22.87 cents	8.35 cents	8.32 cents

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of \$90,873,000 (30 June 2014: S\$90,055,000) and 393,781,089 (30 June 2014: 393,781,089) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to shareholders of \$32,863,000 (30 June 2014: S\$32,776,000) and 393,781,089 (30 June 2014: 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 2014 ("1Q2015") vs 1st quarter 30 September 2013 ("1Q2014")

Revenue increased by approximately \$19.1 million or 79.1% to \$43.2 million in 1Q2015, and this was mainly due to increased revenues from our recycling and trading business segments (\$7.9 million), plus contributions from our Malaysia entity (\$11.2 million).

Consequently, cost of sales increased by approximately \$17.3 million or 78.8% to \$39.3 million in 1Q2015, which is in tandem with the increase in revenue.

Gross profit improved \$1.7 million to \$3.9 million in 1Q2015, mainly attributed to higher revenue. Gross profit margin has remained consistent.

Other income reduced by approximately \$0.8 million or 33.0% mainly due to loss of rental income for properties sold in the past financial year.

Distribution expenses increased by approximately \$0.3 million or 112.1% to \$0.6 million in 1Q2015, mainly due to the increase in business activity.

Administrative expenses increased by approximately \$0.2 million or 11.4% to \$2.4 million in 1Q2015, mainly due to the business activity of our Malaysia entity.

Other operating expenses decreased by \$0.4 million or 24.6% to \$1.2 million in 1Q2015, mainly due to the reduction in rental expenses for properties which the leases have expired during the period.

Hence, our net profit increased from \$0.2 million in 1Q2014 to \$0.8 million in 1Q2015.

STATEMENT OF FINANCIAL POSITION REVIEW

Group shareholders' equity as at 30 September 2014 stood at \$90.9 million as compared to the end of the immediate preceding financial year, 30 June 2014 at \$90.1 million. The stronger balance sheet position was mainly due to positive financial performance for the three months period.

For the period under review, trade and other receivables position has decreased from \$23.8 million as at 30 June 2014 to \$23.0 million as at 30 September 2014. This is mainly due to the improved collections from our trading and recycling activities.

Inventories decreased by \$6.8 million to \$36.3 million as at 30 September 2014 partially due to reduction in inventory orders in view of the downward trend in steel price, and also fulfilment of higher sales orders.

Properties, plant and equipment decreased by \$0.4 million to \$39.3 million as at 30 September 2014 due to depreciation of these assets.

As such, our total assets decreased from \$168.3 million as at 30 June 2014 to \$160.4 million as at 30 September 2014.

Total liabilities stood at \$69.5 million as at 30 September 2014 from the reported \$78.2 million as at 30 June 2014. The decrease was mainly due to repayment of our bills payable.

Trade and other payables decreased by \$2.1 million to \$7.3 million as at 30 September 2014 due to payment to vendors.

STATEMENT OF CASH FLOWS REVIEW

Net cash generated from operating activities was \$8.0 million for 1Q2015 and this was mainly due to profitable operations from the metal recycling & scaffolding segments.

Net cash used in investing activities was \$1.1 million, mainly due to purchases of equipment, steel and scaffolding rental materials.

Net cash used in financing activities was \$6.7 million due mainly to repayment of our bills payable.

In view of the above, cash and cash equivalents increased by \$0.2 million for 1Q2015.

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 1Q2015 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 given muted steel prices and weak market demand. Under these circumstances, the Group will stay vigilant in managing the stock level and exercise prudence in its capital management and expenditure.

The Assets Acquisition Agreement relating to properties and machinery for the operations in Malaysia is still ongoing and awaiting the fulfilment of certain conditions. The operating environment in Malaysia remains challenging with higher costs and competition from numerous competitors.

The Group will continue to seek expansion opportunities within both its existing and potential markets either organically or through acquisitions.

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 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

ANG YU SENG

Executive Chairman and Chief Executive Officer

13 November 2014