

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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		Increase/ (Decrease) %
	First quarter ended		
	30/09/2014	30/09/2013	
	S\$'000	S\$'000	
Revenue	15,185	17,607	(14)
Cost of sales	(11,926)	(14,112)	(15)
Gross profit	3,259	3,495	(7)
Other operating income	151	69	119
Distribution costs	(1,555)	(1,305)	19
Administrative expenses	(820)	(795)	3
Other operating expenses	*	–	N/M
Results from operating activities	1,035	1,464	(29)
Net finance income	68	77	(12)
Profit before tax	1,103	1,541	(28)
Tax expense	(183)	(340)	(46)
Net profit for the quarter	920	1,201	(23)
Earnings per share			
Basic (cents)	0.41	0.54	
Diluted (cents)	0.41	0.54	

* Less than \$1,000

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

	Group		Increase/ (Decrease) %
	First quarter ended		
	30/09/2014	30/09/2013	
	S\$'000	S\$'000	
Net profit for the quarter	920	1,201	(23)
Other comprehensive income:			
Foreign currency translation differences for foreign operations	30	11	173
Total comprehensive income for the quarter	950	1,212	(22)
Attributable to:			
Equity holders of the Company	950	1,212	(22)
Total comprehensive income for the quarter	950	1,212	(22)

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

	Group	
	First quarter ended	
	30/09/2014	30/09/2013
	S\$'000	S\$'000
Depreciation of property, plant and equipment	(250)	(227)
Gain on disposal of property, plant and equipment	43	–
Foreign exchange gain, net	93	50
Net finance income	68	77
Reversal of allowance for doubtful debts – trade, net	–	6
Allowance/(Reversal) for inventory write-down, net	(13)	4

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	
	30/9/2014	30/6/2014	30/9/2014	30/6/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	8,379	8,274	8,001	7,924
Investment in subsidiaries	-	-	7,607	7,607
Other financial assets	5,130	5,135	5,129	5,135
	<u>13,509</u>	<u>13,409</u>	<u>20,737</u>	<u>20,666</u>
Current assets				
Inventories	39,162	38,231	34,414	34,470
Trade and other receivables	18,982	22,156	19,233	22,612
Cash and cash equivalents	21,366	18,677	19,165	15,060
	<u>79,510</u>	<u>79,064</u>	<u>72,812</u>	<u>72,142</u>
Total assets	<u>93,019</u>	<u>92,473</u>	<u>93,549</u>	<u>92,808</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	67	37	-	-
Retained earnings	41,106	40,186	41,864	40,777
Total equity	<u>88,783</u>	<u>87,833</u>	<u>89,474</u>	<u>88,387</u>
Non-current liabilities				
Deferred tax liabilities	<u>131</u>	<u>74</u>	<u>103</u>	<u>47</u>
Current liabilities				
Trade and other payables	3,267	3,848	3,129	3,680
Current tax liabilities	838	718	843	694
	<u>4,105</u>	<u>4,566</u>	<u>3,972</u>	<u>4,374</u>
Total liabilities	<u>4,236</u>	<u>4,640</u>	<u>4,075</u>	<u>4,421</u>
Total equity and liabilities	<u>93,019</u>	<u>92,473</u>	<u>93,549</u>	<u>92,808</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 September 2014 and 30 June 2014.

- 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	
	30/09/2014 S\$'000	30/09/2013 S\$'000
Cash flows from operating activities		
Profit after income tax	920	1,201
Adjustments for :		
Depreciation of property, plant and equipment	250	227
Gain on disposal of property, plant and equipment	(43)	–
Net finance income	(68)	(77)
Income tax expense	183	340
Operating cash flows before working capital changes	1,242	1,691
Change in operating assets and liabilities:		
Trade and other receivables	3,174	884
Trade and other payables	(581)	9
Inventories	(931)	(4,147)
Cash generated from / (used in) operations	2,904	(1,563)
Interest received	73	116
Income tax paid	(6)	(5)
Net cash generated from / (used in) operating activities	2,971	(1,452)
Cash flows from investing activities		
Proceed from disposal of property, plant and equipment	116	–
Purchase of property, plant and equipment	(428)	(255)
Net cash used in investing activities	(312)	(255)
Net increase / (decrease) in cash and cash equivalents	2,659	(1,707)
Cash and cash equivalents at beginning of the period	18,677	23,048
Effect of exchange rate fluctuations	30	11
Cash and cash equivalents at end of financial period	21,366	21,352
Cash and cash equivalents comprise:		
Cash and bank balances	16,366	11,352
Short-term bank deposits	5,000	10,000
	21,366	21,352

- 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 S\$'000	Revaluation reserve S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2014	45,750	1,860	37	40,186	87,833
Total comprehensive income for the quarter ended 30 September 2014	–	–	30	920	950
Balance as at 30 September 2014	45,750	1,860	67	41,106	88,783
Balance as at 1 July 2013	45,750	1,860	60	40,506	88,176
Total comprehensive income for the quarter ended 30 September 2013	–	–	11	1,201	1,212
Balance as at 30 September 2013	45,750	1,860	71	41,707	89,388

Statement of Changes in Equity for the Company

	Share capital S\$'000	Revaluation reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2014	45,750	1,860	40,777	88,387
Total comprehensive income for the quarter ended 30 September 2014	–	–	1,087	1,087
Balance as at 30 September 2014	45,750	1,860	41,864	89,474
Balance as at 1 July 2013	45,750	1,860	40,701	88,311
Total comprehensive income for the quarter ended 30 September 2013	–	–	1,237	1,237
Balance as at 30 September 2013	45,750	1,860	41,938	89,548

- 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 as at 30 September 2014 and 30 September 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 30/09/2014	As at 30/06/2014
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 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 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 Share

	<u>Group</u>	
	First quarter ended	
	30/09/2014	30/09/2013
Earnings per share (cents)		
(a) based on weighted average number of shares in issue	0.41	0.54
(b) on a fully diluted basis	0.41	0.54
Weighted average number of shares in issue	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

	<u>Group</u>		<u>Company</u>	
	30/09/2014	30/06/2014	30/09/2014	30/06/2014
Net asset value per share based on issued share capital (cents)	40.0	39.6	40.3	39.8
Number of shares in 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.*

Consolidated Income Statement for the first quarter ended 30 September 2014

Revenue posted for the first quarter ended 30 September 2014 ("1Q2015") was \$15.19 million – 14% lower than the \$17.61 million recorded 1Q2014, the corresponding quarter of the preceding year. The decrease in revenue was mainly attributed to a lower sales volume.

Other operating income was higher at \$151,000 (1Q2014: \$69,000) largely due to higher foreign currency exchange gain of \$93,000 (1Q2014: \$50,000) and a gain on disposal of property, plant and equipment of \$43,000 (1Q2014: nil).

Distribution costs were higher mainly because of the new subsidiary, SG Specialty Metals Pte Ltd, was in full operation during the quarter reported on whereas there were no comparative costs in 1Q2014 as the subsidiary came into being only on 17 March 2014.

The above contributed to a lower profit for the quarter.

Statements of Financial Position and Cash Flows

Trade and other receivables decreased to \$18.98 million compared with \$22.16 million a quarter ago mainly due to lower sales as well as higher collections of receivables. Inventory increased slightly to \$39.16 million (30 June 2014: \$38.23 million).

Cash and cash equivalents increased by 14% to \$21.37 million (30 June 2014: \$18.68 million) largely due to the factors outlined in the preceding paragraph.

The increase in capital expenditure was mainly due to replacement of certain older vehicles, the disposal of which also resulted in a gain of \$43,000 (1Q2014: nil) during the quarter.

Net cash generated from operating activities in 1Q2015 was \$2.97 million compared with a negative of \$1.45 million in 1Q2014. The disparity was mainly due to lower increase in inventories and higher collections of accounts receivables during the quarter relative to 1Q2014.

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.*

Customer demand continues to be low. This is due to several factors. Falling economic sentiments in Europe and China have contributed to a pessimistic outlook which in turn affects demand for our products.

Nickel price has fallen close to that during the start of the calendar year which might lead to lower selling prices coupled with lower demand.

We will continue to see challenging market conditions and manage our costs prudently. We expect the next quarter to remain profitable.

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 30 September 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 Company 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 first quarter ended 30 September 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

3 November 2014