



## HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

### Financial Statements and Dividend Announcement for Financial Year Ended 31 March 2010 (“2Q/1H FY2010”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS 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			Group		
	2QFY2010	2QFY2009	%	1HFY2010	1HFY2009	%
	S\$'000	S\$'000	(+/-)	S\$'000	S\$'000	(+/-)
<b>Revenue</b>	<b>40,489</b>	<b>142,337</b>	<b>(72)</b>	<b>131,217</b>	<b>324,361</b>	<b>(60)</b>
Cost of sales	(37,793)	(150,695)	(75)	(114,734)	(325,686)	(65)
<b>Gross profit (loss)</b>	<b>2,696</b>	<b>(8,358)</b>	<b>(132)</b>	<b>16,483</b>	<b>(1,325)</b>	<b>(1,344)</b>
Other operating income	641	1,637	(61)	7,620	817	833
Distribution expenses	(386)	(745)	(48)	(930)	(1,677)	(45)
Administrative expenses	(1,795)	(4,255)	(58)	(5,780)	(7,445)	(22)
Other operating expenses	(2,966)	(10,735)	(72)	(5,905)	(15,587)	(62)
Finance expenses	(881)	(4,854)	(82)	(2,292)	(9,001)	(75)
Share of joint venture profits	-	243	(100)	223	909	(75)
Share of associate profits	1,885	-	nm*	2,515	-	nm*
<b>Profit / (Loss) before tax</b>	<b>(806)</b>	<b>(27,067)</b>	<b>(97)</b>	<b>11,934</b>	<b>(33,309)</b>	<b>(136)</b>
Income tax (expense) credit	186	(7)	nm*	(935)	(107)	771
<b>Net profit / (loss) for the period</b>	<b>(620)</b>	<b>(27,074)</b>	<b>(98)</b>	<b>10,999</b>	<b>(33,416)</b>	<b>(133)</b>
<b>Other comprehensive income:</b>						
Currency translation adjustments	213	43	nm*	248	12	nm*
Fair value loss on available for sale financial assets	-	-	nm*	-	(7)	nm*
<b>Other comprehensive income for the period, net of tax</b>	<b>213</b>	<b>43</b>	<b>nm*</b>	<b>248</b>	<b>5</b>	<b>nm*</b>
<b>Total comprehensive income for the period</b>	<b>(407)</b>	<b>(27,031)</b>		<b>11,247</b>	<b>(33,411)</b>	
<b>Profit / (loss) attributable to:</b>						
Equity holders of the Company	(651)	(28,088)	(98)	8,053	(34,401)	(123)
Minority interest	31	1,014		2,946	985	
	(620)	(27,074)		10,999	(33,416)	
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	(3,388)	(27,972)	(88)	8,258	(34,392)	(124)
Minority interest	2,981	941		2,989	981	
	(407)	(27,031)		11,247	(33,411)	

\*nm denotes not meaningful

Capital Reduction in a subsidiary, HG Metal Pte Ltd (“HGMPPL”)

At an Extraordinary General Meeting held on 26 October 2009, the shareholders of HGMPPL approved the following:

- (i) Capitalisation of advances from shareholders of \$17,056,000; and
- (ii) Capital reduction of paid-up capital of \$46,356,000 from the cancellation of 31,756,000 ordinary shares. The capital reduction was satisfied by the transfer of 281,927,000 ordinary shares in its subsidiary, BRC Asia Limited (“BRC”), to the shareholders.

The High Court of Republic of Singapore had granted approval to HGMPPL on 30 October 2009. The transfer of BRC Asia’s shares to the shareholders in connection to the capital reduction was completed on 26 November 2009. Accordingly, HGMPPL became a wholly-owned subsidiary of HG Group and BRC ceased to be a subsidiary of the Group.

The Group has accounted for the above transaction as a deemed disposal of a subsidiary in accordance with FRS 27, Consolidated and Separate Financial Statements, and accounted for its remaining interests in BRC as an investment in associate.

Disposal of shares in an associate, BRC

Subsequent to the Capital reduction, HGMPPL disposed of 80,641,080 and 28,000,000 shares in BRC in January 2010 and March 2010 respectively. The Group recorded a loss totalling \$1.9 million in 2Q FY2010 as a result of the disposals. Following the disposals, the Group had a 27.5% interest in BRC as of 31 March 2010.

**1(a)(ii) Notes to the Consolidated Income Statement**

	Group		Group	
	2Q FY2010	2Q FY2009	1H FY2010	1H FY2009
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of computer software	(42)	(38)	(83)	(77)
Amortisation of customer relationship	-	-	(246)	-
Allowance for doubtful debts	(6)	-	(555)	-
Writeback of allowance for doubtful debts	30	102	54	191
Depreciation	(539)	(975)	(1,411)	(1,990)
Dividend income from quoted investment	10	-	10	-
Fair value gain (loss) on derivatives, net*	-	1,330	223	(70)
Fair value gain (loss) on investment held for trading	120	(390)	210	10
Foreign exchange (loss) gain, net	206	(8,905)	(830)	(12,419)
Interest income	-	-	-	20
Interest on borrowings	(881)	(4,854)	(2,292)	(9,001)
Gain on deemed disposal of subsidiary	-	-	6,373	-
(Loss) Gain on sale of property, plant and equipment	(9)	2	(53)	-
Loss on disposal of investment held for trading	-	(10)	-	(10)
Loss on disposal of shares in an associate	(1,910)	-	(1,910)	-
Share option expense	-	(23)	-	(45)

\*The Group did not enter into any forward currency contracts in 2Q FY2010.

**1(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 :**

	<b>Group</b>		<b>Company</b>	
	31.03.2010	30.09.2009	31.03.2010	30.09.2009
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non current assets</b>				
Property, plant and equipment	46,940	60,569	22,330	18,389
Intangible assets	517	26,236	461	538
Investment in subsidiaries	-	-	12,520	12,520
Investment in associates	31,029	646	713	713
Investment in joint venture	-	9,467	-	-
Available for sale financial assets	-	28	-	-
	78,486	96,946	36,024	32,160
<b>Current assets</b>				
Investment held for trading	480	270	-	-
Inventories	79,052	140,511	64,237	78,407
Trade and other receivables	30,700	84,730	43,481	59,078
Prepaid expenses	153	307	109	80
Cash and cash equivalents	9,081	16,373	5,042	1,387
	119,466	242,191	112,869	138,952
<b>Current liabilities</b>				
Trade and other payables	34,750	99,123	31,336	42,887
Finance lease payables	203	769	39	-
Bank borrowings	36,421	71,778	29,020	38,179
Provision for taxation	529	3,878	23	267
Deferred revenue	-	1,541	-	-
Derivative financial instruments	-	723	-	-
	71,903	177,812	60,418	81,333
<b>Net current assets</b>	47,563	64,379	52,451	57,619
<b>Non current liabilities</b>				
Finance lease payables	442	1,265	148	-
Bank borrowings	14,112	19,568	2,725	3,339
Provision for retirement benefits	-	786	-	-
Deferred taxation	516	6,688	172	172
	15,070	28,307	3,045	3,511
	110,979	133,018	85,430	86,268
<b>Capital and reserves</b>				
Share capital	111,730	111,730	111,730	111,730
Other reserves	2,483	1,712	2,527	2,527
Accumulated losses	(4,876)	(12,929)	(28,827)	(27,989)
Equity attributable to equity holders of the Company	109,337	100,513	85,430	86,268
Minority interests	1,642	32,505	-	-
<b>Total equity</b>	110,979	133,018	85,430	86,268

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

	As at 31 March 2010			As at 30 September 2009		
	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000
Repayable in one year or less	22,188	14,233	203	3,933	67,845	769
Repayable after one year	11,387	2,725	442	9,244	10,324	1,265
Total	33,575	16,958	645	13,177	78,169	2,034

Details of collaterals:

The Group's borrowings of approximately \$33.6 million is secured by way of fixed and floating charge over all assets of the Company, legal mortgage over properties of the Group and fixed deposits pledged to banks by Malaysian subsidiaries.

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

	Group		Group	
	2Q FY2010	2Q FY2009	1HFY2010	1HFY2009
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit / (Loss) before tax	(806)	(27,067)	11,934	(33,309)
Adjustments for non cash items:				
Depreciation of property, plant and equipment	539	975	1,411	1,990
Loss (Gain) on disposal of property, plant and equipment	9	(2)	53	-
Amortisation of computer software	42	38	83	77
Loss on disposal of investment held for trading	-	10	-	10
Allowance / (Writeback) for doubtful debts, net	(24)	(102)	501	(191)
Bad debts recovered	(5)	-	(5)	-
Fair value (gain) loss on derivatives, net	-	(1,330)	(223)	70
Fair value (gain) loss on investment held for trading	(120)	390	(210)	(10)
Interest expense	881	4,854	2,292	9,001
Interest income	-	-	-	(20)
Dividend income from quoted investment	(10)	-	(10)	-
Share of joint venture results	-	(243)	(223)	(909)
Share of associate results	(1,885)	-	(2,515)	-
Share option expense	-	23	-	45
Amortisation of customer relationship	-	-	246	-
Deemed gain from disposal of subsidiary	-	-	(6,373)	-
Foreign currency realignment	(505)	(242)	(583)	(184)
Operating profit (loss) before working capital changes	(1,884)	(22,696)	6,378	(23,430)
Working capital changes:				
Fixed deposits pledged	(32)	(11)	(44)	(25)
Inventories	9,628	70,600	24,810	124,541
Trade and other receivables	2,623	26,672	(4,765)	54,897
Trade and other payables	(9,467)	4,200	(20,994)	(34,241)
Cash generated from operations	868	78,765	5,385	121,742
Interest expense paid	(881)	(4,854)	(2,292)	(9,001)
Interest income received	-	-	-	20
Income tax paid	(23)	(1,963)	(61)	(2,063)
Net cash generated from (used in) operating activities	(36)	71,948	3,032	110,698
<b>Cash flows from investing activities</b>				
Net cash outflow from deemed disposal of a subsidiary	-	-	(9,527)	-
Dividend income received from an associate	1,702	-	1,702	-
Dividend income received from quoted investment	10	-	10	-
Proceeds from disposal of property, plant and equipment	1	110	232	179
Purchase of property, plant and equipment	(3,138)	(2,103)	(5,874)	(7,496)
Proceeds from sale of shares in an associate	17,383	-	17,383	-
Proceeds from disposal of investment held for trading	-	10	-	10
Purchase of intangible assets	-	-	-	(44)
Acquisition of minority interests	-	(471)	-	(15,206)
Net cash generated from (used in) investing activities	15,958	(2,454)	3,926	(22,557)
<b>Cash flows from financing activities</b>				
Net repayment of bank borrowings	(13,709)	(93,106)	(14,204)	(143,995)
Proceeds from issuance of shares	-	11,336	-	11,336
Proceeds from issuance of shares in a subsidiary	-	-	-	3,311
Proceeds from (Repayment of) finance lease payables	95	(218)	(90)	(434)
Net cash used in financing activities	(13,614)	(81,988)	(14,294)	(129,782)
Net change in cash and cash equivalents	2,308	(12,494)	(7,336)	(41,641)
Cash and cash equivalents at beginning of the period	6,199	20,335	15,843	49,482
Cash and cash equivalents at end of period	8,507	7,841	8,507	7,841

Note to the Consolidated Cash Flow Statement:

With the capital reduction and transfer of BRC's shares, HGMPL's interest in BRC reduced from 85.62% to 43.67% and BRC ceased to be a subsidiary of HG Group. With the cessation of BRC as a subsidiary, the Group will account for its investment in BRC using the equity method in accordance with FRS 28 Investments in Associates.

The net identifiable assets and liabilities of BRC as at date of deemed disposal were as follows:

	30-Nov-09 S \$'000
Property, plant and equipment	18,900
Intangible assets	25,389
Investment in joint venture	9,691
Available for sale financial assets	28
Trade and other receivables	58,452
Inventories	36,645
Cash and cash equivalents	9,527
	<u>158,632</u>
Bank borrowings	(28,167)
Trade and other payables	(28,653)
Derivative financial instruments	(500)
Provision for taxation	(4,281)
Deferred tax liability	(6,115)
	<u>(67,716)</u>
Net identifiable assets	<u>90,916</u>
Net cash outflow arising on deemed disposal:	
Cash and cash equivalents of subsidiary	<u>9,527</u>

Group cash and cash equivalents comprise the following:

	<b>Group</b>	
	As at 31 Mar 2010 S\$'000	As at 30 Sep 2009 S\$'000
Cash and bank balances	8,507	15,843
Fixed deposits	574	530
	9,081	16,373
Fixed deposits pledged with banks <sup>(1)</sup>	(574)	(530)
Cash and cash equivalents per consolidated cash flow statement	8,507	15,843

<sup>(1)</sup> The Group's Malaysian subsidiaries have fixed deposits pledged with banks to secure credit facilities granted to them.

**1(d)(i) A statement (for the issuer and group) showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	Attributable to equity shareholders of the Company									
	Share Capital	Capital Reserves	Share Option Reserves	Fair Value Reserves	Premium Paid On Acquisition	Foreign Currency Translation Reserves	Accumulated Profits / (Losses)	Total	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2009	111,730	2,527	17	-	(539)	(293)	(12,929)	100,513	32,505	133,018
Other comprehensive income for the financial period	-	-	-	-	-	205	-	205	42	247
Profit for the financial period	-	-	-	-	-	-	8,053	8,053	2,947	11,000
Deemed disposal of a subsidiary	-	-	(17)	-	539	44	-	566	(33,852)	(33,286)
Balance as at 31 March 2010	111,730	2,527	-	-	-	(44)	(4,876)	109,337	1,642	110,979

Group	Attributable to equity shareholders of the Company									
	Share Capital	Capital Reserves	Share Option Reserves	Fair Value Reserves	Premium Paid On Acquisition	Foreign Currency Translation Account	Accumulated Profits / (Losses)	Total	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2008	78,203	2,527	-	-	-	(120)	55,938	136,548	14,483	151,031
Other comprehensive income for the financial period	-	-	-	(5)	-	14	-	9	(4)	5
(Loss) Profit for the financial period	-	-	-	-	-	-	(34,401)	(34,401)	985	(33,416)
Employee share option scheme:										
- value of employee services	-	-	32	-	-	-	-	32	13	45
Issue of shares	11,336	-	-	-	-	-	-	11,336	3,311	14,647
Acquisition of minority interests	-	-	-	-	-	-	-	-	(7,143)	(7,143)
Premium paid on acquisition of minority interests	-	-	-	-	(8,063)	-	-	(8,063)	-	(8,063)
Capitalisation of advances from shareholders in a subsidiary	-	-	-	-	-	-	-	-	14,697	14,697
Balance as at 31 March 2009	89,539	2,527	32	(5)	(8,063)	(106)	21,537	105,461	26,342	131,803

<b>Company</b>	Share Capital	Capital Reserves	Accumulated Profits / (Losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2009	111,730	2,527	(27,989)	86,268
Loss for the period	-	-	(838)	(838)
Balance as at 31 March 2010	111,730	2,527	(28,827)	85,430
Balance as at 1 October 2008	78,203	2,527	44,291	125,021
Loss for the period	-	-	(34,362)	(34,362)
Issue of shares	11,336	-	-	11,336
Balance as at 31 March 2009	89,539	2,527	9,929	101,995

**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 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 Company's share capital during the 2<sup>nd</sup> quarter financial period ended 31 March 2010.

As at 31 March 2010 and 31 March 2009, there were 122,049,369 and 62,049,369 outstanding warrants respectively.

**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 end of the immediately preceding year.**

	<b>As at 31 March 2010</b>	<b>As at 30 September 2009</b>
Total number of issued shares	775,671,962	775,671,962

The Company does not have any treasury shares.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

The figures have not been reviewed or audited by the auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

Except as disclosed in Note 5 below, the Company had adopted the same accounting policies and methods of computation as in the most recently audited financial statements for the financial year ended 30 September 2009.



**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**

On 1 October 2009, the Group adopted the new or revised Singapore Financial Reporting Standards (FRS) that are effective in this financial year.

FRS 1: Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all non-owner changes in equity, either in one single statement, or in two statements.

The Group has elected to present items of income and expenses and components of other comprehensive income in one statement.

FRS 27: Consolidated and Separate Financial Statements – Revised

The revised FRS 27 introduces the following changes:

- A change in the ownership interest of a subsidiary that does not result in a loss of control to be accounted for as an equity transaction;
- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and
- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in the profit or loss.

The Group has complied with the revised FRS 27 in accounting for the loss of control in BRC Asia as a result of capital reduction.

FRS 103: Business Combinations – Revised

The revised FRS 103 introduces the following changes:

- transaction costs will be expensed immediately;
- consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will be recognised in profit or loss;
- the Group to elect for each acquisition of business, whether to measure non-controlling interest at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets; and
- the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss when a business is acquired in stages.

The adoption of the revised standard does not have significant impact on the Group's financial results.

FRS 108: Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker.

The required disclosures will be made accordingly in the full year financial statements of the Group.

**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**

	Group		Group	
	3 mths ended 31.03.2010	3 mths ended 31.03.2009	6 mths ended 31.03.2010	6 mths ended 31.03.2009
Earnings per ordinary share:				
(a) Basic (cents)	(0.08)	(6.16)	1.04	(7.54)
(b) Diluted (cents)	(0.07)	(4.37)	0.81	(5.36)

Earnings per share was calculated based on weighted average number of shares during the period. Weighted average number of shares as of 31.03.2010 and 31.03.2009 were 775,671,962 and 456,203,911 shares respectively.

**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**

	Group		Company	
	31.03.2010	30.09.2009	31.03.2010	30.09.2009
Net asset value per ordinary share (cents)	14.10	12.96	11.01	11.12

Net asset value per ordinary share was calculated based on 775,671,962 shares.

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

**2Q FY2010**

**Revenue**

Group's revenue in 2Q FY2010 decreased by 72% from \$142.3 million in 2Q FY2009 to \$40.5 million. This was due mainly to non consolidation of BRC in 2Q FY2010 as a result of capital reduction in HGMP L (see Note 1(a)(i)) and lower sales volume in 2Q FY2010. Lower volume was due to a slowdown in the market and internal financing constraint.

**Gross Profit**

Despite lower sales volume, the Group recorded gross profit of \$2.7 million in 2Q FY2010 as compared to gross loss of \$8.4 million in 2Q FY2009. The profit turnaround was attributable to the rise in steel prices and better inventory management.

### **Other Operating Income**

Other operating income recorded in 2Q FY2010 was \$0.6 million as compared to \$1.6 million in 2Q FY2009. Operating income was lower as 2Q FY2009 had a one time gain of \$1.3 million on currency hedging.

### **Distribution, Administrative, Other Operating and Finance Expenses**

Besides non consolidation of BRC, the Group's operating expenses in 2Q FY2010 decreased significantly in line with slower business activities and as a result of cost-cutting measures.

Recorded in other operating expenses in 2Q FY2010 was the \$1.9 million loss from sale of BRC's shares.

Finance expenses fell significantly consistent with lower purchasing activities and borrowings.

### **Results For The Financial Period**

The Group had recorded a lower loss in 2Q FY2010 as compared to 2Q FY2009. The loss before tax of \$0.8 million was due primarily to loss on sales of shares of BRC which was partly offset by profit generated from its manufacturing arm.

Trading business reported a break even result for 2QFY10. It reflected a gradual improvement in the trading business after a difficult financial 2009 which saw a significant loss.

### **Results For The Financial Period for 1H FY2010**

The Group made a profit before tax of \$11.9 million in 1H FY2010, mainly due to contribution from the Group's manufacturing arm and the gain of \$6.4 million recognised as a result of the deemed disposal of BRC as announced in Q1 FY2010.

### **Balance Sheet**

The net assets of BRC was not consolidated in the Group's balance sheet as at 31 March 2010 on a line by line basis. Nevertheless, the Group had a healthy balance sheet and the shareholders fund stood at \$109.3 million.

As at 31 March 2010, the Group's inventory was \$79.1 million, consistent with the Group's decision to adopt a conservative approach to inventory management amidst volatile market conditions. Trade and other receivables were \$30.7 million as at 31 March 2010, consistent with lower sales revenue for the period under review.

With the significant decline in bank borrowings and trade and other payables, current liabilities reduced from \$177.8 million as at 30 September 2009 to \$71.9 million as at 31 March 2010. The Group's gearing ratio stood at 0.47 times as at 31 March 2010.

### **Cash Flow Statement**

As at 31 March 2010, the Group had higher cash and cash equivalents of S\$8.5 million as compared to S\$7.8 million as at 31 March 2009.

This was due mainly to a reduction in inventories and proceeds from sales of shares in BRC Asia. The proceeds of \$17.3 million from the sales was used to repay the bank borrowings of the Company.

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

The actual results disclosed is in line with the profit warning statement released by the Company on 4 May 2010.

**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**

The Group continues to adopt a prudent and conservative approach on inventory management notwithstanding a global economic recovery which appears to be underway.

Steel prices have trended upwards due to increase in cost of iron ore. However, the demand from the construction industry and shipyards continue to remain sluggish.

On 6 April 2010, BRC allotted and issued 100,000,000 new ordinary shares to 3<sup>rd</sup> parties. As a result, the Group's equity interests in BRC decreased from 27.50% to 23.94%. Accordingly, with effect from 6 April 2010, the Group will account for the results of BRC at 23.94%.

**11. Dividend**

**(a) Current financial period reported on**

*Any dividend recommended for the current financial period reported on?*

None

**(b) Corresponding period of the immediately preceding financial year**

*Any dividend recommended for the corresponding period of the immediately preceding financial year?*

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

Not applicable

### 13. Interested parties transactions

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<b>Name of interested persons</b>	S\$'000	S\$'000
	NA	NA

During the 6 months financial period ended 31 March 2010, the aggregate value of all interested person transactions entered into by the Group with its interested persons under shareholders' mandate pursuant to Rule 920 is below \$100,000.

### 14. Confirmation by the Board

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the quarter ended 31 March 2010 to be false or misleading in any material respect.

**By Order of the Board**

**Chng Hee Kok**  
**Chief Executive Officer**  
**12 May 2010**