

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2014

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

1(a)(i) *An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Consolidated Income Statement

	Group					
	Third quarter ended		Increase/	Nine months ended		Increase/
	31/03/2014	31/03/2013	(Decrease)	31/03/2014	31/03/2013	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	13,621	13,530	1	44,725	43,736	2
Cost of sales	(10,827)	(10,478)	3	(35,900)	(34,286)	5
Gross profit	2,794	3,052	(8)	8,825	9,450	(7)
Other operating income	56	167	(66)	124	120	3
Distribution costs	(1,377)	(1,173)	17	(3,993)	(3,367)	19
Administrative expenses	(806)	(694)	16	(2,358)	(2,199)	7
Other operating expenses	(10)	-	N/M	-	(177)	N/M
Results from operating activities	657	1,352	(51)	2,598	3,827	(32)
Net finance income	65	71	(8)	201	173	16
Profit before tax	722	1,423	(49)	2,799	4,000	(30)
Tax expense	(136)	(229)	(41)	(576)	(760)	(24)
Net profit for the period	586	1,194	(51)	2,223	3,240	(31)
Earnings per share						
Basic (cents)	0.26	0.54		1.00	1.46	
Diluted (cents)	0.26	0.54		1.00	1.46	

1(a)(ii) Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group					
	Third quarter ended		Increase/ (Decrease)	Nine months ended		Increase/ (Decrease)
	31/03/2014	31/03/2013		31/03/2014	31/03/2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit for the period	586	1,194	(51)	2,223	3,240	(31)
Other comprehensive income:						
Foreign currency translation differences for foreign operations	(19)	45	N/M	3	15	(80)
Total comprehensive income for the period	567	1,239	(54)	2,226	3,255	(32)
Attributable to:						
Equity holders of the Company	567	1,239	(54)	2,226	3,255	(32)
Total comprehensive income for the period	567	1,239	(54)	2,226	3,255	(32)

N/M: Not meaningful

1(a)(iii) Net profit for the period has been arrived at after crediting / (charging) the following:

	Group			
	Third quarter ended		Nine months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(230)	(234)	(684)	(680)
Gain / (loss) on disposal of property, plant and equipment	(1)	53	(1)	83
Foreign currency exchange gain / (loss)	(9)	109	35	(163)
Net finance income	65	71	201	173
Reversal of allowance for doubtful debts - trade	-	6	6	11
Reversal of inventory allowance, net	34	39	44	236
Inventory written off	(8)	(5)	(12)	(156)

(b)(i) *A balance sheet (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	
	31/03/2014	30/06/2013	31/03/2014	30/06/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,030	8,276	7,771	8,059
Investment in subsidiaries	–	–	7,607	4,607
Other financial assets	5,141	5,191	5,141	5,191
Deferred tax assets	–	5	–	23
	<u>13,171</u>	<u>13,472</u>	<u>20,519</u>	<u>17,880</u>
Current assets				
Inventories	40,299	36,415	37,005	32,700
Trade and other receivables	19,101	19,625	19,500	20,208
Cash and cash equivalents	17,904	23,048	13,579	21,686
	<u>77,304</u>	<u>79,088</u>	<u>70,084</u>	<u>74,594</u>
Total assets	<u>90,475</u>	<u>92,560</u>	<u>90,603</u>	<u>92,474</u>
Equity attributable to equity holders of the Company				
Share capital	45,750	45,750	45,750	45,750
Revaluation reserve	1,860	1,860	1,860	1,860
Currency translation reserve	63	60	–	–
Retained earnings	38,733	40,506	39,140	40,701
Total equity	<u>86,406</u>	<u>88,176</u>	<u>86,750</u>	<u>88,311</u>
Current liabilities				
Trade and other payables	3,451	3,518	3,291	3,326
Current tax liabilities	584	866	555	837
	<u>4,035</u>	<u>4,384</u>	<u>3,846</u>	<u>4,163</u>
Deferred tax liability	34	–	7	–
Total liabilities	<u>4,069</u>	<u>4,384</u>	<u>3,853</u>	<u>4,163</u>
Total equity and liabilities	<u>90,475</u>	<u>92,560</u>	<u>90,603</u>	<u>92,474</u>

1(b)(ii) *Aggregate amount of group's borrowings and debt securities*

The Group and the Company did not have any borrowings as at 31 March 2014 and 30 June 2013.

- 1(c) *A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Consolidated Statement of Cash Flows

	Group			
	Third quarter ended		Nine months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period	586	1,194	2,223	3,240
Adjustments for :				
Depreciation of property, plant and equipment	230	234	684	680
Loss / (gain) on disposal of property, plant and equipment	1	(53)	1	(83)
Net finance income	(65)	(71)	(201)	(173)
Tax expense	136	229	576	760
	888	1,533	3,283	4,424
Changes in:				
Trade and other receivables	(886)	(643)	524	2,860
Trade and other payables	226	(414)	(67)	1
Inventories	2,245	(614)	(3,884)	(1,900)
Net cash (used in) / generated from operations	2,473	(138)	(144)	5,385
Tax paid	(392)	(542)	(819)	(1,090)
Net cash (used in) / generated from operating activities	2,081	(680)	(963)	4,295
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	63	-	93
Purchase of property, plant and equipment	(31)	(157)	(439)	(298)
Purchase of other financial assets	-	(1,019)	-	(3,052)
Interest received	71	71	251	173
Net cash generated from / (used in) investing activities	40	(1,042)	(188)	(3,084)
Cash flows from financing activities				
Dividend paid	-	-	(3,996)	(4,440)
Net cash used in financing activities	-	-	(3,996)	(4,440)
Net increase / (decrease) in cash and cash equivalents	2,121	(1,722)	(5,147)	(3,229)
Cash and cash equivalents at beginning of the period	15,802	31,032	23,048	32,569
Effect of exchange rates fluctuations	(19)	45	3	15
Cash and cash equivalents at end of the period	17,904	29,355	17,904	29,355
Cash and cash equivalents comprise:				
Cash and bank balances	7,904	17,355	7,904	17,355
Short-term bank deposits	10,000	12,000	10,000	12,000
	17,904	29,355	17,904	29,355

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.*

Consolidated Statement of Changes in Equity for the Group

	Share capital	Revaluation reserve	Translation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2013	45,750	1,860	60	40,506	88,176
Total comprehensive income for the half year ended 31 December 2013	-	-	22	1,637	1,659
Dividend paid	-	-	-	(3,996)	(3,996)
Balance as at 31 December 2013	45,750	1,860	82	38,147	85,839
Total comprehensive income for the quarter ended 31 March 2014	-	-	(19)	586	567
Balance as at 31 March 2014	45,750	1,860	63	38,733	86,406
Balance as at 1 July 2012	45,750	1,860	29	40,654	88,293
Total comprehensive income for the half year ended 31 December 2012	-	-	(30)	2,046	2,016
Dividend paid	-	-	-	(4,440)	(4,440)
Balance as at 31 December 2012	45,750	1,860	(1)	38,260	85,869
Total comprehensive income for the quarter ended 31 March 2013	-	-	45	1,194	1,239
Balance as at 31 March 2013	45,750	1,860	44	39,454	87,108

Statement of Changes in Equity for the Company

	Share capital	Revaluation reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 July 2013	45,750	1,860	40,701	88,311
Total comprehensive income for the half year ended 31 December 2013	-	-	1,755	1,755
Dividend paid	-	-	(3,996)	(3,996)
Balance as at 31 December 2013	45,750	1,860	38,460	86,070
Total comprehensive income for the quarter ended 31 March 2014	-	-	680	680
Balance as at 31 March 2014	45,750	1,860	39,140	86,750
Balance as at 1 July 2012	45,750	1,860	40,882	88,492
Total comprehensive income for the half year ended 31 December 2012	-	-	1,979	1,979
Dividend paid	-	-	(4,440)	(4,440)
Balance as at 31 December 2012	45,750	1,860	38,421	86,031
Total comprehensive income for the quarter ended 31 March 2013	-	-	1,218	1,218
Balance as at 31 March 2013	45,750	1,860	39,639	87,249

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, issue 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.*

There was no change in the share capital of the Company during the period reported on.

There were no outstanding convertibles and treasury shares as at 31 March 2014 and 31 March 2013.

1(d)(iii) *To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year:*

	As at 31/03/2014	As at 30/06/2013
Number of shares in issue	222,000,000	222,000,000

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 report on:*

Not applicable.

2. *Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.*

The figures in respect of the period ended 31 March 2014 have not been audited or reviewed by the auditors.

3. *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 preparation of the financial statements for the current financial period as those of the audited financial statements for the financial 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 Share

	Group		Group	
	Third quarter ended		Nine months ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.26	0.54	1.00	1.46
(b) on a fully diluted basis	0.26	0.54	1.00	1.46
Weighted average number of shares in issue	222,000,000	222,000,000	222,000,000	222,000,000

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 financial period reported on; and*
 (b) *immediately preceding financial year.*

Net Asset Value per Share

	Group		Company	
	31/03/2014	30/06/2013	31/03/2014	30/06/2013
Net asset value per share based on issued share capital (cents)	38.9	39.7	39.1	39.8
Number of shares on issue	222,000,000	222,000,000	222,000,000	222,000,000

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 and liabilities of the group during the current financial period reported on.*

REVIEW OF PERFORMANCE

Comprehensive Income

Revenue for the quarter ended 31 March 2014 ("3Q2014") was \$13.62 million, at approximately the same level as for 3Q2013, the corresponding quarter of the previous year.

For the 9-month period ended 31 March 2014, revenue was marginally higher at \$44.73 million versus \$43.74 million recorded in the corresponding period of the preceding year.

Gross profit of \$2.79 million for 3Q2014 was 8% lower compared with \$3.05 million for 3Q2013 mainly due to a slight dip in sales volume, though average selling price increased marginally but at a slower pace than the increase in average cost price. This also had a negative effect on the gross profit for the nine months period ended 31 March 2014.

Other operating income of \$56,000 for 3Q2014 (3Q2013: \$167,000) was lower mainly because there was a foreign currency exchange gain and a gain on disposal of property, plant and equipment in third quarter of the preceding year but none in 3Q2014. On the other hand, other operating expense of \$10,000 for 3Q2014 comprised mainly a foreign currency exchange loss of \$9,000 (3Q2013: nil).

For the nine months to 31 March 2014, other operating expense was nil whereas an exchange loss of \$163,000 was reflected in other operating expense for the corresponding period in the previous year. Foreign currency exchange gains or losses are presented on net basis in the respective periods.

Distribution costs and administrative expenses for 3Q2014 were higher largely due to increase in manpower costs compared with 3Q2013. The higher distribution costs also included a one-time additional property tax of \$32,000 due to revision of the annual value of the warehouse facility at 32 Gul Crescent Singapore subsequent to the completion of renovation and extension of the warehouse in 2011.

Net profit for the quarter and the nine months ended 31 March 2014 was therefore lower compared with the net profit posted in the corresponding periods of the previous year.

Financial Position and Cash Flows

Inventories decreased by 5% during 3Q2014 to \$40.30 million from \$42.54 million a quarter ago as the Group drew from its inventories for sales whilst scaling down purchases.

Trade and other receivables increased marginally by 5% in the quarter to \$19.10 million versus \$18.22 at the end of the preceding quarter in the current year mainly due to timing of receipts from customers.

Net cash generated from operations was a positive \$2.47 million in 3Q2014 compared with a negative \$138,000 in net cash used in operating activities in 3Q2013 mainly due to lower inventory purchases.

The Group incorporated a wholly owned subsidiary, SG Specialty Metals Pte Ltd, in Singapore during the quarter to focus on the business of special steel products for the oil and gas market.

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

Not applicable

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.*

Prices of nickel has increased significantly from USD15,000 per metric ton ("MT") to USD18,000 per MT due to recent events - Indonesia's ore export ban as well as possible sanctions imposed on Russia - as these are two main sources of nickel supply.

This might lead to higher cost prices for our stock materials. There is limited upside potential for selling prices of our stock materials as demand is still weak coupled with intensive competition in the market.

Notwithstanding this, through careful management of our inventory and financial prudence, the Company should remain profitable for the current financial year.

11. *Dividend*

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) The date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined:

Not applicable

12. *If no dividend has been declared (recommended), a statement to that effect.*

No dividend has been declared or recommended for the quarter ended 31 March 2014.

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, a statement to that effect.*

The Group does not have any general mandate from shareholders pursuant to Rule 920.

Confirmation by Directors

Pursuant to Rule 705(5) of the Listing Manual, we, the undersigned, on behalf of the Board of Directors of the Company, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the third quarter ended 31 March 2014 to be false or misleading in any material aspect.

Kua Ghim Siong
Director / Chief Executive Officer

Kua Chee Seng
Director

BY ORDER OF THE BOARD

Kua Ghim Siong
Director / Chief Executive Officer

2 May 2014