

Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the Period Ended 30 June 2018

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

1(a) Consolidated Statement of Comprehensive Income for the 9 months and third quarter ended 30 June 2018

	9 Months 2018 \$'000	9 Months 2017 \$'000	+ / (-) %	3rd Quarter 2018 \$'000	3 rd Quarter 2017 \$'000	+ / (-) %
Revenue	355,075	218,864	62	145,951	70,086	n.m.
Cost of sales	<u>(336,323)</u>	<u>(204,008)</u>	65	<u>(141,418)</u>	<u>(67,326)</u>	n.m.
Gross profit	18,752	14,856	26	4,533	2,760	64
Other income [note (a)]	1,397	419	n.m.	1,157	131	n.m.
Expenses						
- Distribution expenses	(3,730)	(3,163)	18	(1,512)	(1,200)	26
- Administrative expenses	(9,314)	(4,634)	n.m.	(5,161)	(1,330)	n.m.
- Finance costs	(2,840)	(1,354)	n.m.	(1,378)	(545)	n.m.
- Other operating expenses	(6,346)	(3,550)	79	(3,934)	(1,008)	n.m.
Share of results of joint venture	439	(743)	n.m.	241	(298)	n.m.
Share of results of associates	<u>(1,163)</u>	<u>-</u>	n.m.	<u>(326)</u>	<u>-</u>	n.m.
(Loss) / profit before tax from continuing operations [note (b)]	(2,805)	1,831	n.m.	(6,380)	(1,490)	n.m.
Income tax expense	<u>(1,040)</u>	<u>(977)</u>	6	<u>(456)</u>	<u>108</u>	n.m.
(Loss) / profit from continuing operations, net of tax	(3,845)	854	n.m.	(6,836)	(1,382)	n.m.
(Loss) / profit from discontinued operation, net of tax [note (c)]	(662)	(119)	n.m.	(1,778)	128	n.m.
(Loss) / profit for the year	<u>(4,507)</u>	<u>735</u>	n.m.	<u>(8,614)</u>	<u>(1,254)</u>	n.m.
Other comprehensive income:						
- Net exchange gain / (loss) on net investment in foreign operation	408	(346)	n.m.	470	178	n.m.
- Foreign currency translation	<u>756</u>	<u>(318)</u>	n.m.	<u>(33)</u>	<u>107</u>	n.m.
Other comprehensive income for the financial period, net of tax	1,164	(664)	n.m.	437	285	53
Total comprehensive income for the financial period	<u>(3,343)</u>	<u>71</u>	n.m.	<u>(8,177)</u>	<u>(969)</u>	n.m.
(Loss) / profit net of tax attributable to: Owners of the Company						
(Loss) / profit from continuing operations	(3,843)	856	n.m.	(6,835)	(1,380)	n.m.
(Loss) / profit from discontinued operation	<u>(338)</u>	<u>(61)</u>	n.m.	<u>(907)</u>	<u>65</u>	n.m.
	<u>(4,181)</u>	<u>795</u>	n.m.	<u>(7,742)</u>	<u>(1,315)</u>	n.m.
Non-controlling interests						
Loss from continuing operations	(2)	(2)	n.m.	(1)	(2)	(50)
(Loss) / profit from discontinued operation	<u>(324)</u>	<u>(58)</u>	n.m.	<u>(871)</u>	<u>63</u>	n.m.
	<u>(326)</u>	<u>(60)</u>	n.m.	<u>(872)</u>	<u>61</u>	n.m.
	<u>(4,507)</u>	<u>735</u>	n.m.	<u>(8,614)</u>	<u>(1,254)</u>	n.m.

	9 Months	9 Months		3rd Quarter	3 rd Quarter	
	2018	2017	+ / (-)	2018	2017	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Total comprehensive income attributable to:						
Owners of the Company	(3,083)	131	n.m.	(7,305)	(1,028)	n.m.
Non-controlling interests	(260)	(60)	n.m.	(872)	59	n.m.
	<u>(3,343)</u>	<u>71</u>	n.m.	<u>(8,177)</u>	<u>(969)</u>	n.m.
Total comprehensive income attributable to:						
Owners of the Company						
(Loss) / profit from continuing operations	(2,813)	193	n.m.	(6,398)	(1,091)	n.m.
(Loss) / profit from discontinued operation	(270)	(62)	n.m.	(907)	63	n.m.
	<u>(3,083)</u>	<u>131</u>	n.m.	<u>(7,305)</u>	<u>(1,028)</u>	n.m.

n.m. denotes not meaningful

	9 Months 2018 \$'000	9 Months 2017 \$'000	+ / (-) %	3rd Quarter 2018 \$'000	3 rd Quarter 2017 \$'000	+ / (-) %
Note (a) - Other income						
Interest income	227	132	72	116	53	n.m.
Sundry income	20	73	(73)	14	4	n.m.
Dividend income from available-for-sale financial assets	5	5	n.m.	5	5	n.m.
Government grant	120	181	(34)	13	42	(69)
Gain on disposal of property, plant and equipment	69	28	n.m.	53	27	96
Gain from fair value changes on currency forward contracts, net [2]	956	–	n.m.	956	–	n.m.
Total	<u>1,397</u>	<u>419</u>	n.m.	<u>1,157</u>	<u>131</u>	n.m.

Note (b) - Profit before tax from continuing operations is arrived at after charging / (crediting) the following:

Interest expense on borrowings	2,840	1,354	n.m.	1,378	545	n.m.
Depreciation of property, plant and equipment	6,638	5,249	26	2,930	1,793	63
Operating lease expense	4,246	3,567	19	1,770	1,276	39
(Reversal of provision) / provision for onerous contracts, net [3]	(2,169)	4,268	n.m.	2,423	(2,748)	n.m.
(Gain) / loss from fair value changes on currency forward contracts, net [2]	(956)	769	n.m.	(1,065)	(200)	n.m.
Foreign exchange loss, net [1]	1,208	583	n.m.	402	468	(14)
Allowance for impairment of receivables, net	2,586	16	n.m.	2,549	–	n.m.
Reversal of allowance for inventory obsolescence	(120)	(1,100)	(89)	–	–	n.m.
Gain on disposal of property, plant and equipment	(69)	(28)	n.m.	(53)	(27)	96

[1] The Group and the Company have transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollars and Malaysian Ringgit.

[2] Currency forward contracts are mostly used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in US Dollars. As the Group does not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in profit and loss.

[3] Provision for onerous contracts are made for sales contracts for which the costs to meet the obligations are expected to exceed the sales value. These provisions are released when the contractual obligations are met or when the costs to meet the obligations no longer exceed the sales value. The net increase in provision for onerous contracts during the quarter was due to additional provisions made by a newly acquired subsidiary as a result of alignment of calculation methods within the Group, offset by reversal of such provisions at Company level.

Note (c) - (Loss) / profit from discontinued operation, net of tax

The Company entered into a conditional sale and purchase agreement on 10 July 2018 to dispose of its 51% interest in Nuformsystem (M) Sdn Bhd (“**Nuform Malaysia**”) and 10% interest in Nuform System Asia Pte Ltd (“**Nuform Singapore**”). This is part of the Group’s strategy to strengthen its core business, as well as consolidation of resources to place the Group in a better position for growth.

As at 30 June 2018, a re-measurement of **Nuform Malaysia** to fair value less cost to sell was made consequent to the Company’s intention to dispose **Nuform Malaysia**. A loss of S\$1,778,000 was recognised during the current quarter; S\$907,000 of which being attributable to the owners of the Company. The disposal of **Nuform Malaysia** has yet to be completed as of the date of this announcement. The disposal of **Nuform Singapore** was completed on 31 July 2018 and there was no profit and loss impact as the sales consideration was that of cost of investment.

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

	The Group		The Company	
	June 2018 \$'000	September 2017 \$'000	June 2018 \$'000	September 2017 \$'000
Non-current assets				
Property, plant and equipment	145,363	89,136	61,630	65,942
Goodwill	1,666	–	–	–
Investment properties	2,394	–	–	–
Investment in subsidiaries	–	–	225,549	26,371
Interest in joint venture	12,201	11,650	6,076	6,076
Interest in associates	9,567	6,714	11,149	8,807
Club memberships	365	–	–	–
Deferred tax assets	333	–	–	–
Available-for-sale financial assets	114	1,614	114	1,614
Loan to investee company	–	1,500	–	1,500
	172,003	110,614	304,518	110,310
Current assets				
Inventories	234,121	111,433	108,466	103,376
Trade and other receivables	197,721	75,516	84,165	65,637
Amount due from subsidiaries	–	–	16,634	19,850
Prepayments	992	1,022	250	259
Deposits	245	255	230	235
Derivative financial instruments	1,011	–	284	–
Assets held for sales	24,698	–	–	–
Assets of disposal group classified as held for sale	37,620	–	1,007	–
Loan to investee company	1,500	–	1,500	–
Non-current asset classified as held for sale	1,500	–	1,500	–
Cash and cash equivalents	89,510	23,989	22,239	19,673
	588,918	212,215	236,275	209,030
Total assets	760,921	322,829	540,793	319,340
Current liabilities				
Trade and other payables	87,950	69,049	73,807	60,961
Amount due to a subsidiary	–	–	67	70
Advances received	596	443	356	161
Loans and borrowings	227,792	52,376	72,031	52,376
Provisions	26,274	11,667	5,329	11,438
Derivative financial instruments	–	344	–	344
Liabilities of disposal group classified as held for sale	35,575	–	–	–
Current income tax liabilities	3,821	2,808	1,186	2,808
	382,008	136,687	152,776	128,158
Non-current liabilities				
Provisions	221	408	221	408
Loans and borrowings	148,575	10,772	145,792	10,772
Deferred tax liabilities	7,453	6,785	6,785	6,785
	156,249	17,965	152,798	17,965
Total liabilities	538,257	154,652	305,574	146,123
Net assets	222,664	168,177	235,219	173,217

	<u>The Group</u>		<u>The Company</u>	
	June 2018 \$'000	September 2017 \$'000	June 2018 \$'000	September 2017 \$'000
Equity attributable to owners of the Company				
Share capital	125,001	68,011	125,001	68,011
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value adjustment reserve	(46)	(46)	(46)	(46)
Share option reserve	–	885	–	885
Foreign currency translation reserve	(2,348)	(3,315)	–	–
Reserve of disposal group classified as held for sale	131	–	–	–
Retained earnings	99,432	102,728	110,772	104,875
Equity attributable to owners of the Company	221,662	167,755	235,219	173,217
Non-controlling interests	1,002	422	–	–
Total equity	222,664	168,177	235,219	173,217
Total equity and liabilities	760,921	322,829	540,793	319,340

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

Amount repayable in one year or less, or on demand

	June 2018		September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Bills payable	153,416	71,897	–	51,012
Finance lease liabilities	2,479	–	1,364	–
	155,895	71,897	1,364	51,012

Amount repayable after one year

	June 2018		September 2017	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	3,454	–	772	–
Loan from immediate holding company	–	23,100	–	–
Bank loan	122,021	–	–	–
Convertible bonds	–	–	–	10,000
	125,475	23,100	772	10,000

Details of any collateral

Finance lease liabilities of S\$5.9 million (2017: S\$2.1 million) are secured by certain motor vehicles and certain plant and machinery. The carrying amount of plant and equipment held under finance leases is S\$12.4 million (2017: S\$8.3 million) at the balance sheet date.

Bills payable are secured by the corporate guarantees given by the Company and certain subsidiaries to banks, a deed of charge and assignment of inventories and floating charge over trade receivables.

1(c) A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	9 Months 2018 \$'000	9 Months 2017 \$'000	3rd Quarter 2018 \$'000	3 rd Quarter 2017 \$'000
Cash flows from operating activities				
Profit / (loss) before tax from continuing operations	(2,805)	1,831	(6,380)	(1,490)
(Loss) / profit before tax from discontinued operations	(644)	(119)	(1,778)	128
	(3,449)	1,712	(8,158)	(1,362)
Adjustments for :				
Share of results of joint venture	(439)	743	(241)	298
Share of results of associates	1,163	–	326	–
Amortisation of club memberships	2	–	2	–
Depreciation of investment properties	6	–	6	–
Depreciation of property, plant and equipment	7,231	5,258	2,536	1,703
Reversal of allowance for inventory obsolescence	(120)	(1,100)	–	–
Allowance for impairment of receivables	2,586	16	2,549	–
Fair value changes on derivatives, net	(956)	769	(1,065)	(200)
Gain on disposal of property, plant and equipment	(69)	(28)	(53)	(27)
(Reversal of allowance) / provision for onerous contracts	(2,169)	4,268	2,423	(2,748)
Unrealised exchange differences	1,051	(597)	211	244
Loss recognised on re-measurement to fair value less costs to sell	1,778	–	1,778	–
Interest expense	2,840	1,354	1,378	545
Interest income	(227)	(132)	(116)	(53)
Dividend income	(5)	(5)	(5)	(5)
Operating cash flow before working capital changes	9,223	12,258	1,571	(1,605)
Change in working capital				
Trade and other receivables	(21,329)	4,238	(3,509)	(3,653)
Inventories	(5,788)	454	(31,650)	32,742
Other current assets	774	(765)	147	1,179
Trade and other payables	39,657	(4,541)	60,079	(8,952)
Cash flows from operations	22,537	11,644	26,638	19,711
Income tax paid	(2,784)	(596)	(1,420)	(295)
Retirement benefits paid	(187)	(34)	(25)	–
Net cash flows from operating activities	19,566	11,014	25,193	19,416
Cash flows from investing activities				
Purchases of property, plant and equipment	(28,967)	(15,347)	(380)	(10,503)
Purchases of assets held for sale	(259)	–	(259)	–
Proceeds from disposal of property, plant and equipment	70	–	54	–
Loan to an associate	(2,318)	–	–	–
Capital contribution from non-controlling interest of a subsidiary	840	–	–	–
Net cash outflow from acquisition of a subsidiary	(135,823)	–	(135,823)	–
Purchase of available-for-sale financial assets	–	(1,500)	–	–
Interest received	227	132	116	53
Dividend income from investment in available-for-sale financial assets	5	5	5	5
Dividend income from investment in joint venture	–	120	–	120
Long term loan to investee company	–	(3,960)	–	–
Net cash flows used in investing activities	(166,225)	(20,550)	(136,287)	(10,325)

	9 Months 2018 \$'000	9 Months 2017 \$'000	3rd Quarter 2018 \$'000	3 rd Quarter 2017 \$'000
Cash flows from financing activities				
Purchase of treasury shares	–	(61)	–	–
Repayment of finance lease liabilities	(1,583)	(1,913)	(337)	(641)
Net proceed from / (repayment of) bills payable to banks	24,085	19,041	(15,236)	(6,018)
Net proceed from bank loan	122,021	–	122,021	–
Proceeds from issuance of shares	46,990	–	–	–
Proceeds from loan from immediate holding company	23,100	–	–	–
Dividends paid	–	(4,472)	–	–
Interest paid	(2,360)	(1,354)	(1,040)	(545)
Net cash flows generated from / (used in) financing activities	212,253	11,241	105,408	(7,204)
Net increase / (decrease) in cash and cash equivalents	65,594	1,705	(5,686)	1,887
Cash and cash equivalents at beginning of financial period	23,989	11,938	95,169	11,758
Effects of exchange rate changes on cash and cash equivalents	11	(1)	111	(3)
Cash and cash equivalents at end of financial period	89,594	13,642	89,594	13,642

	9 Months 2018 \$'000	9 Months 2017 \$'000	3rd Quarter 2018 \$'000	3 rd Quarter 2017 \$'000
Cash and cash equivalents				
Continuing operations	89,510	13,642	89,510	13,642
Discontinued operation	84	–	84	–
	89,594	13,642	89,594	13,642

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

Statement of Changes in Equity – Group

	Attributable to Owners of Parent								Non-controlling interests	Equity, Total	
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Share option reserve	Currency translation reserve	Retained earnings	Reserve of disposal group classified as held for sale			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	(2,692)	105,833	–	171,607	5	171,612
Profit, net of tax	–	–	–	–	–	–	795	–	795	(60)	735
Other comprehensive income for the financial period	–	–	–	–	–	(664)	–	–	(664)	–	(664)
Total comprehensive income for the financial period	–	–	–	–	–	(664)	795	–	131	(60)	71
Cash dividends on ordinary shares	–	–	–	–	–	–	(4,472)	–	(4,472)	–	(4,472)
Purchase of treasury shares	–	(61)	–	–	–	–	–	–	(61)	–	(61)
Total contributions by and distribution to owners	–	(61)	–	–	–	–	(4,472)	–	(4,533)	–	(4,533)
Employee share options forfeited	–	–	–	–	(89)	–	89	–	–	–	–
Balance at 30 June 2017	68,011	(1,105)	597	(72)	885	(3,356)	102,245	–	167,205	(55)	167,150
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	(3,315)	102,728	–	167,755	422	168,177
Loss, net of tax	–	–	–	–	–	–	(4,181)	–	(4,181)	(326)	(4,507)
Other comprehensive income for the financial period	–	–	–	–	–	1,098	–	–	1,098	66	1,164
Total comprehensive income for the financial period	–	–	–	–	–	1,098	(4,181)	–	(3,083)	(260)	(3,343)
Conversion of bonds	10,000	–	–	–	–	–	–	–	10,000	–	10,000
Issuance of shares	46,990	–	–	–	–	–	–	–	46,990	–	46,990
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	–	840	840
Total contributions by and distribution to owners	56,990	–	–	–	–	–	–	–	56,990	840	57,830
Employee share options cancelled	–	–	–	–	(885)	–	885	–	–	–	–
Reserve of disposal group classified as held for sale	–	–	–	–	–	(131)	–	131	–	–	–
Balance at 30 June 2018	125,001	(1,105)	597	(46)	–	(2,348)	99,432	131	221,662	1,002	222,664

Statement of Changes in Equity-Company

	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Capital reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Share option reserve</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total</u> \$'000
Balance at 1 October 2016	68,011	(1,044)	597	(72)	974	108,356	176,822
Profit, net of tax	–	–	–	–	–	4,781	4,781
Total comprehensive income for the financial period	–	–	–	–	–	4,781	4,781
Cash dividends on ordinary shares	–	–	–	–	–	(4,472)	(4,472)
Purchase of treasury shares	–	(61)	–	–	–	–	(61)
Total contributions by and distribution to owners	–	(61)	–	–	–	(4,472)	(4,533)
Employee share options forfeited	–	–	–	–	(89)	89	–
Balance at 30 June 2017	68,011	(1,105)	597	(72)	885	108,754	177,070
Balance at 1 October 2017	68,011	(1,105)	597	(46)	885	104,875	173,217
Profit, net of tax	–	–	–	–	–	5,012	5,012
Total comprehensive income for the financial period	–	–	–	–	–	5,012	5,012
Conversion of bonds	10,000	–	–	–	–	–	10,000
Issuance of shares	46,990	–	–	–	–	–	46,990
Total contributions by and distribution to owners	56,990	–	–	–	–	–	56,990
Employee share options cancelled	–	–	–	–	(885)	885	–
Balance at 30 June 2018	125,001	(1,105)	597	(46)	–	110,772	235,219

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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Number of issued shares (excluding treasury shares)

	2018	2017
As at 1 April	230,035,089	186,335,089
Issuance of shares	3,300,000	–
As at 30 June	<u>233,335,089</u>	<u>186,335,089</u>

During the current financial period, the Company issued and allotted 3,300,000 ordinary new shares in relation to the conversion of S\$3,300,000 of the principal amount of convertible bonds pursuant to the Convertible Bond Subscription Agreement dated 23 April 2014.

Number of treasury shares

	2018	2017
As at 30 June	<u>1,626,600</u>	<u>1,626,600</u>
Percentage of number of treasury shares against the total number of issued shares excluding treasury shares	0.70%	0.87%

Number of share options

	2018	2017
As at 1 April	–	5,546,600
Forfeited during the period	–	(496,000)
As at 30 June	<u>–</u>	<u>5,050,600</u>

Pursuant to the mandatory conditional cash offer dated 22 September 2017 by Esteel Enterprise Pte. Ltd. (“**Offeror**”) to acquire all issued ordinary shares in the capital of the Company, the **Offeror** made a proposal (“**Options Proposal**”) to the holders of the share options to pay to them a cash amount in consideration of them agreeing not to exercise any options into new shares and not to exercise any of their rights as option holders. The **Options Proposal** was accepted by the holders of all outstanding options and all outstanding options were surrendered for cancellation.

<u>Convertible Bonds</u>	2018	2017
As at 1 April	3,300,000	10,000,000
Converted to ordinary shares	<u>(3,300,000)</u>	<u>–</u>
As at 30 June	<u>–</u>	<u>10,000,000</u>
Percentage of number of convertible bonds against the total number of issued shares excluding treasury shares	–	5.37%

The Company issued five-year S\$10,000,000 redeemable convertible bonds on 16 May 2014. Proceeds from the issue were used to pay off part of the Company's trust receipts.

The Bonds were convertible at the option of the bondholders into ordinary shares of the Company at conversion price of one share for every S\$1.00 (2017: S\$1.00) of Bonds held.

The Bonds bore interest at a fixed rate of 5% per annum and was payable on a half-yearly basis on 30 June and 31 December each year.

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

	30 June 2018	30 September 2017
Total number of issued shares	233,335,089	186,335,089

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Number of treasury shares

As at 1 April 2018	1,626,600
Purchases	<u>–</u>
As at 30 June 2018	<u>1,626,600</u>

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard

The figures have not been audited or reviewed.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial year and the most recent audited annual financial statements for the financial year ended 30 September 2017.

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

The Group has adopted the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group since 1 October 2017.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

(Loss) / Earnings per ordinary share from continuing operations (cents)

The Group	9 Months 2018	9 Months 2017	3rd Quarter 2018	3 rd Quarter 2017
- Basic	(1.826)	0.459	(2.961)	(0.741)
- Diluted basis	(1.826)	0.459	(2.961)	(0.741)
Weighted average number of shares for basic earnings per share	210,433,257	186,363,079	230,842,781	186,335,089
Weighted average number of shares for diluted earnings per share	210,433,257	186,363,079	230,842,781	186,335,089

(Loss) / Earnings per ordinary share (cents)

The Group	9 Months 2018	9 Months 2017	3rd Quarter 2018	3 rd Quarter 2017
- Basic	(1.987)	0.427	(3.354)	(0.706)
- Diluted basis	(1.987)	0.427	(3.354)	(0.706)
Weighted average number of shares for basic earnings per share	210,433,257	186,363,079	230,842,781	186,335,089
Weighted average number of shares for diluted earnings per share	210,433,257	186,363,079	230,842,781	186,335,089

(Loss) / Earnings per ordinary share were calculated based on weighted average number of shares during the period.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 (cents)

	June 2018	September 2017
The Group	95.00	90.03
The Company	100.81	92.96

Net asset value per ordinary share was calculated based on 233,335,089 shares as at 30 June 2018 and 186,335,089 shares as at 30 September 2017.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Following the Company's voluntary conditional cash offer ("VGO") to acquire all the issued and paid-up ordinary shares ("Lee Metal Shares") in the capital of Lee Metal Group Ltd ("Lee Metal"), Lee Metal became a subsidiary of the Group on 23 May 2018. Subsequently, pursuant to the completion of the exercise by the Company of its right of compulsory acquisition of the Lee Metal Shares under Section 215(1) of the Companies Act, Chapter 50 of Singapore ("Companies Act"), Lee Metal became a wholly-owned subsidiary of the Company on 26 July 2018.

The Company entered into a conditional sale and purchase agreement on 10 July 2018 to dispose of its 51% interest in Nuformsystem (M) Sdn Bhd ("Nuform Malaysia") and 10% interest in Nuform System Asia Pte Ltd ("Nuform Singapore") as part of the Group's strategy to strengthen its core business as well as consolidation of resources to place the Group in a better position for growth. The disposal of Nuform Singapore was completed on 31 July 2018. The disposal of Nuform Malaysia has yet to be completed as of the date of this announcement.

Consolidated statement of profit or loss and other comprehensive income

Revenue

Revenue for the current quarter (3Q18) and first nine months in the current financial year (9M18) increased 108.2% from S\$70.1 million to S\$146.0 million and 62.2% from S\$218.9 million to S\$355.1 million respectively compared to the corresponding quarter (3Q17) and nine months (9M17) in the previous financial year.

The increase in revenue was mainly attributable to higher unit selling prices which was in line with rising steel costs and increased delivery volume which was partly contributed by the recently acquired Lee Metal.

Gross profit and gross profit margin

9M18 gross profit increased 26.2% from S\$14.9 million to S\$18.8 million as a result of higher delivery volume, while gross profit margin fell to 5.3% from 6.8%.

Similarly, gross profit increased 64.2% from S\$2.8 million in 3Q17 to S\$4.5 million in 3Q18 even though gross profit margin fell to 3.1% in 3Q18 from 3.9% in 3Q17. The overall gross profit and gross profit margin were impacted by the poor gross profit margin and gross operational losses of Lee Metal.

Distribution cost and administrative expenses

Higher distribution expenses in 9M18 was mainly due to higher prompt payment discounts given to customers and increased personnel-related cost incurred by the Group.

The increase in administrative expenses in 9M18 was mainly attributable to higher legal and professional fees in relation to the acquisition of all the issued and paid up ordinary shares in the capital of **Lee Metal**.

Finance costs

Higher finance costs was associated with rising interest rates charged by banks on more trade bills of increased value because of higher sales volume and steel prices. Also, additional interest expenses were incurred due to borrowings in relation to the acquisition of **Lee Metal**.

Other operating expenses

Other operating expenses increased by S\$2.8 million to S\$6.3 million in 9M18 from S\$3.6 million in 9M17. The increase was mainly due to an allowance of S\$2.6 million made for impairment of receivables during the current quarter.

As the Group does not adopt hedge accounting under FRS 39, changes to fair value of foreign currency forward contracts are recognised immediately in profit and loss.

Share of results of joint venture

The Group's share of results from the interest in the joint venture in China ("JV") improved to S\$0.4 million in 9M18 as compared to a loss of S\$0.7 million in 9M17.

Share of results of associates

The Group's share of losses of associates was mainly in relation to the interest in Pristine Islands Investment Pte. Ltd. (PII), an investment holding company with 100% interest in a subsidiary which operates and manages an airport, hotel and resort in Maldives. The construction of the hotel was completed and the hotel has commenced operations since September 2017. The construction of the resort is still in progress.

Consolidated statement of financial position

As at 30 June 2018, the Group's balance sheet remained strong with net assets of S\$222.7 million and net asset value per ordinary share of 95.00 Singapore cents.

The increase in the Group's property, plant and equipment, investment properties, inventories, trade and other receivables, assets held for sale, trade and other payables, loans and borrowings, and provisions was mainly due to acquisition of **Lee Metal**.

The assets and liabilities of **Lee Metal** were recognised and measured in the consolidated statement of financial position at their fair values as provisionally determined by Management at acquisition date. Based on the preliminary purchase price allocation, provisional goodwill of S\$1.7 million was recognised as of 30 June 2018. Management expects to finalise the purchase price allocation exercise within 1 year from 23 May 2018, being the date of acquisition.

As at 30 June 2018, the assets and liabilities of **Nuform Malaysia** was reclassified as assets and liabilities of disposal group held for sale and a re-measurement to fair value less cost to sell was made consequent to the Company's intention to dispose **Nuform Malaysia**. Also, the cost of investment in and the loan to **Nuform Singapore** were reclassified to current assets.

Company statement of financial position

The Company's property, plant and equipment decreased by S\$4.3 million to S\$61.6 million mainly due to depreciation which is partly offset by purchase of plant and machinery.

The Company's investment in subsidiaries increased by S\$199.2 million to S\$225.5 million mainly due to acquisition of Lee Metal, partially offset by reclassification of the investment in **Nuform Malaysia** to assets of disposal group classified as held for sale.

Despite lower inventory levels, the Company's inventories increased by S\$5.1 million to S\$108.5 million because of higher steel costs.

The increase in Company's trade and other receivables by S\$18.5 million to S\$84.2 million was in tandem with the higher sales in 3Q18 as compared to 3Q17.

The Company's trade and other payables increased by S\$12.8 million to S\$73.8 million mainly because of higher payables for raw material purchases and outstanding payment for **Lee Metal Shares**.

The decrease in provisions was mainly related to lower provisions made for sales contracts for which the costs to deliver for the balance of the contracted volume was expected to exceed the revenue to be received under them.

The Company's loan and borrowings were higher by S\$154.7 million due to loans from bank and immediate holding company of S\$122.0 million and S\$23.1 million respectively to fund the **Lee Metal** acquisition, partly offset by conversion of convertible bonds of S\$10.0 million into ordinary shares of the Company.

Statement of cash flow

Net cash inflows generated from operating activities for 9M18 was S\$19.6 million. Cash used in investing activities was mainly for the acquisition of **Lee Metal** of S\$135.8 million and purchase of property, plant and equipment of S\$29.0 million. Net cash inflows from financing activities was largely proceeds from bank loans of S\$122.0 million, proceeds from issuance of new shares of S\$47.0 million and loan from immediate holding company of S\$23.1 million.

The utilisation of the proceeds from issuance of new shares is consistent with the stated use as disclosed in the announcement dated 23 May 2018.

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 results for 9M18 and 3Q18 were in line with the commentary in paragraph 10 of the previous Results Announcement.

10. A commentary at the date of the announcement of the 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

SINGAPORE

The following 2 tables compare the supply in the “under construction” and “planned development” pipelines over the last 16 quarters (3rd quarter 2014 to 2nd quarter 2018) for private residences, executive condominiums (ECs), offices, retail, hotels and industrial properties.

Supply in the Pipeline¹ – “Planned Development”

Property type \ As at end	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14
Private residential units (no. of units)	18,188	15,444	12,555	8,117	5,632	4,325	6,399	4,819	6,148	6,697	7,158	5,569	6,531	9,096	9,664	10,495
Executive condominiums (no. of units)	0	0	0	0	0	0	0	531	0	510	0	0	632	1,651	1,155	2,495
Office space ('000 sq m)	151	155	96	222	239	222	169	157	226	184	278	167	193	134	94	101
Retail space ('000 sq m)	65	81	60	57	64	49	113	98	108	133	198	188	171	173	275	264
Hotel rooms (no. of rooms)	769	878	742	742	742	765	655	349	348	348	802	1,061	1,450	2,172	2,847	1,653
Factory & warehouse space ('000 sq m)	1,594	1,454	1,243	1,285	774	1,052	919	1,283	1,403	1,495	1,446	1,559	1,736	1,984	1,771	2,357

Supply in the Pipeline – “Under Construction”

Property type \ As at end	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15	3Q15	2Q15	1Q15	4Q14	3Q14
Private residential units (no. of units)	26,815	24,886	23,474	26,905	29,791	32,617	34,514	38,874	41,102	46,815	48,480	52,779	54,706	59,105	59,296	64,001
Executive condominiums (no. of units)	2,518	3,931	6,144	7,254	7,779	9,074	9,635	10,523	11,554	12,077	14,127	14,540	14,069	13,790	13,065	11,636
Office space ('000 sq m)	574	636	501	385	480	604	617	722	796	825	715	741	769	746	814	986
Retail space ('000 sq m)	433	449	449	499	512	557	482	554	626	650	610	598	603	550	510	620
Hotel rooms (no. of rooms)	2,837	2,718	2,630	2,700	4,827	6,013	5,841	6,025	6,197	7,560	7,712	9,469	9,517	9,996	2,847	1,653
Factory & warehouse space ('000 sq m)	2,892	3,081	2,569	3,033	3,167	3,290	3,475	3,560	3,865	4,177	4,391	4,610	4,628	4,560	4,236	4,300

Sources: Urban Redevelopment Authority of Singapore (URA) quarterly real estate statistics; Jurong Town Corporation (JTC) quarterly market reports

¹ Refers to new development and redevelopment projects with planning approvals (i.e. Provisional Permission, Written Permission). A Written Permission (WP) is a final approval, as compared with a Provisional Permission (PP), granted under the Planning Act for a proposed development.

The above tables clearly show that the construction supply pipeline for residential, office, retail, hotel and industrial properties has largely stopped shrinking in 2017, and started trending upwards. As at the end of 2nd quarter 2018, with the exception of executive condominiums and retail spaces, all the other segments in terms of volume under construction have seemingly turned the corner. In particular, the number of private residential units planned have increased by more than fourfold from the low point of 4,325 units at the end of 1st quarter 2017 to 18,188 units at the end of 2nd quarter 2018. Correspondingly, private residential units under construction have recovered from a low of 23,474 units at the end of 4th quarter 2017 to 26,815 units at the end of 2nd quarter 2018. The main driver for this surge has been the substantial number of successful collective sales over the last 18 months or so, which had alarmed the government enough for it to introduce new property curbs on 5 July 2018.

On the other hand, the pipeline for new public residential housing remains moderate. In the first half of 2018, the Housing & Development Board (HDB) had launched 7,634 Build-to-Order (BTO) flats, and indicated that the total BTO supply for 2018 would be about 17,000 units.² This would mean a BTO average supply rate of 17,491 flats per year from 2016 to 2018, and while this may be off the low of 15,000 BTO flats launched in 2015, it would still be well below the average of 24,970 BTO flats that were put into the market by the HDB every year from 2011 to 2014³.

While the multi-year decline in construction demand may have bottomed out, the improvements in construction demand, if sustained, will only translate into more and better work for the reinforcing steel industry in 12 to 18 months or so. In the meantime, the Group (which now includes the newly acquired reinforcing steel player Lee Metal Group Ltd) will continue to fulfill the projects which have been taken during the construction industry downturn over the last few years. Hence, we can expect profit margins to remain subdued.

² <https://www.hdb.gov.sg/cs/infoweb/press-releases/26012018-release-of-4th-quarter-2017-public-housing-data>

³ In 2011, 2012, 2013, 2014, 2015, 2016 and 2017 according to data obtained from HDB's website, HDB launched 25,200, 27,084, 25,139, 22,455, 15,000, 17,891 and 17,584 BTO flats respectively.

11. Dividend

Current Financial Period Reported On

Any Dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any Dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been declared or recommended for the financial period ended 30 June 2018.

13. Interested person transactions

The group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the listing manual of the Singapore Exchange Securities Trading Limited.

14. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the third quarter and nine months ended 30 June 2018 to be false or misleading.

15. Confirmation that the issuer has procured undertakings for all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the listing manual.

On behalf of the Board of Directors

Xu Jiguo
Executive Director

Seah Kiin Peng
Executive Director

Singapore
14 August 2018