



Unaudited First Half Financial Statement And Dividend Announcement for the Period Ended 31 December 2014 ("HY 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 Half Year ended 31 December 2014

| | GROUP | | | GROUP | | |
|---|---------------------------------|---------------------------------|---------------|---------------------------------|---------------------------------|---------------|
| | Unaudited 2Q 2015 S\$'000 | Unaudited 2Q 2014 S\$'000 | Changes % | Unaudited HY 2015 S\$'000 | Unaudited HY 2014 S\$'000 | Changes % |
| Revenue | 31,703 | 39,577 | (19.9) | 74,911 | 63,703 | 17.6 |
| Cost of sales | (28,396) | (34,736) | (18.3) | (67,735) | (56,735) | 19.4 |
| Gross profit | 3,307 | 4,841 | (31.7) | 7,176 | 6,968 | 3.0 |
| Other income | 1,623 | 2,103 | (22.8) | 2,990 | 4,451 | (32.8) |
| Distribution and marketing expenses | (531) | (384) | 38.3 | (1,129) | (666) | 69.5 |
| Administrative expenses | (2,388) | (2,866) | (16.7) | (4,752) | (4,988) | (4.7) |
| Other operating expenses | (1,007) | (1,422) | (29.2) | (2,016) | (3,034) | (33.6) |
| Profit from operations | 1,004 | 2,272 | (55.8) | 2,269 | 2,731 | (16.9) |
| Finance expenses | (221) | (260) | (15.0) | (493) | (476) | 3.6 |
| Profit before income tax | 783 | 2,012 | (61.1) | 1,776 | 2,255 | (21.2) |
| Income tax expense | (78) | (487) | (84.0) | (257) | (510) | (49.6) |
| Profit for the period | 705 | 1,525 | (53.8) | 1,519 | 1,745 | (13.0) |
| Other comprehensive income | | | | | | |
| Currency translation gains arising from consolidation | 40 | (4) | n.m | 40 | (4) | n.m |
| Total comprehensive income | 745 | 1,521 | (51.0) | 1,559 | 1,741 | (10.5) |
| Net profit attributable to: | | | | | | |
| Equity holders of the Company | 705 | 1,305 | (46.0) | 1,519 | 1,375 | 10.5 |
| Non-controlling interest | - | 220 | n.m | - | 370 | n.m |
| | 705 | 1,525 | (53.8) | 1,519 | 1,745 | (13.0) |
| Total comprehensive income attributable to: | | | | | | |
| Equity holders of the Company | 745 | 1,301 | (42.7) | 1,559 | 1,371 | 13.7 |
| Non-controlling interest | - | 220 | n.m | - | 370 | n.m |
| | 745 | 1,521 | (51.0) | 1,559 | 1,741 | (10.5) |

*n.m denotes not meaningful

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

| Description | GROUP | | | GROUP | | |
|--|---------------------------------|---------------------------------|--------------|---------------------------------|---------------------------------|--------------|
| | Unaudited 2Q 2015 S\$'000 | Unaudited 2Q 2014 S\$'000 | Changes % | Unaudited HY 2015 S\$'000 | Unaudited HY 2014 S\$'000 | Changes % |
| Allowance for doubtful debts | (35) | (68) | (48.5) | (85) | (143) | (40.6) |
| Amortisation of deferred gain on sale of properties | - | 345 | n.m | - | 864 | n.m |
| Amortisation of intangible assets | (147) | (147) | - | (295) | (295) | 0.0 |
| Depreciation of property, plant and equipment | (1,313) | (1,121) | 17.1 | (2,579) | (2,262) | 14.0 |
| Finance expenses | (221) | (260) | (15.0) | (493) | (476) | 3.6 |
| Gain/(Loss) on disposal of property, plant and equipment | 188 | 111 | 69.4 | (17) | 102 | n.m |
| Interest income | 15 | 11 | 36.4 | 32 | 29 | 10.3 |
| Net foreign exchange (loss)/Gain | (4) | 13 | n.m | (6) | (30) | (80.0) |

*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 31 Dec 14 S\$'000 | Audited 30 Jun 14 S\$'000 | Unaudited 31 Dec 14 S\$'000 | Audited 30 Jun 14 S\$'000 |
| ASSETS | | | | |
| <u>Current assets</u> | | | | |
| Cash and cash equivalents | 29,436 | 33,697 | 1,528 | 2,751 |
| Trade and other receivables | 19,262 | 23,818 | 11,119 | 11,001 |
| Inventories | 36,570 | 43,063 | - | - |
| Total current assets | 85,268 | 100,578 | 12,647 | 13,752 |
| <u>Non-current assets</u> | | | | |
| Intangible assets | 12,987 | 13,282 | - | - |
| Property, plant and equipment | 38,932 | 39,686 | 235 | 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 | 33 | 50 | - | - |
| Total non-current assets | 66,611 | 67,677 | 39,195 | 39,122 |
| Total assets | 151,879 | 168,255 | 51,842 | 52,874 |
| LIABILITIES | | | | |
| <u>Current liabilities</u> | | | | |
| Trade and other payables | 5,250 | 9,342 | 8,142 | 4,828 |
| Bank loans and bills payable | 37,931 | 47,059 | 4,945 | 5,689 |
| Finance lease liabilities | 70 | 70 | - | - |
| Current income tax liabilities | 779 | 1,043 | 5 | 5 |
| Total current liabilities | 44,030 | 57,514 | 13,092 | 10,522 |
| <u>Non-current liabilities</u> | | | | |
| Bank loans | 12,278 | 15,694 | 6,702 | 9,549 |
| Finance lease liabilities | 173 | 207 | - | - |
| Deferred income tax liabilities | 4,768 | 4,785 | 27 | 27 |
| Total non-current liabilities | 17,219 | 20,686 | 6,729 | 9,576 |
| Total liabilities | 61,249 | 78,200 | 19,821 | 20,098 |
| NET ASSETS | 90,630 | 90,055 | 32,021 | 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) | 54,000 | 53,465 | (4,582) | (3,827) |
| Translation reserve | 27 | (13) | - | - |
| | 90,630 | 90,055 | 32,021 | 32,776 |
| TOTAL EQUITY | 90,630 | 90,055 | 32,021 | 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 31 December 2014 | | As at 30 June 2014 | |
|------------------------|-----------|--------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 1,413 | 36,588 | 1,706 | 45,423 |

Amount repayable after one year

| As at 31 December 2014 | | As at 30 June 2014 | |
|------------------------|-----------|--------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 5,139 | 7,312 | 6,374 | 9,527 |

Details of any collateral:-

Property loans of S\$6.3 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 Half Year ended 31 December 2014

| | Group Half Year Ended | |
|---|----------------------------------|--------------------------------|
| | 31 Dec 2014 S\$'000 | 31 Dec 2013 S\$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before income tax | 1,776 | 2,255 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,579 | 2,262 |
| Loss/(Gain) on disposal of property, plant and equipment | 17 | (102) |
| Amortisation of deferred gain on sale of properties | - | (864) |
| Amortisation of intangible assets | 295 | 295 |
| Allowance for doubtful debts | 85 | 143 |
| Interest expense | 493 | 476 |
| Interest income | (32) | (29) |
| OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES | 5,213 | 4,436 |
| Trade and other receivables | 4,471 | (4,065) |
| Inventories | 6,493 | (1,273) |
| Trade and other payables | (4,109) | (1,110) |
| CASH GENERATED FROM OPERATIONS | 12,068 | (2,012) |
| Income tax paid | (504) | (879) |
| Interest paid | (493) | (476) |
| Interest received | 32 | 29 |
| NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES | 11,103 | (3,338) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (2,179) | (4,653) |
| Proceeds from disposal of property, plant and equipment | 337 | 1,144 |
| NET CASH USED IN INVESTING ACTIVITIES | (1,842) | (3,509) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from bank loans | - | 14,551 |
| Repayment of bank loans | (5,567) | (3,456) |
| Decrease in bills payable | (6,977) | (3,114) |
| Dividends paid | (984) | (984) |
| (Repayment) / Increase of finance lease liabilities | (34) | 67 |
| NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES | (13,562) | 7,064 |
| Net increase in cash and cash equivalents | (4,301) | 217 |
| Cash and cash equivalents at beginning of the financial year | 33,697 | 28,244 |
| Effect of exchange rate changes on cash & cash equivalent | 40 | - |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 29,436 | 28,461 |

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

| | Group Half Year ended | |
|------------------------|--------------------------|------------------------|
| | 31 Dec 2014 S\$'000 | 31 Dec 2013 S\$'000 |
| Cash and bank balances | 25,448 | 22,642 |
| Fixed deposit | 3,988 | 5,819 |
| | 29,436 | 28,461 |
| | | |

- 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 | - | 1,519 | - | 1,519 | - | 1,519 |
| Other comprehensive income | - | - | 40 | 40 | - | 40 |
| Dividend paid | - | 1,519 | 40 | 1,559 | - | 1,559 |
| | - | (984) | - | (984) | - | (984) |
| Balance as at 31 December 2014 | 36,603 | 54,000 | 27 | 90,630 | - | 90,630 |
| Balance as at 1 July 2013 | 36,603 | 47,149 | - | 83,752 | 5,703 | 89,455 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | 1,375 | - | 1,375 | 370 | 1,745 |
| Other comprehensive income | - | - | (4) | (4) | - | (4) |
| Dividend paid | - | 1,375 | (4) | 1,371 | 370 | 1,741 |
| | - | (984) | - | (984) | - | (984) |
| Balance as at 31 December 2013 | 36,603 | 47,540 | (4) | 84,139 | 6,073 | 90,212 |

| 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 | - | 229 | 229 |
| Dividend paid | - | (984) | (984) |
| Balance as at 31 December 2014 | 36,603 | (4,582) | 32,021 |
| Balance as at 1 July 2013 | 36,603 | (6,096) | 30,507 |
| Total comprehensive income | - | 263 | 263 |
| Dividend paid | - | (984) | (984) |
| Balance as at 31 December 2013 | 36,603 | (6,817) | 29,786 |

- 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 December 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 | | Group | |
|-----------------------------|--|-------------|-------------|
| | | 31 Dec 2014 | 31 Dec 2013 |
| (a) | Based on weighted average number of ordinary shares in issue | 0.39 cents | 0.35 cents |
| (b) | On a fully diluted basis | 0.39 cents | 0.35 cents |

(a) The earnings per share for the period ended 31 December 2014 is calculated by dividing the profit attributable to shareholders of \$1,519,000 (31 December 2013: \$1,375,000) by the weighted average number of ordinary shares of 393,781,089 (31 December 2013: 393,781,089) in issue during the financial period.

(b) The diluted earnings per share for the period ended 31 December 2014 is calculated by dividing the profit attributable to shareholders of \$1,519,000 (31 December 2013: \$1,375,000) by the adjusted weighted average number of ordinary shares of 393,781,089 (31 December 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 Dec 2014 | 30 Jun 2014 | 31 Dec 2014 | 30 Jun 2014 |
| Based on issued shares capital as at the end of the period reported on | 23.02 cents | 22.87 cents | 8.13 cents | 8.32 cents |

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of \$90,630,000 (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 \$32,021,000 (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: 2nd quarter ended 31 December 2014 ("2Q2015") vs 2nd quarter ended 31 December 2013 ("2Q2014")

Revenue decreased by approximately \$7.9 million or 19.9% to \$31.7 million in 2Q2015, and this was mainly due to decreased revenues from our recycling and trading business segments (\$5.3 million), plus decreased revenues from our Malaysia entity (\$2.6 million).

Consequently, cost of sales decreased by approximately \$6.3 million or 18.3% to \$28.4 million in 2Q2015, which is in tandem with the decrease in revenue.

Gross profit reduced by \$1.5 million to \$3.3 million in 2Q2015, mainly attributed to lower revenue and margin. Gross profit margin reduced from 12.2% in 2Q2014 to 10.4% in 2Q2015.

Other income reduced by approximately \$0.5 million or 22.8% mainly due to loss of rental income for properties sold in the past financial year.

Distribution expenses increased by approximately \$0.1 million or 38.3% to \$0.5 million in 2Q2015, mainly due to the increase in import and export activities.

Administrative expenses decreased by approximately \$0.5 million or 16.7% to \$2.4 million in 2Q2015, mainly due to reduced expenses of our Malaysia entity.

Other operating expenses decreased by \$0.4 million or 29.2% to \$1.0 million in 2Q2015, mainly due to the reduction in rental expenses for properties which the leases have expired during the period.

Hence, our net profit decreased from \$1.5 million in 2Q2014 to \$0.7 million in 2Q2015.

Review for the half-year results: 6 months ended 31 December 2014 ("HY2015") vs 6 months ended 31 December 2013 ("HY2014")

Revenue increased by approximately \$11.2 million or 17.6% to \$74.9 million in HY2015, and this was mainly due to the revenue contribution from our Malaysia entity in HY2015 (\$10.1 million) and increased in recycling and trading business segments (\$1.1 million).

Consequently, cost of sales increased by approximately \$11.0 million or 19.4% to \$67.7 million in HY2015.

Gross profit improved by \$0.2 million to \$67.7 million in HY2015, mainly attributed to higher revenue. Gross profit margin reduced from 10.9% in HY2014 to 9.6% in HY2015.

Other income reduced by approximately \$1.5 million or 32.8% mainly due to loss of rental income for properties sold in the past financial year.

Distribution expenses increased by approximately \$0.5 million or 69.5% to \$1.1 million in HY2015, in line with the increased business activities in general.

Administrative expenses decreased by approximately \$0.2 million or 4.7% to \$4.8 million in HY2015, mainly due to reduced expenses of our Malaysia entity.

Other operating expenses decreased by \$1.0 million or 33.6% to \$2.0 million in HY2015, mainly due to the reduction in rental expenses for properties which the leases have expired during the period.

Hence, our net profit decreased from \$1.7 million in HY2014 to \$1.5 million in HY2015.

STATEMENT OF FINANCIAL POSITION REVIEW

Group shareholders' equity as at 31 December 2014 stood at \$90.6 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 six months period.

For the period under review, trade and other receivables position has decreased from \$23.8 million as at 30 June 2014 to \$19.3 million as at 31 December 2014. This is mainly due to the improved collections from our trading and recycling activities.

Inventories decreased by \$6.5 million to \$36.6 million as at 31 December 2014 partially due to the support of higher sales orders for the period under review.

Property, plant and equipment decreased by \$0.8 million to \$38.9 million as at 31 December 2014 due to depreciation of these assets.

As such, our total assets decreased from \$168.3 million as at 30 June 2014 to \$151.9 million as at 31 December 2014.

Total liabilities stood at \$61.3 million as at 31 December 2014 from the reported \$78.2 million as at 30 June 2014. The decrease was mainly due to repayment of bills payable and bank borrowings.

Trade and other payables decreased by \$4.1 million to \$5.3 million as at 31 December 2014 due to payment to vendors.

STATEMENT OF CASH FLOWS REVIEW

Net cash generated from operating activities was \$12.1 million for HY2015 and this was mainly due to profitable operations from the metal recycling & scaffolding segments.

Net cash used in investing activities was \$1.8 million, mainly due to purchases of equipment, steel and scaffolding rental materials.

Net cash used in financing activities was \$13.6 million due mainly to repayment of our bills payable and bank borrowings.

In view of the above, cash and cash equivalents decreased by \$4.3 million for HY2015.

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 HY2015 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 lacklustre market conditions. The continued depression in steel prices, along with the strengthening of the US Dollar, has increased the volatility and uncertainty in the market. Under these circumstances, the Group will stay vigilant in managing the stock level and stay prudent in its capital management and expenditure.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

| Name of Dividend | Interim Dividend |
|---------------------------|---------------------|
| Dividend Type | Cash |
| Dividend Amount per Share | 0.05 cents |
| Tax Rate | One tier tax-exempt |

(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

27 March 2015

(d) Books closure date

13 March 2015

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). 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 six months ended 31 December 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

ANG YU SENG

Executive Chairman and Chief Executive Officer

12 February 2015