

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 30 JUNE 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					
	Fourth quarter ended		Increase/ (Decrease)	Full year ended		Increase/ (Decrease)
	30/06/2014	30/06/2013	%	30/06/2014	30/06/2013	%
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	18,302	16,255	13	63,027	59,991	5
Cost of sales	(14,436)	(13,006)	11	(50,336)	(47,292)	6
Gross profit	3,866	3,249	19	12,691	12,699	0
Other operating income	83	26	219	172	129	33
Distribution costs	(1,520)	(1,268)	20	(5,513)	(4,635)	19
Administrative expenses	(799)	(784)	2	(3,157)	(2,983)	6
Other operating expenses	(88)	(6)	1367	(53)	(166)	(68)
Results from operating activities	1,542	1,217	27	4,140	5,044	(18)
Net finance income	86	81	6	287	254	13
Profit before tax	1,628	1,298	25	4,427	5,298	(16)
Tax expense	(175)	(246)	(29)	(751)	(1,006)	(25)
Net profit for the period	1,453	1,052	38	3,676	4,292	(14)
Earnings per share						
Basic (cents)	0.65	0.47		1.66	1.93	
Diluted (cents)	0.65	0.47		1.66	1.93	

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

	Group					
	Fourth quarter ended		Increase/ (Decrease)	Full year ended		Increase/ (Decrease)
	30/06/2014	30/06/2013		30/06/2014	30/06/2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit for the period	1,453	1,052	38	3,676	4,292	(14)
Other comprehensive income:						
Foreign currency translation differences for foreign operations	(26)	16	N/M	(23)	31	N/M
Total comprehensive income for the period	1,427	1,068	34	3,653	4,323	(15)
Attributable to:						
Equity holders of the Company	1,427	1,068	34	3,653	4,323	(15)
Total comprehensive income for the period	1,427	1,068	34	3,653	4,323	(15)

N/M: Not meaningful

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

	Group			
	Fourth quarter ended		Full year ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	(238)	(237)	(922)	(917)
Gain / (loss) on disposal of property, plant and equipment	-	8	(1)	91
Foreign currency exchange gain / (loss)	(87)	(3)	(52)	(166)
Net finance income	86	81	287	254
Reversal/(Allowance) for doubtful debts – trade, net	5	(6)	5	5
Reversal/(Allowance) for inventory allowance, net	157	69	201	305

(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	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,274	8,276	7,924	8,059
Investment in subsidiaries	-	-	7,607	4,607
Other financial assets	5,135	5,191	5,135	5,191
Deferred tax assets	-	5	-	23
	<u>13,409</u>	<u>13,472</u>	<u>20,666</u>	<u>17,880</u>
Current assets				
Inventories	38,231	36,415	34,470	32,700
Trade and other receivables	22,156	19,625	22,612	20,208
Cash and cash equivalents	18,677	23,048	15,060	21,686
	<u>79,064</u>	<u>79,088</u>	<u>72,142</u>	<u>74,594</u>
Total assets	<u>92,473</u>	<u>92,560</u>	<u>92,808</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	37	60	-	-
Retained earnings	40,186	40,506	40,777	40,701
Total equity	<u>87,833</u>	<u>88,176</u>	<u>88,387</u>	<u>88,311</u>
Current liabilities				
Trade and other payables	3,848	3,518	3,680	3,326
Current tax liabilities	718	866	694	837
	<u>4,566</u>	<u>4,384</u>	<u>4,374</u>	<u>4,163</u>
Deferred tax liability	74	-	47	-
Total liabilities	<u>4,640</u>	<u>4,384</u>	<u>4,421</u>	<u>4,163</u>
Total equity and liabilities	<u>92,473</u>	<u>92,560</u>	<u>92,808</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 30 June 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			
	Fourth quarter ended		Full year ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period	1,453	1,052	3,676	4,292
Adjustments for :				
Depreciation of property, plant and equipment	238	237	922	917
Loss / (Gain) on disposal of property, plant and equipment	-	(8)	1	(91)
Net finance income	(86)	(81)	(287)	(254)
Tax expense	175	246	751	1,006
	<u>1,780</u>	<u>1,446</u>	<u>5,063</u>	<u>5,870</u>
Changes in:				
Trade and other receivables	(3,055)	(2,403)	(2,531)	457
Trade and other payables	397	(299)	330	(298)
Inventories	<u>2,068</u>	<u>(2,849)</u>	<u>(1,816)</u>	<u>(4,749)</u>
Net cash generated from / (used in) operations	1,190	(4,105)	1,046	1,280
Tax paid	(1)	(5)	(820)	(1,095)
Net cash generated from / (used in) operating activities	<u>1,189</u>	<u>(4,110)</u>	<u>226</u>	<u>185</u>
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	**	9	**	102
Purchase of property, plant and equipment	(482)	(164)	(921)	(462)
Purchase of other financial assets	-	(2,151)	-	(5,203)
Interest received	92	93	343	266
Net cash used in investing activities	<u>(390)</u>	<u>(2,213)</u>	<u>(578)</u>	<u>(5,297)</u>
Cash flows from financing activities				
Dividend paid	-	-	(3,996)	(4,440)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>(3,996)</u>	<u>(4,440)</u>
Net increase / (decrease) in cash and cash equivalents	799	(6,323)	(4,348)	(9,552)
Cash and cash equivalents at beginning of the period	17,904	29,355	23,048	32,569
Effect of exchange rates fluctuations	(26)	16	(23)	31
Cash and cash equivalents at end of the period	<u>18,677</u>	<u>23,048</u>	<u>18,677</u>	<u>23,048</u>
Cash and cash equivalents comprise:				
Cash and bank balances	8,677	13,048	8,677	13,048
Short-term bank deposits	10,000	10,000	10,000	10,000
	<u>18,677</u>	<u>23,048</u>	<u>18,677</u>	<u>23,048</u>

** less than \$1000

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 nine months ended 31 March 2014	-	-	3	2,223	2,226
Dividend paid	-	-	-	(3,996)	(3,996)
Balance as at 31 March 2014	45,750	1,860	63	38,733	86,406
Total comprehensive income for the quarter ended 30 June 2014	-	-	(26)	1,453	1,427
Balance as at 30 June 2014	45,750	1,860	37	40,186	87,833
Balance as at 1 July 2012	45,750	1,860	29	40,654	88,293
Total comprehensive income for the nine months ended 31 March 2013	-	-	15	3,240	3,255
Dividend paid	-	-	-	(4,440)	(4,440)
Balance as at 31 March 2013	45,750	1,860	44	39,454	87,108
Total comprehensive income for the quarter ended 30 June 2013	-	-	16	1,052	1,068
Balance as at 30 June 2013	45,750	1,860	60	40,506	88,176

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 nine months ended 31 March 2014	-	-	2,435	2,435
Dividend paid	-	-	(3,996)	(3,996)
Balance as at 31 March 2014	45,750	1,860	39,140	86,750
Total comprehensive income for the quarter ended 30 June 2014	-	-	1,637	1,637
Balance as at 30 June 2014	45,750	1,860	40,777	88,387
Balance as at 1 July 2012	45,750	1,860	40,882	88,492
Total comprehensive income for the nine months ended 31 March 2013	-	-	3,197	3,197
Dividend paid	-	-	(4,440)	(4,440)
Balance as at 31 March 2013	45,750	1,860	39,639	87,249
Total comprehensive income for the quarter ended 30 June 2013	-	-	1,062	1,062
Balance as at 30 June 2013	45,750	1,860	40,701	88,311

- 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 30 June 2014 and 30 June 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 30/06/2014	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 30 June 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	
	Fourth quarter ended		Full year ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Earnings per share (cents)				
(a) based on weighted average number of shares in issue	0.65	0.47	1.66	1.93
(b) on a fully diluted basis	0.65	0.47	1.66	1.93
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	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Net asset value per share based on issued share capital (cents)	41.6	39.7	41.8	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

Consolidated Income Statement

The Group's results for the quarter ended 30 June 2014 ("4Q2014") generally improved compared with 4Q2013, the corresponding quarter of the previous year. Revenue for 4Q2014 rose 13% to \$18.30 million (4Q2013: \$16.26 million) whilst gross profit increased by 19% to \$3.87 million (4Q2013: \$3.25 million). The increase in revenue was spurred by the spike in nickel price during the quarter as well as expectation of further nickel price increases in view of the uncertainty of supply and increased demand in China.

Revenue for the full year ended 30 June 2014 ("FY2014"), was \$63.03 million compared with \$59.99 million) for the preceding year ended 30 June 2013 ("FY2013"). Whilst product demand was on the uptrend and sales volume increased, stiff competition prevailed, leading to pressure on gross profit margin. This had resulted in the gross profit for the year staying flat at \$12.69 million (FY2013: \$12.70 million) even though revenue increased.

Distribution costs for 4Q2014 were higher at \$1.52 million (4Q2013: \$1.27 million) mainly due to increased sales activities and manpower costs.

For the full year, distribution costs were higher at \$5.51 million (FY2013: \$4.64 million) primarily due to increased manpower costs, new hires, corporate branding exercise and increased marketing activities such as trade fairs. Additional property tax amounting to \$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) also contributed to the increase in distribution costs for FY2014, as there were no similar expenses in the preceding year.

Other operating income of \$83,000 (4Q2013: \$26,000) was higher for 4Q2014 mainly due to write-back of provision for value-added tax ("VAT") in respect of inventories purchased in previous years for the Suzhou subsidiary. As the VAT has progressively been recovered, provision is no longer required. Other operating expenses were higher at \$88,000 (4Q2013: \$6,000) mainly due to foreign currency exchange loss for the quarter.

For the full year, other operating income was higher at \$172,000 (FY2013: \$129,000) mainly because of government grants and subsidies as well as the write-back of the provision for VAT referred to in the preceding paragraph. Net finance income was higher at \$287,000 (FY2013: \$254,000) mainly due to improved yield on the bond securities investments. On a net basis, other operating expenses were lower at \$53,000 (FY2013: \$166,000) largely due to lower foreign currency exchange loss for the year.

Net profit for 4Q2014 was higher at \$1.45 million (4Q2013: 1.05 million) mainly because of improved gross profit resulting from the higher revenue.

Net profit achieved for the year was lower at \$3.68 million (FY2013: 4.29 million) primarily due to the factors outlined above.

Financial Position and Cash Flows

The Group's inventories increased to \$38.23 million (FY2013: \$36.42 million) as it continued to replenish its stockholdings and widen its product range. Inventory turnover for FY2014 was 271 days versus 263 days for the previous year.

Trade receivables outstanding as at the end of the financial year totalled \$19.41 million (FY2013: \$16.97 million) representing 112 days (103 days) in receivables turnover. The higher trade receivables as of 30 June 2014 were mainly due to higher sales in the fourth quarter of FY2014 relative to the corresponding quarter in FY2013 and delay in payment by some customers. Other receivables totaling \$2.75 million (FY2013: \$2.65 million) mainly comprised prepayments to suppliers for materials purchased.

For the quarter 4Q2014, net cash generated from operating activities was a positive \$1.19 million versus a negative of \$4.11 million for 4Q2013 mainly due to lower inventory purchases in 4Q2014. Net cash used in investing activities decreased significantly during the quarter and the year as there was no further purchase of bond securities during the current financial year.

Cash and cash equivalents decreased to \$18.68 million (FY2013: \$23.05 million) largely due to increase in inventory purchases and delay in payment by some customers. Overall, net current assets stood at \$74.50 million (FY2013: \$74.70 million).

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.*

Nickel price has stabilised around USD18,000 to USD19,000 per metric ton (MT) from the earlier high of USD22,000 per MT. It is expected to stay within this range till the end of the calendar year barring any further shocks. This price stability, coupled with reports of nickel prices rising higher next year, will likely sustain a healthy demand for our products.

We will be mindful of continued price competition and prudently manage our inventories to ensure maximum profitability.

11. Dividend*(a) Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? Yes

The Directors recommend a Final tax-exempt dividend of 1.5 cents per share based on 222,000,000 shares in issue as at 30 June 2014 for shareholders' approval at the forthcoming Annual General Meeting of the Company.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share	1.5 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? Yes

Name of dividend	Final
Dividend type	Cash
Dividend amount per share	1.8 cents
Tax rate	One-tier tax exempt

(c) Date payable

To be advised at a later date.

(d) Books closure date

To be advised at a later date.

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

To be advised at a later date.

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, a statement to that effect.

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

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. *Revenue and Results by Business Segments*

The Group has essentially one business or operating segment, which is the trading and sales of stainless steel products, as the risks and returns of the products are substantially similar. These products comprise mainly bars, plates, pipes, tubes, flanges and fittings which are stainless steel materials of varying grades and specifications for use in the respective industries to which the Group sells its products. The Group's resource allocation is market-oriented with focus on the respective industries.

Financial year ended 30 June 2014

	Marine and shipbuilding	Oil & gas and petrochemical	Building and construction	Machining and processing	Trading and others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	11,391	6,080	2,816	17,178	25,562	63,027
Segment Results	1,740	1,028	677	2,751	6,495	12,691
Unallocated costs						(8,723)
						3,968
Other operating income and net finance income						459
Profit before tax						4,427
Tax expense						(751)
Net profit for the year						3,676
Assets:						
Trade receivables	3,749	2,428	798	5,036	7,397	19,408
Others - unallocated						73,065
						92,473
Liabilities - unallocated						4,640
Capital expenditure - unallocated						921
Depreciation of property, plant and equipment - unallocated						922

Financial year ended 30 June 2013

	Marine and shipbuilding	Oil & gas and petrochemical	Building and construction	Machining and processing	Trading and others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	9,419	5,600	3,116	18,502	23,354	59,991
Segment Results	1,472	1,240	668	2,827	6,119	12,326
Unallocated costs						(7,411)
						4,915
Other operating income						383
Profit before tax						5,298
Tax expense						(1,006)
Net profit for the year						4,292
Assets:						
Trade receivables	3,181	1,603	820	6,243	5,125	16,972
Others - unallocated						75,588
						92,560
Liabilities - unallocated						4,384
Capital expenditure - unallocated						462
Depreciation of property, plant and equipment - unallocated						917

Information on income, expenses, assets and liabilities, other than as identified and allocated to the respective segments, is not provided by segment as it is neither meaningful nor practicable to allocate these items by segment.

Revenue by Geographical Segments

Distribution of revenue based on the geographical location of customers:

	FY2014	FY2013
	S\$'000	S\$'000
Singapore	37,428	35,657
ASEAN	21,406	21,805
Others	4,193	2,529
	63,027	59,991

15. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments:*

Please refer to paragraph 8.

16. *Breakdown of Revenue*

	FY2014	FY2013	Increase/ (Decrease)
	S\$'000	S\$'000	%
(a) Revenue reported for first half year	31,104	30,206	3
(b) Profit after tax reported for first half year	1,637	2,046	(20)
(c) Revenue reported for second half year	31,923	29,785	7
(d) Profit after tax reported for second half year	2,039	2,246	(9)

17. *Breakdown of Total Annual Dividend (in dollar value) for the issuer's latest full year and its previous full year.*

	FY2014	FY2013
	S\$'000	S\$'000
Final dividend	3,330	3,996

18. *Aggregate value of interested person transactions entered into by the Company and/or its subsidiaries during the year*

There were no interested person transactions during the year under review.

19. *Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.*

Name	Age	Family relationship with any Director and/or substantial shareholder	Current position and duties and the year the position was held	Details of changes in duties and position held, if any, during the year
Kua Chee Kok	53	Brother of Kua Chee Seng; uncle of Kua Ghim Siong and Kua Peng Chuan; cousin of Kua Eng Bee, Kua Eng Watt, and Kua Chee Hong; and cousin-in-law of Ler Bee Chin	Senior Manager (Warehouse). Manages warehouse operations; First held position in October 2006.	N.A.
Kua Eng Bee	62	Cousin of Kua Chee Seng and Kua Chee Hong; uncle of Kua Ghim Siong and Kua Peng Chuan; sibling of Kua Eng Watt; and cousin-in-law of Ler Bee Chin	Senior Manager (Sales & Marketing). Manages local sales operations. First held position in October 2006.	N.A.

BY ORDER OF THE BOARD

Kua Ghim Siong
Director / Chief Executive Officer

21 August 2014