UNION STEEL HOLDINGS LIMITED
友联钢铁控股有限公司

BUILDING TOWARDS GROWTH

Annual Report 2015

VISION

Your preferred partner for steel solutions

MISSION

We offer innovative solutions and value-added services for metal recycling, reusing and reducing.

VALUES

Integrity
Customer focused
Teamwork and Bonding
Progress and Growth
Innovation

CONTENTS

CORPORATE PROFILE

Founded in 1984, Union Steel Holdings Limited ("Union Steel" or the Group) started operations as YLS Steel Pte Ltd which was involved in the trading of ferrous scrap metal. Today, the Group is engaged in related businesses which comprise; (i) recycling of ferrous and non-ferrous scrap metal; (ii) trading of steel products and non-ferrous metal products; (iii) rental of sheet piles, steel plates, test piles and beams; (iv) leasing of industrial properties; and (v) provision of scaffolding services and related consultancy services.

With almost 30 years of experience, Union Steel has established itself as a leading player in the metals and scrap industry in Singapore. The Group operates one-stop supply centres for the collection and recycling of ferrous and non-ferrous scrap metals and the trading of steel products and non-ferrous metal products. In April 2012, the Group added provision of scaffolding services and related consultancy services to strengthen its position as preferred partner for steel solutions. As part of the Group's strategic growth plan, Union Steel has ventured into Malaysia in Year 2013.

The Group has received several awards including the Enterprise 50 Award in 2003 and 2004, Fastest Growing 50 Certification and was ranked among the top small and medium enterprises in the annual Singapore 500 Small Medium Enterprises in 2004. It was awarded Singapore 1000 - Sales Turnover Growth Excellence Award in 2009 and achieved the Singapore International 100 Company status in 2010.

The Group delivers high quality products and reliable customer service to a global network that spans over hundreds of suppliers and customers, in countries such as India, Bangladeshi, Indonesia, Korea, Malaysia, Singapore, Japan and China. The Group continuously seeks to grow its business by widening its global network of supply sources and customers, and expanding its range of products and services. The Group further seeks potential acquisitions and joint venture opportunities for strategic expansion.

As a socially responsible corporate, the Group strives to improve its social and environment responsibility through various initiatives guided by organisation core values. This is especially important in guiding our dealings with all our stakeholders and shareholders.

Union Steel Holdings Limited was listed on SGX-ST Mainboard on 15 August 2005.

BUSINESS OVERVIEW

Metal Recycling

The Group is a one-stop centre for the recycling of ferrous and non-ferrous scrap metals. Our recycling operations primarily involve (i) collection and purchase of all types of scrap metals; (ii) processing of collected scrap metal where sorting, segregating, shearing among other processes are conducted to maximise scrap metal recovery; and (iii) packaging for efficient handling and quality control to meet customers' specifications. Our scrap processing is carried out in accordance to the guidelines set out by the Institute of Scrap Recycling Industries, Washington, D.C.

We have established a wide network of domestic and overseas scrap metal supply sources like major metal brokers, non-ferrous metal producers, government entities, and companies with scrap generating operations from industries such as construction, manufacturing, engineering and heavy industries.

We sell ferrous scrap such as steel and heavy melting scrap metals and non-ferrous scrap metals such as copper, aluminum, zinc and lead. Our customers include steel mills, foundries, international traders and metal brokers. With many years in this industry, we have established long term business relationships with these customers in countries around the world.

The Group believes that it provides one of the most comprehensive product offerings of ferrous and non- ferrous scrap metals in Singapore. The new establishment set up in Malaysia in July 2013, it will enhance the Group's position and competitive strength in both countries for our metal recycling business segment over the medium to longer term.

Trading

The Group trades steel products used in the construction and engineering industries. We offer a wide range of steel products such as reinforcement steel bars, H-beams, I-beams, pipes, steel plates, sheet piles and wire rods. The quality of our steel products adheres to the guidelines set by the Singapore Standard.

Riding on the buoyant infrastructure projects planned for the next three to five years, the growing demand for re-bar and its related customised cut and bend services has enabled the Group to penetrate into this captive market. Taking advantage of our position as a dominant player in the steel market, the Group is well placed to benefit from the current strong demand.

We are committed to providing a high level of customer service by having ready stocks, prompt delivery and quality assurance. We are ISO 9001 and 14001 certified.

Leasing of Steel Materials

The Group offers an extensive inventory of sheet piles, mild steel plates, test piles and beams for rental to the construction and engineering industries, providing customers with an array of products of various dimensions to suit each business need.

Being a one-stop centre supplier, the Group constantly reviews its products and services to meet the growing and changing needs and demands of the industries.

Scaffolding Services

The Group is involved in the provision of scaffolding services and related consultancy, sales and rental of scaffolding materials and supply of skilled workers in erection and dismantling of scaffolds. We specialise in tubular and modular scaffolding and work with major developers in Singapore.

Safety is the main concern and having obtained OHSAS 18001:2007 for Provision of Building Construction Service is a testimony to our safety standards. We have also obtained BizSAFE Level Star in our continuously effort to improve our safety standards.

Other Business

The Group also derives other income through (i) leasing of industries properties; and (ii) waste collection.

CORPORATE STRUCTURE

YLS Steel Pte Ltd

YLS Steel Pte Ltd is a wholly-owned subsidiary of Union Steel Holdings Limited. Incorporated in 1984, YLS Steel Pte Ltd's core business activities include collection, recycling, trading of ferrous and non-ferrous scrap materials and leasing of steel plates, sheet piles, test piles and beams to companies in the construction and engineering industries. YLS Steel Pte Ltd was accredited with ISO 9001 since 2003.

With almost 30 years of experience in the industry, YLS Steel Pte Ltd is currently one of the largest ferrous scrap metal recycling companies in Singapore.

Union Steel Pte Ltd

Union Steel Pte Ltd, incorporated in 1991, is a wholly owned subsidiary of Union Steel Holdings Limited. It is primarily engaged in the trading of steel products such as reinforcement bars, steel plates, H-beams, I-beams, pipes, sheet piles and wire rods, and also trading of stainless steel and aluminum.

Union Steel Pte Ltd provides cut-and-bend services for reinforcement bars and rods as well, which we can be fabricated and customised to our customer's specific installation requirements.

Yew Lee Seng Metal Pte Ltd

Yew Lee Seng Metal Pte Ltd, incorporated in 1988, is a wholly-owned subsidiary of Union Steel Holdings Limited. It operates as a collection centre for ferrous and non-ferrous scrap metal.

Hock Ann Metal Scaffolding Pte Ltd

Hock Ann Metal Scaffolding Pte Ltd is one of Singapore's leading scaffolding service providers. The Group has begun acquiring it in April 2012. With its track record in delivering excellence, coupled with industry knowledge and safety awareness in the scaffolding industry, it has become the preferred partner of some of Singapore's most prominent construction companies. It specialises in scaffolding services and related consultancy, sales and rental of scaffolding materials and supply of skilled workers in erection and dismantling of scaffolds.

The Group has completed the 3 tranches of this acquisition and it has become a wholly-owned subsidiary since 1 April 2014.

Lim Asia Steel Pte Ltd

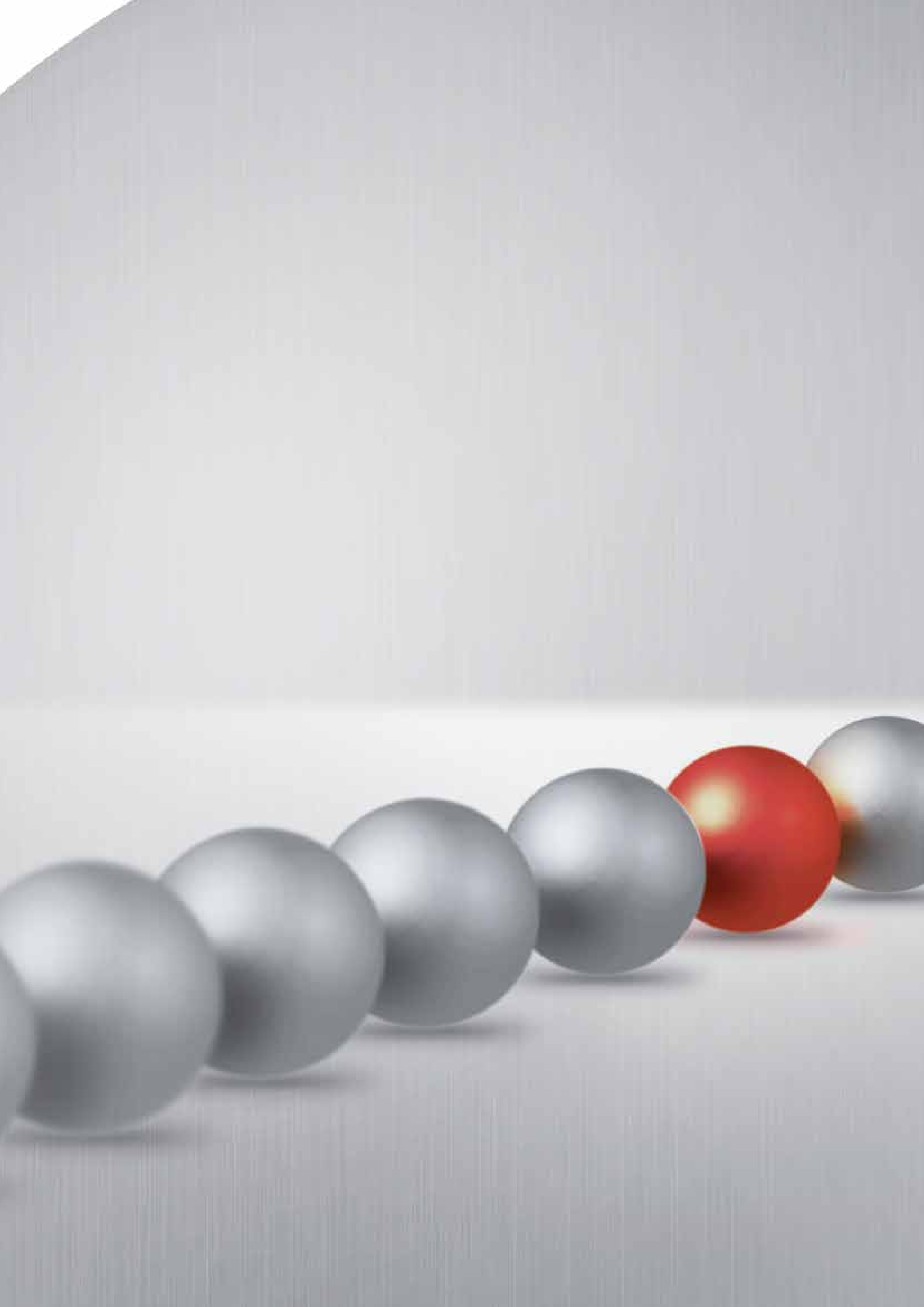
Lim Asia Steel Pte Ltd is a wholly-owned subsidiary of Union Steel Holdings Limited. It is an investment holding company dealing in industrial property investments.

Union CHH Sdn Bhd

Union CHH Sdn Bhd is a wholly-owned subsidiary of Yew Lee Seng Metal Pte Ltd. Established in July 2013, its principal activities are the collection, recycling and trading of ferrous scrap materials and operates several collection centres in Malaysia.

ALIGNING FOR GREATER CAPABILITIES

We believe Union Steel is currently one of the largest metal recycling companies in Singapore in terms of volume of metals recycled. We are optimistic that our capabilities can be further increased and improved through innovation, efficiency and adaptability. Our Group will continue to transform for greater, imaginative and resourceful solutions and value-added services to our wide range of customers. We are positive this will take us to a new level of growth.



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present our Annual Report for the financial year ended 30 June 2015.

Times are turbulent in the global economy, and even more so for the steel industry, which has been plagued by oversupply and stiff competition in the past few years. Conditions in China have a huge impact on the global steel industry, and the dual forces of domestic overcapacity and the devalued yuan have resulted in a sustained overhang of excess steel supply worldwide. Within Singapore, the operating environment remains challenging with a lack of positive economic catalysts. As such, we have positioned ourselves to deal with this difficult climate by shoring up our internal resources and prudently deploying our capital. Over the course of FY2015 we paid close attention to the quality of our balance sheet, and managed to significantly reduce our level of bank loans and bills payable. Our asset base has also been pared down as we reduced holding stocks of inventory, and implemented tighter credit controls resulting in lower trade and other receivables.

We have acquired the entire issued and paid-up share capital of Gee Sheng Machinery & Engineering Pte Ltd ("Gee Sheng"), for a total purchase consideration of $6 million. Gee Sheng is in the business of civil construction and engineering work, and the manufacture of motor vehicle bodies (coachwork), trailers and semi-trailers. The acquisition is in line with our plans to expand into complementary business areas within the civil engineering and manufacturing domain, which has been made all the more pressing by the prolonged slump in our core steel business. We hope that with Gee Sheng becoming part of the Group, we will be able to strengthen our competitive advantage and value proposition in the engineering industry.

Financial and Business Review

Revenue decreased from $145.6 million in FY2014 to $133.9 million in FY2015, dragged down mainly by a reduction in revenue from the Group's trading and recycling business segments. Gross profit margins were also lower at 8.0% in FY2015 compared to 10.8% in FY2014, owing to strong competition within the steel industry.

The Group recorded non-operating expenses of $13.6 million in FY2015, double that in FY2014, mainly due to a $6.5 million impairment of inventory arising from the depressed metal price environment.

In view of these factors, the Group slipped to a net loss of $8.4 million in FY2015, compared to a net profit of $5.8 million in FY2014.

Due to the aforementioned inventory impairment and various other financial austerity measures, shareholders' equity declined from $90.9 million as at 30 June 2014 to $80.6 million as at 30 June 2015. Cash and cash equivalents stood at $31.2 million as at 30 June 2015, down $2.5 million over the course of FY2015. Net asset

CHAIRMAN'S STATEMENT

value per share (prior to the 1 for 10 share consolidation) decreased from 23.09 cents to 20.48 cents over the same period.

Outlook

Steel prices continue to languish, with US Dollar volatility causing even more uncertainty within the industry, particularly in the regional emerging economies. Global growth is muted, with key steel-using sectors such as oil and gas hampered by the drop in crude oil prices. There also remains the overhang of an impending interest rate hike in the US, which could result in the tightening of credit across global financial markets. Domestically, we see signs of a broad-based slowdown amid downbeat business sentiment. Compounded with the ongoing economic restructuring woes, business activity within Singapore is likely to be muted. With lacklustre market demand for steel products, we expect that competition within the industry will remain intense.

Acknowledgements

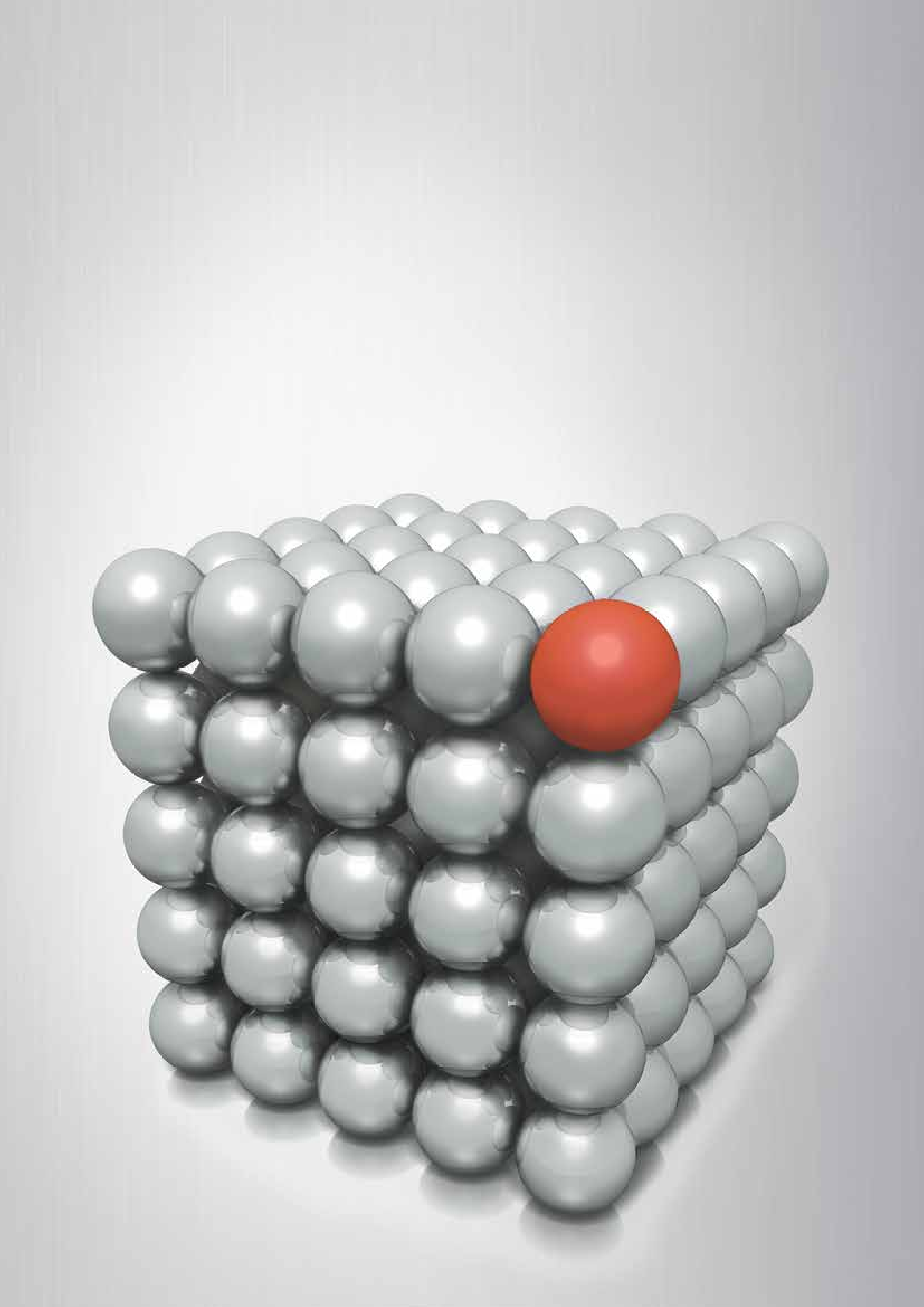
In line with corporate governance best practices, we have had some renewal of our Board of Directors in the past year. On 1 April 2015, Ms Tan Min-Li came on board as an Independent Director, and Mr Chang Yeh Hong, who had been an Independent Director for 10 years, stepped down effective 30 June 2015. We thank Mr Chang for his many years of service and concurrently extend a warm welcome to Ms Tan.

I wish to take the opportunity to thank my fellow Board members for the wisdom and counsel they have shared, particularly with regard to all the corporate activity we have carried out in FY2015. On their behalf, I would also like to express our heartfelt appreciation to our shareholders for their support. We also thank our customers, suppliers, advisers, bankers, and business partners, and of course, not forgetting all the management and staff of Union Steel.

Mr Ang Yu Seng (洪友成)
Executive Chairman and Chief Executive Officer

Leveraging Our Strengths

Despite the growing challenges in the overall industry outlook, the Company remains steadfast with its strong overall financial position. We believe our strength lies on delivering high quality products and reliable customer service to a wide network of suppliers and customers. We are positive our performance for FY2015 will not only remain steady but will become stronger in the following years as we gain momentum and remain vigilant with our strategic and disciplined business management.



OUR PROCESSES

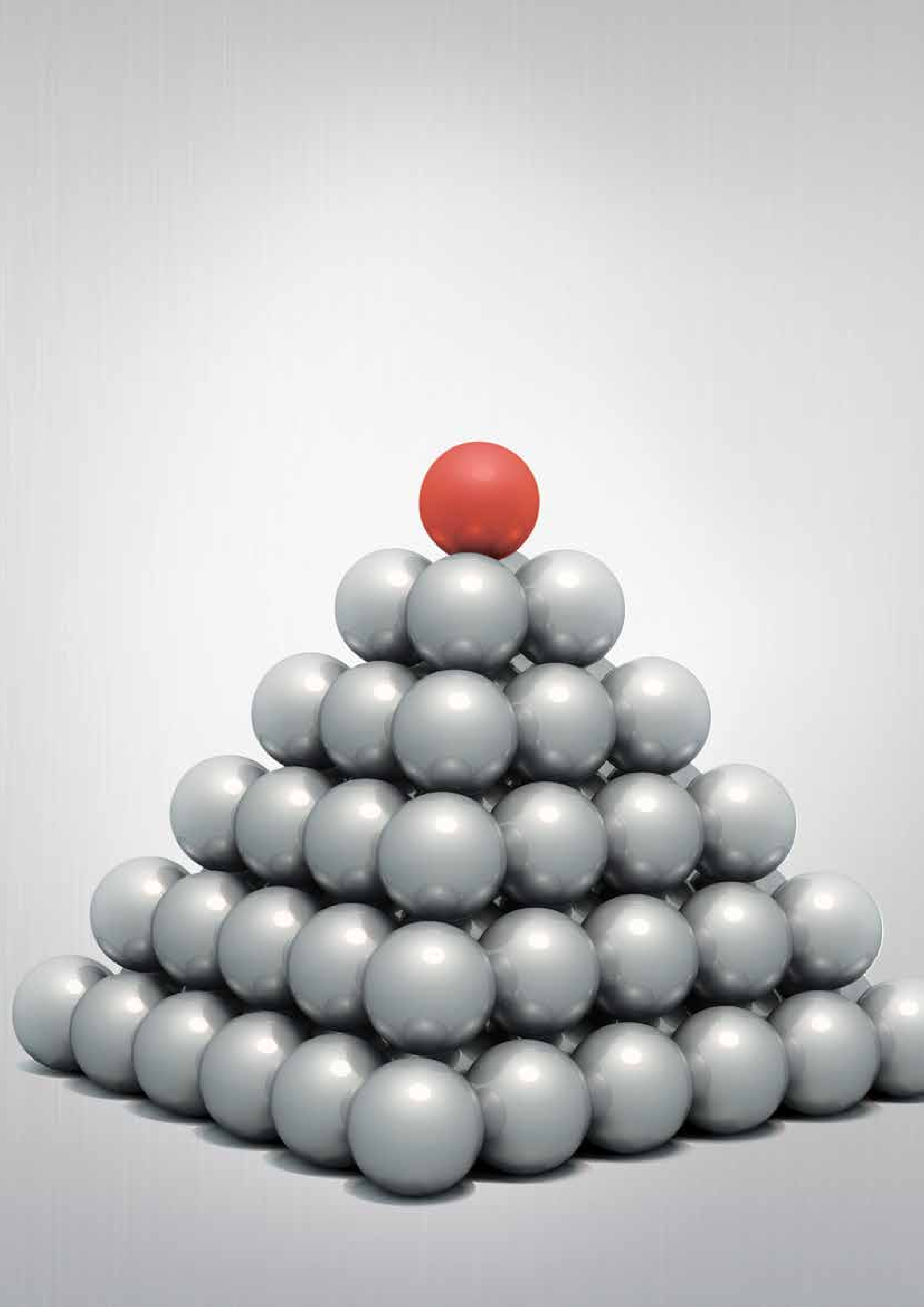
OUR PRODUCTS

Reusable Metals

Recycling is the transformation of products at the end of their useful lives into highly valuable secondary raw materials. By channeling these back into the manufacturing process, recycling conserves raw materials, saves energy and protects the environment.

Focusing on Elevated Growth

Our commitment to be a leading choice as a trusted and reliable partner for steel solutions continues to drive us to grow business by expanding our global network of supply sources and costumers. We strive to elevate the Company's performance by continuously innovating and improving our range of products, and services. We also aim to expand our horizons by pursuing potential and strategic acquisitions and joint venture opportunities.



BOARD OF DIRECTORS

Mr Ang Yu Seng
Executive Chairman and Chief Executive Officer

Mr Ang Yu Seng is the co-founder of our Group. He was appointed as Executive Chairman and Chief Executive Officer on 12 August 2004. He is responsible for developing and driving the growth strategies of the companies in the Group. Mr Ang has almost 30 years of experience in the scrap metal recycling and steel trading businesses.

Mr Ang Yew Chye
Executive Director

Mr Ang Yew Chye is the co-founder of the Group and was appointed as Executive Director on 12 August 2004. He is responsible for the day to day operation and management of the companies. Mr Ang has almost 30 years of experience in the scrap metal recycling business.

BOARD OF DIRECTORS

Mr Siau Kai Bing
Lead Independent Director

Mr Siau Kai Bing was appointed as Independent Director and Lead Independent Director of our Company on 28 June 2005 and 23 September 2014 respectively. Mr Siau is currently the Chief Financial Officer of one of the largest architectural services companies in Singapore. He has over 30 years of experience in accounting and audit and has held various senior appointments in finance in the past including Chief Financial Officer and Independent Director in public listed companies. He is currently an Independent Director of another public listed company. Mr Siau holds an Accountancy degree from the University of Singapore and is a Fellow Chartered Accountant with the Institute of Singapore Chartered Accountants.

Ms Tan Min-Li
Independent Director

Ms Tan Min-Li was appointed as Independent Director of our Company on 1 April 2015. She is currently the joint managing partner at Colin Ng & Partners LLP, a firm of advocates and solicitors in Singapore, and has more than 15 years of experience in the legal profession. Ms Tan has considerable experience in the areas of initial public offerings, regional investments, corporate restructuring, cross border joint ventures and mergers and acquisitions in the region. Ms Tan is also an Independent Director of 2 other public listed companies. Ms Tan graduated with a Bachelor of Laws (Honours) from the National University of Singapore and holds a Master of Laws degree from University College London, University of London.

Mr Chan Kok Poh
Independent Director

Mr Chan Kok Poh was appointed as Independent Director of our Company on 12 September 2008. Prior to this appointment, he was our non-Executive Director since 28 June 2005. Mr Chan is a member of the Singapore Institute of Directors and a Chartered Accountant with the Institute of Singapore Chartered Accountants. He is the founder of Chan Kok Poh & Company, an audit firm.

KEY MANAGEMENT

Mr Chua Wei Chye Lawrence
Group Financial Controller

Mr Chua Wei Chye Lawrence joined our Group as Group Financial Controller in February 2014. He is responsible for the Group's strategic & corporate planning, treasury functions, financial reporting and accounts. Prior to joining our Group, he held head of finance positions in various companies listed on the SGX-ST since July 2007. From November 2002 to July 2007, he was with Ernst & Young's assurance department and was involved in the audit of various industries, listed companies and initial public offering projects for companies intending to list on the SGX-ST and the NASDAQ. He subsequently left the firm as an audit manager. From July 2000 to November 2002, he was with the audit department of BDO.

Mr Chua graduated from the Association of Chartered Certified Accountants ("ACCA") in 1999 and obtained a degree of Master in Business Administration from Manchester Business School in 2011. He is a Fellow of Chartered Certified Accountants and a non-practicing member of Institute of Singapore Chartered Accountants.

Ms Ang Siew Chin
Senior Operations Manager

Ms Ang Siew Chin joined the Group since June 2000, and was appointed as Senior Operations Manager in December 2009. She oversees the Group's operations in Singapore and is responsible for its core businesses from procurement, sales and marketing of prime steel products to collection and recycling of metal scrap.

Mr Wilson Ong
Director, Scaffolding Division

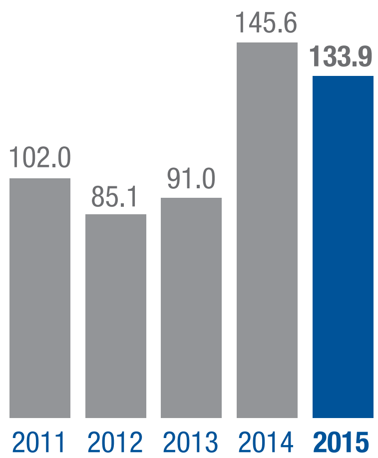
Mr Wilson Ong is the founder of Hock Ann Metal Scaffolding Pte Ltd ("Hock Ann") and oversees the scaffolding division. He joined the Group after Hock Ann was acquired in April 2012. He is responsible for Hock Ann's day to day sales & operations as well as managing and controlling a workforce of over a hundred employees.

Mr Ong holds a Master of Business Administration from Southern Cross University.

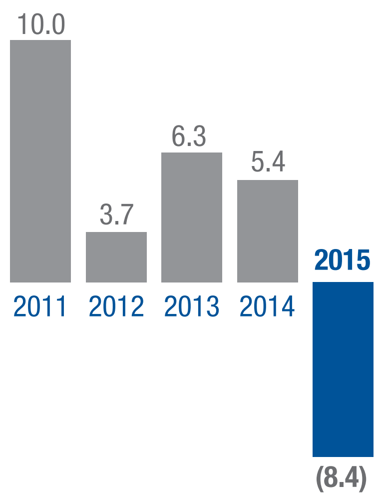
FINANCIAL HIGHLIGHTS

	FY 2015	FY 2014	FY 2013	FY2012	FY2011
Group Turnover (S$'million)	133.9	145.6	91.0	85.1	102.0
Group Net Profit Attributable to Shareholders (S$'million)	(8.4)	5.4	6.3	3.7	10.0
Group Gross Margin (%)	8.0%	10.8%	16.2%	10.0%	12.9%
Group EPS (cents)	(2.1)	1.4	1.6	1.0	2.8
Group NAV (cents)	20.5	23.1	21.3	19.3	18.7
Dividend Payout (cents)	0.05	0.25	0.25	0.25	0.30

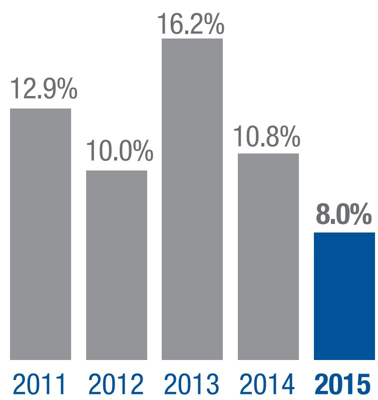
Group Turnover
(S$'million)



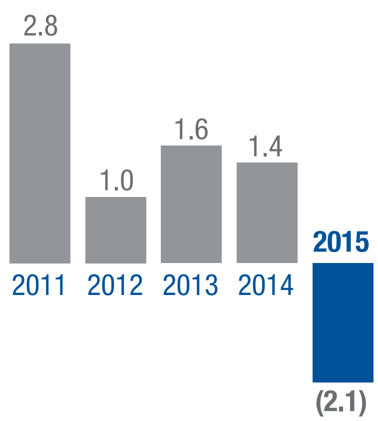
Group Net Profit/(Losses) Attributable to Shareholders
(S$'million)



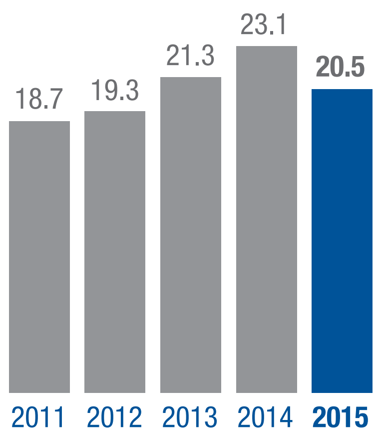
Group Gross Margin
(%)



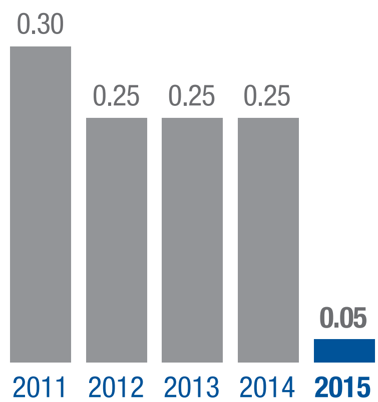
Group Earning/(Losses) Per Share
(cents)



Group NAV
(cents)

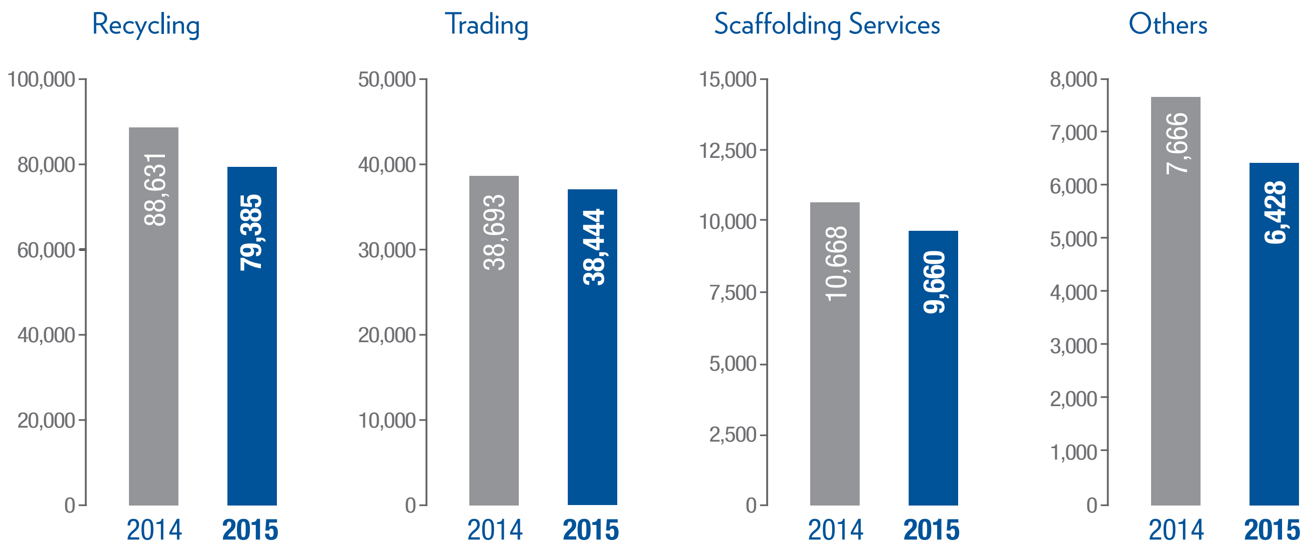


Dividend Payout
(cents)

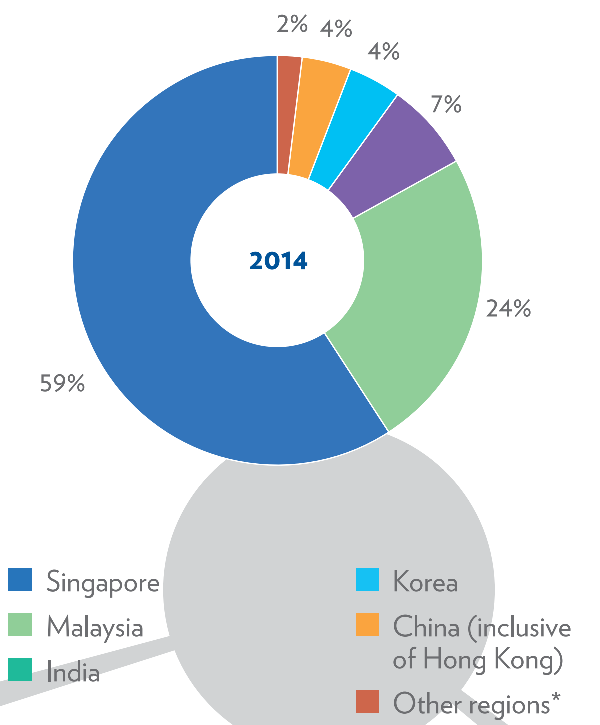


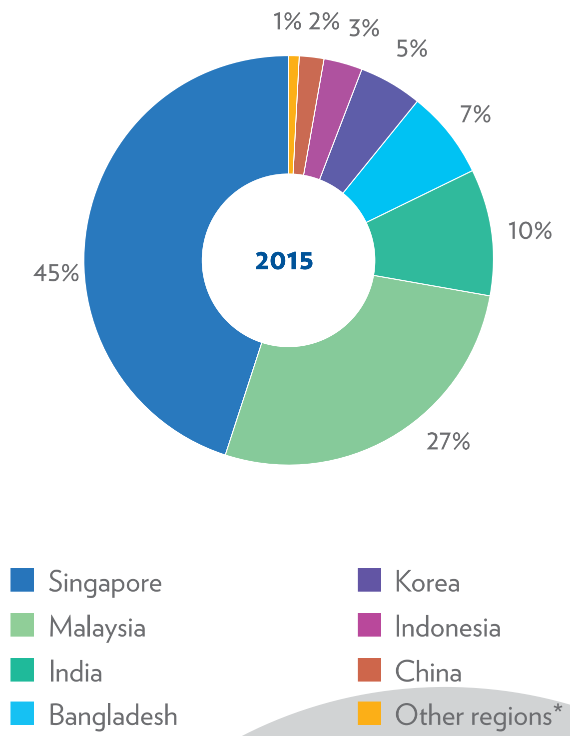
FINANCIAL HIGHLIGHTS

Segment Revenue
($'000)



Group Revenue by Geographical Region





CORPORATE SOCIAL RESPONSIBILITY

Union Steel Holdings Limited ("the Group"), holds itself to ethical standards that guide the behaviour of all employees, and our organisation as a whole, ultimately helping to ensure the long-term viability and success of the Group. The core values of our organisation are clearly defined – integrity, customer focus, teamwork and bonding, progress and growth, and innovation. This report outlines our practices and goals as we build on these values, in our endeavours as a socially responsible corporate citizen.

A Responsible Employer

The Group's human resource policies are strongly grounded in fairness and inclusivity. Our corporate office has a diverse mix of employees, with both genders and all age groups well-represented. This ensures a balanced workforce and also enables our younger staff to benefit from the mentoring and guidance of their seniors.

Teamwork and bonding, one of our core values, can only be achieved when all staff are motivated, helpful, and feel a sense of belonging to the organisation. Having a committed and dedicated workforce enables us to then achieve our corporate goals. Cohesion is fostered among our staff through company-wide activities such as the annual dinner and dance, and bowling and laser tag games organised during the year. Lunch buffets are catered on festive occasions such as the Lunar New Year, Labour Day, and Christmas, and we also distribute gift vouchers to staff on their birthday. In line with our policy of inclusivity, our foreign workers are included in the aforementioned. Furthermore, individual departments are encouraged to organise their own teambuilding activities and social gatherings.

Foreign Worker Welfare

The foreign workforce is an essential part of our operations, every effort is made to ensure that they are well-provided for, and treated with care and compassion. Our dormitories provide daily breakfast and dinner for all our workers at no additional charge. To reinforce their importance to the Group, they are all included in the annual dinner and dance, and subsequent lucky draw.

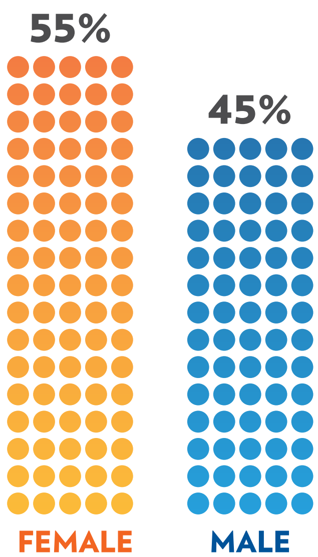
In operational work, all workers are issued a set of personal protective equipment (PPE), and the yards have clearly visible signage indicating and reminding workers of where and what PPE should be worn. Yard supervisors are required to conduct weekly toolbox meetings to review safety procedures, and for workers to air any concerns.

In calendar year 2014, there were a total of 5 workplace accidents, none of which were fatal. All accidents are thoroughly investigated and, where appropriate, action will be taken to prevent such incidents from reoccurring.

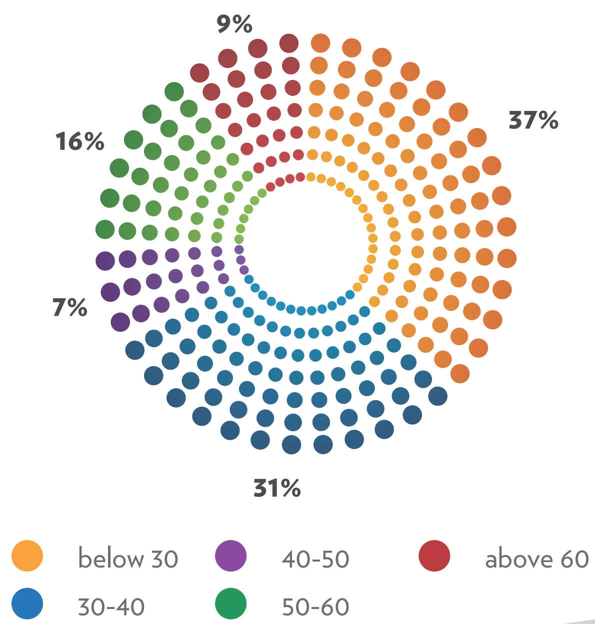
Nurturing Talent

The Group has an internship program in place for students from relevant courses at the National University of Singapore, Nanyang Technological University, and

BY GENDER



BY AGE



CORPORATE SOCIAL RESPONSIBILITY

Singapore Polytechnic. In calendar year 2015, the Group took in 5 interns (2014: 7 interns). The interns are attached to various departments, where they are typically given one-to-one supervision. Some of the interns also gain valuable hands-on experience with the Group's core operations, such as sorting at scrapyards. This internship programme is our way of helping to sustain the interest and understanding of the metal and scrap industry among the younger generation.

Internally, we aim to help our staff grow to their full potential, and training courses are regularly scheduled for staff to enhance their skillsets and abilities. Courses attended by staff include leadership training, productivity courses, ISO 9001 and 14001 internal auditor courses, as well as technical courses for skills such as 3G welding and hydraulic excavator operation. Each department is held responsible for monitoring the number of training hours attended by its staff, as this is one of the department KPIs.

Community Engagement

We make multifaceted contributions back to society through a significant number of charitable donations every year. Some of the myriad events, causes and institutions supported in the last financial year include the Lions Befrienders' Charity Golf, Singapore Polytechnic, Singapore Chinese Orchestra Gala Dinner & Concert, PCF Fundraising, etc.

Our staff are also encouraged to make their own contributions; at our most recent annual dinner and dance, we collected over S$3,800 from our staff for Club Rainbow, which provides help for chronically ill children.

Environmental Responsibility

Being in the business of metal recycling, we are cognizant of the direct impact that our activities have on the environment. We strive to maximise the recovery of metal from the scrap that we receive, by sorting the collections into the various grades and types of metal. This sorting allows us to optimise the extraction of each material in terms of both its monetary value and usage.

In an effort to reduce our environmental footprint, we also have a fleet renewal programme where vehicles such as excavators and forklifts are periodically replaced with newer, more efficient models with reduced carbon emissions and fuel consumption. In FY2015, we acquired 4 forklifts and 2 excavators to replace older units. At our corporate office, staff are also encouraged to reduce wastage by recycling paper, and switching off the lights and air-conditioning when not in use.

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STATEMENT OF CORPORATE GOVERNANCE

Union Steel Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are committed to set corporate governance practices in place which are in line with the recommendations of the Code of Corporate Governance 2012 (the "Code") to provide the structure through which the objectives of protection of shareholders' interest and enhancement of long term shareholders' value are met.

This report sets out the Group's main corporate governance practices which were in place throughout the financial year ended 30 June 2015 or which will be implemented and where appropriate, we have provided explanations for deviation from the Code.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholders' value. Its responsibilities are distinct from Management responsibilities. It sets the overall strategy for the Group and supervises executive Management. To fulfil this role, the Board sets strategic directions, establishes goals for Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

In addition to its statutory duties, the principal functions of the Board are:

1. Approving policies, strategies and financial objectives of the Company and reviewing Management's performance;

2. Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

3. Approving nomination and appointment of directors, committee members and key personnel; and

4. Approving annual budget, major funding and expansion proposals, capital investment, major acquisition and divestment proposals.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries and take decisions in the interests of the Company.

To assist in the execution of its responsibilities, the Board had established a number of Board Committees, namely the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") (collectively "Board Committees"). These Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each Board Committees is also constantly monitored.

The Board currently holds at least 4 scheduled meetings each year. In addition, it holds additional meetings at such other times as may be necessary to address specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. The Company's Articles of Association (the "Articles") has provision for Board meetings to be held via telephone or videoconference.

STATEMENT OF CORPORATE GOVERNANCE

The following table discloses the number of meetings held for Board and Board Committees and the attendance of all Directors for the financial year ended 30 June 2015:

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name	**No. of meetings Held**	**No. of meetings Attended**	**No. of meetings Held**	**No. of meetings Attended**	**No. of meetings Held**	**No. of meetings Attended**	**No. of meetings Held**	**No. of meetings Attended**
Ang Yu Seng	4	4	4	4*	1	1	1	1*
Ang Yew Chye	4	4	4	4*	1	1*	1	1*
Chan Kok Poh	4	4	4	4	1	1*	1	1
Chang Yeh Hong (1)	4	4	4	4	1	1	1	1
Siau Kai Bing	4	4	4	4	1	1	1	1
Tan Min-Li(2)	4	1	4	1*	1	-	1	-

* By invitation

(1) Mr. Chang Yeh Hong had resigned as an Independent Director on 30 June 2015.

(2) Ms. Tan Min-Li was appointed as an Independent Director of the Company on 1 April 2015. She was appointed as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee on 30 June 2015.

The Board had adopted a set of internal guidelines setting forth matters that require Board's approval. Matters which are specifically reserved for the Board's decision are those involving significant acquisitions, disposals and financing proposals, reviewing and approving the Group's corporate policies, monitoring the performance of the Group and transactions relating to investment, financing and legal and corporate secretarial. The Management understands that these matters require approval from the Board. The Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Company. Directors are required to act in good faith and discharge their fiduciary duties and responsibilities in the interest of the Company at all times.

The Directors are also updated regularly with changes to the Singapore Exchange Trading Securities Limited (the "SGX-ST") listing rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committee members.

News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (the "ACRA") which are relevant to the Directors are circulated to the Board. The Company Secretaries would inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors ("EA") update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

The Company has an orientation programme for all new Directors and also for Directors to attend any appropriate training programme in order to discharge their duties as Directors.

Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties.

Newly appointed Directors will be briefed by the Management on the business activities of the Group, governance policies, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during the Board meetings.

A formal letter of appointment would be furnished to every newly appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.

STATEMENT OF CORPORATE GOVERNANCE

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

Presently, the Board comprises two (2) Executive Directors and three (3) Independent Directors:-

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr Ang Yu Seng	Executive Chairman and Chief Executive Officer	–	Member	–
Mr Ang Yew Chye	Executive Director	–	–	–
Mr Siau Kai Bing (1)	Lead Independent Director	Chairman	Member	Member
Mr Chan Kok Poh	Independent Director	Member	–	Chairman
Ms Tan Min-Li (2)	Independent Director	Member	Chairman	Member

(1) Mr. Siau Kai Bing was appointed as the Lead Independent Director with effect from 23 September 2014.

(2) Ms. Tan Min-Li was appointed as an Independent Director on 1 April 2015. She was appointed as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee on 30 June 2015.

There is presently a strong and independent element on the Board. Half of the Board is made up of Independent Directors and the independence of each Director is reviewed by the NC. The criteria for independence are determined based on the definition as provided in the Code and the independence of each Director is reviewed annually by the NC. The Board considers an independent Director as one who has no relationship with the Company, its related companies or its Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs. The NC had reviewed the independence of each Independent Director and is of the view that these Directors are independent.

In line with Guideline 2.4 of the Code, the NC had conducted a rigorous review on the independence of the Lead Independent Director, Mr. Siau Kai Bing and considers that Mr. Siau Kai Bing is independent even though he have served on the Board beyond 9 years. The relevant factors that were taken into consideration in determining the independence of Mr. Siau Kai Bing are set out under Principle 4 below.

The Board considers that the present Board size and number of Committees facilitate effective decision-making and are appropriate for the nature and scope of the Company's operations. The Board will constantly examine its size with a view to determine its impact upon its effectiveness.

The Directors appointed are qualified professionals who, as a group, possess a diverse range of expertise to provide core competencies such as accounting or finance, business or management experience, industry knowledge and strategic planning experience.

The Independent Directors exercise no management functions in the Group. The role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Company co-ordinates informal meeting sessions for Independent Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Profiles of the Board are set out in "Board of Directors" section of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

Chairman and Chief Executive Officer ("CEO")

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr Ang Yu Seng ("Mr Ang"), the Executive Chairman and CEO, is also the controlling shareholder of the Company, takes an active role in the Management of the Group.

The responsibilities of the Chairman include:

(1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;

(2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders;

(3) Ensuring the Group's compliance with the Code; and

(4) Acting in the best interest of the Group and of the shareholders.

The Company Secretaries may be called to assist the Chairman in any of the above. As CEO, Mr. Ang is responsible for the overall management, strategic direction, ensuring that its organizational objectives are achieved and the day-to-day operations of the Group.

The Board had appointed Mr. Siau Kai Bing as the Lead Independent Director to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board, He is the principal liaison on Board issues between the Independent Directors and the Executive Chairman. He is available to shareholders when they have concerns or contact through the normal channels of the Executive Chairman and CEO and Group Financial Controller has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors where necessary and the Lead Independent Director will provide feedback to the Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skill to enable the Board to make effective decision makings.

The NC comprises two (2) Independent Directors and one (1) Executive Director as follows:

<u>Nominating Committee</u>

Ms. Tan Min-Li (Chairman)
Mr. Ang Yu Seng
Mr. Siau Kai Bing

Based on the written terms of reference approved by the Board, the principal functions of the NC are:

(1) Reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board of the Company and of its subsidiaries;

(2) Reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account, the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board as a whole possesses the right blend of relevant experiences and core competencies to effectively manage the Company;

STATEMENT OF CORPORATE GOVERNANCE

(3) Procuring that at least one-third of the Board shall comprise Independent Directors;

(4) Identifying and making recommendations to the Board as to which Directors are to retire by rotation and to be put forward for re-election at each Annual General Meeting ("AGM") of the Company, having regard to the Directors' contribution and performance, including the Independent Directors;

(5) Determining whether a Director is independent; and

(6) Proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration.

New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next AGM.

The Company's Articles of Association requires one-third of the Board (except for the Managing Director) to retire by rotation at every AGM. Directors who retire are eligible to offer themselves for re-election. Pursuant to Article 97 of the Company's Articles of Association, Directors of the Company who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM.

In considering whether an Independent Director who has served on the Board for 9 years is still independent, the Board has taken into consideration the following factors:

(1) The considerable amount of experience and wealth of knowledge that the Independent Director brings to the Company

(2) The attendance and active participation in the proceedings and decision making process of the Board and Committee Meetings

(3) Provision of continuity and stability to the new Management at the Board level as the independent director has developed deep insight into the business of the Company and possesses experience and knowledge of the business

(4) The qualification and expertise provides reasonable checks and balances for the Management

(5) The Independent Director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. He is adequately prepared and responsive and heavily involved in the discussions at the meeting; and

(6) The Independent Director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests

In this regard, the NC with the concurrence of the Board has reviewed the suitability of Mr. Siau Kai Bing being Independent Director who have served on the Board for 9 years and have determined that Mr. Siau Kai Bing remains independent. Mr. Siau Kai Bing had abstained from voting on any resolution in respect of his own appointment. In addition, the NC is of the view that Mr. Chan Kok Poh is independent (as defined in the Code) and is able to exercise judgement on the corporate affairs of the Group independent of the Management.

Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.

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There is no alternate Director being appointed to the Board for the financial year ended 30 June 2015.

The NC has recommended to the Board that Mr. Ang Yew Chye and Mr. Siau Kai Bing, be nominated for re-election under Article 91 of the Company's Articles of Association and Ms Tan Min-Li be nominated for re-election under Article 97 of the Company's Articles of Association at the forthcoming AGM. The Board had accepted the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions in respect to his or her re-nomination as a Director.

The key information regarding Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out in "Particulars of Directors pursuant to the Code of Corporate Governance" in the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

While the Code recommends that the NC be responsible for assessing the Board as a whole and also assessing the individual evaluation of each Directors' contribution, the NC is of the view that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each member of the Board contributes in different way to the success of the Company and Board decisions are made collectively.

The Board has implemented a process for assessing the effectiveness of the Board as a whole. During the financial year under review, each Director was required to complete a board evaluation form adopted by the NC to assess the overall effectiveness of the Board, which will be collated by the Chairman for review or discussion. The results of the board evaluation exercise were considered by the NC which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively. The appraisal process focused on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, Board performance in relation to discharging its principal responsibilities and the Directors' standards of conduct. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The Board and the NC had endeavored to ensure that Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business.

Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors for the financial year ended 30 June 2015 are based on their attendance and contributions made at the Board and Board Committees meetings.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board has separate and independent access to the Senior Management and the Company Secretaries at all times. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur. The Management provides the Board with quarterly reports of the Company's performance. The Management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with Board papers including financial, business and corporate matters of the Group timely and prior to Board meetings to enable the Directors to oversee the Company's operational and financial performance. Directors are also informed of any significant developments or events relating to the Company.

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The Company Secretaries or their representatives attends all Board and Board Committees meetings and prepares minutes of Board and Board Committees meetings and assists the Chairman in ensuring that Board procedures are followed and reviewed in accordance with the Company's Articles of Association so that the Board functions effectively and the relevant rules and regulations applicable to the Company are complied with. The Company Secretaries or their representatives' role is to advise the Board on all governance matters, ensuring that legal and regulatory requirements as well as Board policies and procedures are complied with. The appointment and removal of the Company Secretaries are subjected to the approval of the Board.

The Directors either individually or as a group may seek independent professional advice in furtherance of their duties. The costs of such service will be borne by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

The RC comprises three (3) Independent Directors as follows:

Remuneration Committee

Mr. Chan Kok Poh (Chairman)
Mr. Siau Kai Bing
Ms. Tan Min-Li

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The overriding principle is that no Director should be involved in deciding his or her own remuneration. It has adopted written terms of reference that defines its membership, roles and functions and administration.

The duties of the RC are as follows:

(1) Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages for all Directors of the Company;

(2) Reviewing the service contracts of Executive Directors;

(3) Reviewing and enhancing the compensation structure with incentive performance for key management personnel; and

(4) Overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and directors through competitive compensation and progressive policies.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

STATEMENT OF CORPORATE GOVERNANCE

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than necessary for this purpose.

The remuneration policy of the Company is to provide compensation packages at market rates, which reward successful performance and attract, retain and motivate Directors and key Senior Management.

The Executive Directors' and key Senior Management remuneration packages are based on service agreements and their remuneration is determined by having regard to the performance of the individuals, the Group and industry benchmarks. The remuneration package for the Executive Directors and key Senior Management staff are made up of both fixed and variable components. The variable component is determined based on the performance of the individual employee as well as the Group's performance. The service agreements of the Executive Directors have been renewed for a further period of 3 years with effect from 1 July 2015. The Executive Directors do not receive Directors' fees.

The Company had on 28 June 2005 and 11 February 2010 adopted the Union Steel Holdings Employee Share Option Scheme ("Union Steel ESOS") and Union Steel Performance Share Scheme ("Union Steel PSS") respectively subject to a maximum period of ten (10) years commencing on the adoption dates. The Executive Directors, Independent Directors and key management personnel are eligible to participate in the Union Steel ESOS and Union Steel PSS in accordance with the Rules for Union Steel ESOS and Union Steel PSS.

Since the commencement of the ESOS till its expiry on 28 June 2015 and up to the date of this report, no options were granted under the ESOS to Directors of the Company and/or employees of the Group. There were no outstanding options as at end of FY2015.

Independent Directors are paid Directors' fees of an agreed amount based on their contributions, taking into account factors such as effort and time spent and the respective responsibilities of the Directors. Directors' fees are recommended by the Board for approval at the Company's AGM.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedy against the Executive Directors in the event of such breach of fiduciary duties.

Directors' Remuneration

Principle 9: Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown showing the level and mix of remuneration paid/payable for the financial year ended 30 June 2015 to each individual Director of the Company is as follows:

Name of Directors	Salary	Bonus	Directors' fees	Allowances and Other Benefits	Total
	%	%	%	%	%
S$500,000 to below S$750,000					
Mr Ang Yu Seng	78	7	–	15	100
S$250,000 to below S$500,000					
Mr Ang Yew Chye	75	6	–	19	100

STATEMENT OF CORPORATE GOVERNANCE

Name of Directors	Salary	Bonus	Directors' fees	Allowances and Other Benefits	Total
	%	%	%	%	%
Below S$250,000					
Mr Chang Yeh Hong [(1)]	–	–	100	–	100
Mr Siau Kai Bing	–	–	100	–	100
Mr Chan Kok Poh	–	–	100	–	100
Ms. Tan Min-Li [(2)]	–	–	100	–	100

(1) Mr. Chang Yeh Hong had resigned as an Independent Director on 30 June 2015.

(2) Ms. Tan Min-Li was appointed as an Independent Director on 1 April 2015. She was appointed as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee on 30 June 2015.

For the financial year ended 30 June 2015, the Company only identified 3 key management personnel. Details of remuneration paid to Top 3 key management personnel of the Group (who are not Directors) for the financial year ended 30 June 2015 are set out below:

Name of Key Management Personnel	Salary	Bonus	Allowances and Other Benefits	Total
	%	%	%	%
S$250,000 to below S$500,000				
Mr. Wilson Ong	62	27	11	100
Below S$250,000				
Mr. Chua Wei Chye Lawrence	94	6	–	100
Mdm. Ang Siew Chin	68	8	24	100

For the financial year ended 30 June 2015, the aggregate total remuneration paid to the key management personnel (who are not Directors or the CEO) amounted to $720,000.

There were no terminations, retirement or post-employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service for FY2015.

Immediate Family Member of Directors or Substantial Shareholders

Two employees of the Group, Mdm Ang Siew Chin and Mdm Ang Lay Eng, are sisters of our Executive Directors, Mr Ang Yu Seng and Mr Ang Yew Chye and whose remuneration exceeds S$50,000 in the financial year ended 30 June 2015. The basis for determining the compensation of our related employees is the same as the basis of determining the compensation of other unrelated employees.

Details of remuneration paid to the immediate family member of Directors or substantial shareholders for the financial year ended 30 June 2015 are set out below:

Name of Immediate Family Member	Salary	Bonus	Allowances and Other Benefits	Total
	%	%	%	%
Above S$50,000				
Ang Siew Chin	68	8	24	100
Ang Lay Eng	79	10	11	100

Save for the above disclosure, the Company does not have any employee who is an immediate family member of a Director or CEO whose remuneration in the financial year ended 30 June 2015 exceeded $50,000.

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In view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors and key management personnel in the Annual Report.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Accountability to our shareholders is demonstrated through the presentation of our quarterly and annual financial statements, results announcements and all announcements on the Group's business and operations.

The Management provides the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis and when deemed appropriate by particular circumstances.

In line with the SGX-ST Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall internal controls framework, but acknowledges that no cost-effective internal controls system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded.

As the Group does not have a risk management committee, the Board and Management assume the responsibility of the risk management function. Management is responsible for designing, implementing and monitoring the risk management and internal control systems. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews significant policies and procedures and highlights significant matters to the Board and the AC.

Relying on the reports from the internal auditors ("IA") and EA, the AC carried out assessments of the effectiveness of key internal controls during the year. Any material non-compliance or weaknesses in internal controls or recommendations from the IA and EA to further improve the internal controls were reported to the AC. The AC will also follow up on the actions taken by the Management and on the recommendations made by both the IA and EA.

As the Group continue to grow and business environment evolving, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls. The Board and the AC also noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

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The CEO and the Group Financial Controller have assured the Board that:

(1) The financial records have been properly maintained and the financial statements for the financial year ended 30 June 2015 give a true and fair view of the Company's operations and finances; and

(2) The Group risk management and internal control systems are operating effectively in all material aspects given its current business environment.

Based on the reports and work performed by both the EA and IA, the assurance from Management and the on-going review as well as the continuing efforts in enhancing controls and processes which currently in place, the Board, with the concurrence of the AC, is of the view that there are adequate internal controls and risk management systems in place for the Group to address financial, operational, compliance and information technology risks of the Group as at 30 June 2015.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises entirely of Independent Non-Executive Directors which are as follows:-

Audit Committee

Mr. Siau Kai Bing (Chairman)
Mr. Chan Kok Poh
Ms. Tan Min-Li

The AC is established to assist the Board with discharging its responsibility of safeguarding the Company's assets, maintaining adequate accounting records and develop and maintain effective systems of internal control. The Board is of the opinion that the members of the AC possess the necessary accounting or related financial management qualifications, expertise and experience in discharging their duties. The details of the Board member's qualifications and experience are presented in this Annual Report under the heading "Board of Directors".

The AC has written terms of reference, setting out their duties and responsibilities, which include the following:

(1) monitor the integrity of the financial information provided by the Company;

(2) assess, and challenge, where necessary, the correctness, completeness, and consistency of financial information (including interim reports) before submittal to the Board for approval or made public;

(3) review any formal announcements relating to the Company's financial performance;

(4) discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the EA and the IA where necessary;

(5) assess the adequacy and effectiveness of the internal controls (including financial, operational, compliance, information technology controls and risk management) systems established by Management to identify, assess, manage, and disclose financial and non-financial risks (including those relating to compliances with existing legislation and regulation) at least once a year in compliance with Guideline 12.4 of the Code;

(6) review and ensure that the assurance has been received from the CEO (or equivalent) and the Chief Financial Officer (or equivalent) in relation to the interim/final unaudited financial statement;

(7) review the IA's reports on the effectiveness of the systems for internal controls, financial reporting and risk management;

(8) monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system;

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(9) in connection with the terms of engagement to the EA, to make recommendations to the Board on the selection, appointment, reappointment, and resignation of the EA based on a thorough assessment of the EA's functioning, and approve the remuneration and Terms of Engagement of the EA;

(10) monitor and assess the EA's independence and keep the nature and extent of non-audit services provided by the EA under review to ensure the EA's independence or objectivity is not impaired;

(11) assess, at the end of the audit cycle, the effectiveness of the audit process;

(12) review interested person transactions to consider whether they are on normal commercial terms and are not prejudicial to the interests of the company or its minority shareholders; and

(13) review the Company's procedures for detecting fraud and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control, or any other matters.

Apart from the duties listed above, the AC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position, and to review its findings.

The AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors.

The AC has full access to and the co-operation of Management and the full discretion to invite any Director or Executive Officer to attend its meetings and has reasonable resources to enable it to discharge its functions properly. The EA had unrestricted access to the AC.

The AC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the EA and approving the remuneration of the EA. The AC has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as EA at the forthcoming AGM of the Company. The Company confirmed that Rule 712 and Rule 715 of the Listing Manual of the SGX-ST had been complied with.

The AC will meet with the EA and the IA without the presence of the Management as and when necessary to review the adequacy of audit arrangements with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the EA.

The AC conducted a review of all non-audit services provided by the EA and is satisfied that the nature and extent of such services does not prejudice the independence and objectivity of the EA. For the financial year ended 30 June 2015, the fees that are charged to the Group by the EA for audit services were approximately S$148,000. There were no non-audit fees paid to the EA.

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

(1) independent investigations are carried out in an appropriate and timely manner;

(2) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(3) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

As of to-date, there were no reports received through the whistle blowing mechanism.

The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the EA. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

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Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Company has outsourced its internal audit functions and has appointed a professional firm, KPMG Services Pte. Ltd. as the IA. The IA reviews the effectiveness of key internal controls, including financial, operational and compliance controls and risk management systems. Procedures are in place for the IA to report independently on their findings and recommendations to the AC for review. Management will update the AC on the status of the remedial action plans.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Company's businesses and assets while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the IA is to assist the AC in ensuring that the controls are effective and functioning as intended to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC is satisfied that the internal audit function has adequate resources to perform its function effectively.

The AC is satisfied that the internal audit team is staffed by suitably qualified and experienced professionals with the relevant experience.

The IA is a member of the Institute of Internal Auditors Singapore ("IIA"), which is a professional internal auditing body affiliated to the Institute of Internal Auditors, Inc.. The audit work carried out is guided by KPMG's global internal auditing standards and the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA.

The AC reviews annually the adequacy and effectiveness of the internal audit function of the Company and conducts meeting without the presence of the Management.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangements.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's current Memorandum and Articles of Association does not include the nominee and custodial services to appoint more than two proxies.

STATEMENT OF CORPORATE GOVERNANCE

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholder, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected Group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:-

- Annual Report prepared and issued to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments, if any, and other disclosures required by the Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period;

- Press releases on major developments of the Group; and

- Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("EGM"). The notice of AGM and EGM are also advertised in a national newspaper.

The Company's website at "http://www.unionsteel.com.sg" at which shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has engaged an investor relations ("IR") firm to focus on facilitating the communications with all stakeholders – shareholders, analysts and media on a regular basis.

To enable shareholders to contact the Company easily, the contact details of the IR firm are set out in the Corporate information of the Annual Report as well as on the Company's website. The IR firm have procedures in place for responding to investors' queries as soon as applicable.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, either before the Company meets with any investors or analysts. All shareholders of the Company will receive the annual report with notice of AGM by post and published in the newspapers within the mandatory period, which is held within four months after the close of the financial year.

The Group does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

STATEMENT OF CORPORATE GOVERNANCE

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. Notice of the general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the general meetings.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Committees at general meetings. Furthermore, the EA are present to assist our Board in addressing any relevant queries by our shareholders.

The Company will make available minutes of general meetings to shareholders upon their request.

(E) DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Company had adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full-year financial results, and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information and they are not to deal in the Company's securities on short-term considerations.

(F) MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established a procedure for recording and reporting interested person transactions ("IPTs"). All IPTs are subject to review by the AC to ensure that there were conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs and any of its interested persons (namely, Directors, Chief Executive Officers or controlling shareholders of the Group or the associates of such Directors, Chief Executive Officers or controlling shareholders) subsisting for the financial year ended 30 June 2015.

STATEMENT OF CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding 3 years
Mr Ang Yu Seng	GCE "A" Levels	Executive Chairman / Chief Executive Officer	Chairman of the Board and Member of Nominating Committee	12 August 2004	24 October 2014	Nil	Nil
Mr Ang Yew Chye	Primary School certification	Executive Director	Board Member	12 August 2004	24 October 2013	Nil	Nil
Mr Siau Kai Bing	Fellow Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants	Lead Independent Director	Board Member, Chairman of the Audit Committee and Member of the Nominating Committee and Remuneration Committee	28 June 2005	18 October 2012	QAF Limited	Advanced Holdings Limited
Mr Chan Kok Poh	Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants	Independent Director	Board Member, Chairman of the Remuneration Committee and Member of the Audit Committee	28 June 2005. Re-designated from Non-Executive Director to Independent Director on 12 September 2008	24 October 2014	Nil	Nil
Ms Tan Min-Li	Master of Law (Merit in International Business Law), University College London, University of London. Bachelor of Law Degree (Honours) from the National University of Singapore.	Independent Director	Board Member, Chairman of the Nominating Committee and Member of the Audit Committee and Remuneration Committee	1 April 2015	–	1. Colin Ng & Partners LLP 2. Anchun International Holdings Ltd 3. Ocean Sky International Limited	Nil

REPORT OF THE DIRECTORS

For the financial year ended 30 June 2015

The directors present their report together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended June 30, 2015.

1 DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Ang Yu Seng
Ang Yew Chye
Chan Kok Poh
Siau Kai Bing
Tan Min-Li (Appointed on April 1, 2015)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of director	
The Company ordinary shares	**At the beginning of year**	**At the end of year**
Ang Yu Seng	137,248,408	137,248,408
Ang Yew Chye	32,559,431	32,559,431
Chan Kok Poh	240,000	240,000
Siau Kai Bing	120,000	120,000
Chang Yeh Hong*	100,000	100,000

*Resigned on June 30, 2015.

By virtue of Section 7 of the Singapore Companies Act, Mr Ang Yu Seng is deemed to have an interest in all related corporations of the Company.

There was no change in the above-mentioned directors' interests between the end of the financial year and July 21, 2015.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Singapore Companies Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which the he has a substantial financial interest except for salaries, bonuses and other benefits as disclosed in the financial statements.

5 SHARE OPTIONS

(a) *Options to take up unissued* shares

On June 28, 2005, the Company has adopted a share option scheme known as the Union Steel Holdings Employee Share Option Scheme (the "ESOS"), for the granting of options to reward and retain employees of the Group whose services are vital to the Group's well-being and success. The ESOS has expired on June 28, 2015.

The ESOS was administered by the Remuneration Committee comprising the following directors:-

Chan Kok Poh (Chairman)
Siau Kai Bing
Chang Yeh Hong (Resigned on June 30, 2015)

Since the adoption of the ESOS, no options were granted to any person to take unissued shares in the Company or any corporation in the Group.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

6 PERFORMANCE SHARE SCHEME

On February 11, 2010, the Company has adopted a performance share scheme known as Union Steel Performance Share Scheme (the "Scheme"), whereby eligible participants are conferred rights by the Company to be issued or transferred shares (hereinafter referred to as "Awards").

The rationale of the Scheme is to provide an opportunity for the non-executive directors including independent directors and key management personnel and eligible employees of the Group to participate in the equity of the Company so as to motivate them to dedication, loyalty and higher standards of performance, and to give recognition to employees of the Group who have contributed to the success of the Group and cultivate a culture of ownership. The participants are not required to pay for the grant of Awards or for the shares allotted or allocated pursuant to an Award.

The Scheme is administered by the Remuneration Committee.

Since the adoption of the Scheme, there were no shares awarded to any person under this Scheme.

7 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all Non-Executive Directors, is chaired by Mr Siau Kai Bing, an Independent Director, and includes two Independent Non-Executive Directors, Ms Tan Min-Li and Mr Chan Kok Poh. The Audit Committee has met 4 times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the Executive Directors and external and internal auditors of the Company:

(a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

REPORT OF THE DIRECTORS

For the financial year ended 30 June 2015

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the Directors of the Company and external auditors' report on those financial statements;

(d) The quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) The co-operation and assistance given by management to the Group's external and internal auditors; and

(f) The re-appointment of the external auditors of the Group.

The Audit Committee has full access to and co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming annual general meeting of the Company.

8 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

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Ang Yu Seng

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Ang Yew Chye

Singapore
October 16, 2015

STATEMENT BY DIRECTORS

For the financial year ended 30 June 2015

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 44 to 86 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Ang Yu Seng

Ang Yew Chye

Singapore
October 16, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Union Steel Holdings Limited | For the financial year ended 30 June 2015

Report on the Financial Statements

We have audited the accompanying financial statements of Union Steel Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of the financial position of the Company as at June 30, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 86.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at June 30, 2015, and the financial performance, changes in equity and cash flows of the Group, and changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To the Members of Union Steel Holdings Limited | For the financial year ended 30 June 2015

Other Matters

The financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended June 30, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated September 19, 2014.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 16, 2015

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000 (Restated)	Company 2015 $'000	Company 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	6	31,194	33,697	1,618	2,751
Trade and other receivables	7	17,587	23,818	7,481	11,001
Inventories	8	30,800	43,063	–	–
Total current assets		79,581	100,578	9,099	13,752
Non-current assets					
Property, plant and equipment	9	41,084	39,686	204	162
Investment property	10	11,812	14,500	–	–
Goodwill	11	11,603	11,603	–	–
Other intangible assets	12	1,090	1,679	–	–
Golf club membership	13	159	159	159	159
Subsidiaries	14	–	–	38,801	38,801
Available-for-sale investments	15	–	–	–	–
Total non-current assets		65,748	67,627	39,164	39,122
Total assets		145,329	168,205	48,263	52,874
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans and bills payable	17	39,516	47,059	4,184	5,689
Trade and other payables	18	10,469	8,461	6,622	4,828
Finance leases	19	70	70	–	–
Income tax payable		392	1,043	5	5
Total current liabilities		50,447	56,633	10,811	10,522
Non-current liabilities					
Bank loans	17	10,012	15,694	5,372	9,549
Finance leases	19	137	207	–	–
Deferred tax liabilities	16	4,104	4,735	34	27
Total non-current liabilities		14,253	20,636	5,406	9,576
Capital and reserves					
Share capital	20	36,603	36,603	36,603	36,603
Retained earnings (Accumulated losses)		39,517	49,109	(4,557)	(3,827)
Capital reserve		5,237	5,237	–	–
Translation reserves	21	(728)	(13)	–	–
Total equity		80,629	90,936	32,046	32,776
Total liabilities and equity		145,329	168,205	48,263	52,874

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	Group 2015 $'000	Group 2014 $'000 (Restated)
Revenue	22	133,918	145,603
Cost of sales		(123,236)	(129,854)
Gross profit		10,682	15,749
Other income	23	6,341	10,222
Distribution and marketing expenses		(2,294)	(1,712)
Administrative expenses		(9,254)	(9,661)
Other operating expenses	24	(13,575)	(6,575)
Finance costs	25	(990)	(987)
(Loss) Profit before income tax		(9,090)	7,036
Income tax	26	679	(1,255)
(Loss) Profit for the year	27	(8,411)	5,781
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss:			
Net currency translation differences of financial statements of a foreign subsidiary		(715)	(13)
Total comprehensive (loss) income for the year		(9,126)	5,768
Net (loss) profit for the year attributable to:			
Owners of the Company		(8,411)	5,376
Non-controlling interests		–	405
		(8,411)	5,781
Total comprehensive (loss) income for the year attributable to:			
Owners of the Company		(9,126)	5,363
Non-controlling interests		–	405
		(9,126)	5,768
(Loss) Earnings per share (cents)			
Basic	28	(2.14)	1.37
Diluted	28	(2.14)	1.37

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

Group	Share capital $'000	Retained earnings $'000	Capital reserve* $'000	Translation reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interest $'000	Total $'000
Balance as at July 1, 2013	36,603	44,717	2,432	–	83,752	5,703	89,455
Total comprehensive income for the year							
Profit for the year as previously stated	–	4,495	–	–	4,495	405	4,900
Effect from prior year adjustment (Note 33)	–	881	–	–	881	–	881
Profit for the year, as restated	–	5,376	–	–	5,376	405	5,781
Other comprehensive loss for the year	–	–	–	(13)	(13)	–	(13)
Total	–	5,376	–	(13)	5,363	405	5,768
Transactions with owners, recognised directly in equity							
Non-controlling interest arising from acquisition of a subsidiary	–	–	2,805	–	2,805	(6,108)	(3,303)
Dividends (Note 29)	–	(984)	–	–	(984)	–	(984)
Total	–	(984)	2,805	–	1,821	(6,108)	(4,287)
Balance as at June 30, 2014	36,603	49,109	5,237	(13)	90,936	–	90,936
Total comprehensive income for the year							
Loss for the year	–	(8,411)	–	–	(8,411)	–	(8,411)
Other comprehensive loss for the year	–	–	–	(715)	(715)	–	(715)
Total	–	(8,411)	–	(715)	(9,126)	–	(9,126)
Transactions with owners, recognised directly in equity							
Dividends (Note 29)	–	(1,181)	–	–	(1,181)	–	(1,181)
Balance as at June 30, 2015	36,603	39,517	5,237	(728)	80,629	–	80,629

* Capital reserve relates to the difference between the purchase consideration and the carrying amount of non-controlling interest relating to the step-up acquisitions in Hock Ann Metal Scaffolding Pte. Ltd.

Company	Share capital $'000	Accumulated losses $'000	Total $'000
Balance as at July 1, 2013	36,603	(6,096)	30,507
Profit for the year, representing total comprehensive income for the year	–	3,253	3,253
Transactions with owners, recognised directly in equity			
Dividends (Note 29)	–	(984)	(984)
Balance as at June 30, 2014	36,603	(3,827)	32,776
Profit for the year, representing total comprehensive income for the year	–	451	451
Transactions with owners, recognised directly in equity			
Dividends (Note 29)	–	(1,181)	(1,181)
Balance as at June 30, 2015	36,603	(4,557)	32,046

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2015

	2015 $'000	2014 $'000 (Restated)
Operating activities		
(Loss) Profit before income tax	(9,090)	7,036
Adjustments for:		
Depreciation of property, plant and equipment	5,469	4,565
Gain on disposal of property, plant and equipment	(356)	(107)
Fair value loss (gain) on investment property	875	(2,500)
Amortisation of deferred gain on sale of properties	–	(864)
Amortisation of intangible assets	589	588
Impairment of goodwill	–	1,237
Allowance for doubtful receivables	493	360
Allowance for inventories	6,470	237
Property, plant and equipment written off	911	–
Interest expense	990	987
Interest income	(54)	(62)
Operating cash flows before movements in working capital	6,297	11,477
Trade and other receivables	5,558	(7,709)
Inventories	4,267	(3,622)
Trade and other payables	2,180	(3)
Cash generated from operations	18,302	143
Income tax paid	(603)	(302)
Interest paid	(990)	(987)
Interest received	54	62
Net cash from (used in) operating activities	16,763	(1,084)
Investing activities		
Purchase of property, plant and equipment	(4,953)	(2,778)
Acquisition of non-controlling interest	–	(3,303)
Proceeds from disposal of property, plant and equipment	396	1,205
Net cash used in investing activities	(4,557)	(4,876)
Financing activities		
Proceeds from bank loans	–	25,000
(Decrease) Increase in bills payable	(4,799)	1,530
Repayment of bank loans	(9,212)	(14,011)
Repayment of finance lease liabilities	(70)	(109)
Dividends paid	(1,181)	(984)
Net cash (used in) from financing activities	(15,262)	11,426
Net (decrease) increase in cash and cash equivalents	(3,056)	5,466
Cash and cash equivalents at beginning of financial year	33,697	28,244
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	553	(13)
Cash and cash equivalents at end of financial year	31,194	33,697

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $4,953,000 (2014 : $2,920,000). A cash payment of $4,953,000 (2014: $2,778,000) was made to purchase the property, plant and equipment.

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

1 GENERAL

The Company (Registration No. 200410181W) is incorporated in Singapore with its principal place of business and registered office at 33 Pioneer Road North, Singapore 628474. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company for the year ended June 30, 2015 were authorised for issue by the Board of Directors on October 16 2015.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING –The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On July 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 115 Revenue from Contracts with Customers[1]
- Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative[2]

1 Applies to annual periods beginning on or after January 1, 2017, with early application permitted.

2 Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

The Group is currently estimating the effects of FRS 115 on its revenue contracts in the period of initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

<u>Changes in Group's ownership interests in existing subsidiaries</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below).

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

<u>Available-for-sale investments</u>

Available-for-sale equity investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require the delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs. Subsequent to initial recognition, available-for-sale equity investments are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value (including foreign exchange gains or losses on the equity investments) are recognised in other comprehensive income with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in Profit or Loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified accordingly to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds recurred, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Interest-bearing bank loans are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceed (net of transaction costs) and the settlement or redemption of borrowing is calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at fair value through profit or loss, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

	Useful lives
Leasehold land and buildings	3-100 years
Air-conditioners, electrical installations and computers	5 years
Containers, renovations and warehouse	5 years
Furniture, fittings and office equipment	5 years
Plant, machinery and material handling equipment	5-10 years
Motor vehicles, trucks and cranes	5 years
Rental materials	10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTY- Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Transfer are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change of use.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognised when the services are rendered and accepted by the customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Service income from scaffolding services

Revenue for scaffolding projects is recognised based on the estimated man hours incurred on the project on a straight line basis. Management estimates that 80% of the project is spent planning, erecting, monitoring and inspection while the remaining 20% of the project is spent at dismantling and storage.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the company are presented in Singapore dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's accounting policies

(i) Impairment of available-for-sale investments

Management reviews its available-for-sale investments, comprising quoted equity shares in Indonesia for objective evidence of impairment at least quarterly. Significant or prolonged decline in the fair value of the equity shares below its cost and the disappearance of an active trading market for the equity shares are considered objective evidence that a financial asset is impaired. In determining this, management evaluated, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, the financial health of and the near-term business outlook of the issuer of the instrument including factors such as industry and sector performance. The quoted equity shares in Indonesia had been fully impaired since the financial year ended June 30, 2011.

(ii) Impairment of goodwill

Goodwill is tested for impairment annually. The recoverable amount of the asset and the cash-generating unit has been determined based on whichever is higher between the value-in-use calculations and fair value less cost of disposal. These calculations require the use of estimates (Note 11). Based on the impairment test performed, management is of the view that no impairment charge is required for the financial year ended June 30, 2015 (2014 : $1,237,000). The carrying amount of goodwill is disclosed in Note 8 to the financial statements.

(iii) Impairment of subsidiaries

The Group reviews the investment in subsidiaries at the end of each reporting period to determine whether there is any indication of impairment. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. Based on management's assessment, there are no indications of impairment as at the end of the reporting period. The carrying amount of investment in subsidiaries is disclosed in Note 14 to the financial statements.

(iv) Investment property

The Group's investment property is stated at estimated fair values, as accounted for by management based on independent external appraisals. The estimated fair values may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may vary significantly from that estimated. The carrying amount of investment property at the end of the reporting period and information about the valuation techniques and inputs used in determining the fair value of investment property are disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Key sources of estimation uncertainty

(i) Allowances for inventories

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and management records an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for their products. Possible changes in these estimates could result in revisions to the valuation of inventory. Management is of the view that an allowance for inventories of $6,470,000 is required for the financial year ended June 30, 2015 (2014: $237,000). The carrying amount of inventories is disclosed in Note 8 of the financial statements.

(ii) Useful life and impairment of property, plant and equipment

The cost of property, plant and equipment is depreciated on straight-line basis over their estimated useful lives less residual value. Management estimates the useful lives of these property, plant and equipment to be within 3 to 100 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these property, plant and equipment, therefore future depreciation charges could be revised. The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the property, plant and equipment of the Group and Company as at June 30, 2015 is $41,084,000 (2014: $39,686,000) and $204,000 (2014: $162,000) respectively.

(iii) Allowance for receivables

The allowance for receivables is based on ongoing evaluation of recoverability and ageing analysis of the outstanding receivables and on management's estimate of the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. Management is of the view that the allowance for the Group and Company as at June 30, 2015 of $1,055,000 (2014: $562,000) and $4,000,000 (2014: $nil) respectively is adequate. The carrying amount of receivables is disclosed in Note 7 to the financial statements.

(iv) Estimation of useful life of customer relationship

The cost of customer relationship is amortised on straight-line basis over its estimated useful life. Management estimates the useful life of this customer relationship to be 5 years. The carrying amount of customer relationship as at June 30, 2015 is $1,090,000 (2014: $1,679,000).

(v) Revenue recognition for scaffolding operations

The revenue for scaffolding projects is recognised based on the estimated man-hours incurred on the project on a straight line basis based on past experience. Management estimates that man-hours approximating 80% of a project is spent at planning, erecting, monitoring and inspection while the remaining 20% of man-hours of the project is spent at dismantling and storage.

(vi) Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that are measured using the fair value model, management has reviewed the Group's investment property portfolio and concluded that, while certain of the Group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, management has determined that the presumption that the investment properties measured using the fair value model are recovered through sale is not rebutted.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Financial Assets				
Loans and receivables (including cash and cash equivalents)	48,044	56,369	9,018	13,680
Financial Liabilities				
Amortised costs	60,002	71,299	16,178	20,066

(b) Financial risk management policies and objectives

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the United States dollar and Singapore dollars and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
US dollars	10,293	15,116	10,069	11,381	–	–	28	34
Singapore dollars	11,913	11,913	–	–	–	–	–	–

The Company has investment in one foreign subsidiary whose net assets are exposed to currency translation risk.

<u>Foreign currency sensitivity</u>

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss and equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (continued)

(i) Foreign exchange risk management (continued)

If the relevant foreign currency weaken by 10% against the functional currency of each group entity, profit or loss and equity will increase (decrease) by:

	US dollar impact		Singapore dollar impact	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Group				
Profit or loss	22	374	312	312
Equity	–	–	879	879
Company				
Profit or loss	(3)	(3)	–	–

If the relevant foreign currency strengthen by 10% against the functional currency of each group entity, the profit or loss and equity will increase (decrease) by:

	US dollar impact		Singapore dollar impact	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Group				
Profit or loss	(22)	(374)	(312)	(312)
Equity	–	–	(879)	(879)
Company				
Profit or loss	3	3	–	–

(ii) Interest rate risk management

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (v) of this Note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before tax for the year ended June 30, 2015 would decrease/increase by $241,000 (2014: increase/decrease by $290,000).

(iii) Equity price sensitivity

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

As at June 30, 2015, the available-for-sale equity investments are fully impaired.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (continued)

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group manages such risk by dealing with a diversity of credit-worthy counterparties to mitigate any significant concentration of credit risk. Credit policy includes assessing and evaluation of existing and new customers' credit reliability and monitoring of receivable collections. The Group places its cash and cash equivalents with credit-worthy institutions.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

There are no trade receivables of the Group that individually represented 10% or more of trade receivables as at June 30, 2015 and June 30, 2014.

The maximum amount the Company could be forced to settle under the financial guarantee contract in Note 17, if the full guaranteed amount is claimed by the counterparty to the guarantee is $6,150,000 (2014: $7,758,000). Based on expectations at the end of the financial period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Management has evaluated the fair value of these corporate guarantees and it is of the view that the consequential fair value of the benefits derived from these guarantees to the banks and financial institutions with regard to the subsidiaries is not significant and hence has not been recognised in the financial statements.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Note 7 to the financial statements.

(v) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities by keeping committed credit lines available.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The table below analyses the financial liabilities of the Group and the Company into relevant maturity based on the remaining period from the end of the reporting period to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)**

(b) *Financial risk management policies and objectives (continued)*

(v) Liquidity risk management (continued)

Group

	Weighted average effective interest rate %	On demand within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
2015						
Non-interest bearing	–	10,267	–	–	–	10,267
Fixed interest rate instruments	3.71	70	149	–	(12)	207
Variable interest rate instruments	1.50	39,979	10,117	412	(980)	49,528
		50,316	10,266	412	(992)	60,002
2014						
Non-interest bearing	–	8,269	–	–	–	8,269
Fixed interest rate instruments	3.69	70	229	–	(22)	277
Variable interest rate instruments	1.58	47,544	15,727	481	(999)	62,753
		55,883	15,956	481	(1,021)	71,299

The maximum amount that the Company could be forced to settle under the financial guarantee contract in Note 17, if the full guaranteed amount is claimed by the counterparty to the guarantee, is $6,150,000 (2014: $7,758,000). As mentioned in Note 4 (iv), the Company considers that it is more likely that no amount will be payable under the arrangement.

Company

	Weighted average effective interest rate %	On demand within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
2015						
Non-interest bearing	–	6,622	–	–	–	6,622
Variable interest rate instruments	2.46	4,342	5,454	–	(240)	9,556
		10,964	5,454	–	(240)	16,178
2014						
Non-interest bearing	–	4,828	–	–	–	4,828
Variable interest rate instruments	2.82	5,900	9,778	–	(440)	15,238
		10,728	9,778	–	(440)	20,066

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

Group

	Weighted average effective interest rate	On demand within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2015						
Non-interest bearing	–	46,699	–	–	–	46,699
Fixed interest rate instruments	1.0	1,358	–	–	(13)	1,345
		48,057	–	–	(13)	48,044
2014						
Non-interest bearing	–	51,599	–	–	–	51,599
Fixed interest rate instruments	1.0	4,817	–	–	(47)	4,770
		56,416	–	–	(47)	56,369

Company

	Weighted average effective interest rate	On demand within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
2015						
Non-interest bearing	–	9,018	–	–	–	9,018
2014						
Non-interest bearing	–	12,660	–	–	–	12,660
Fixed interest rate instruments	1.0	1,030	–	–	(10)	1,020
		13,690	–	–	(10)	13,680

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

5 RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of Directors and key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	Group	
	2015	2014
	$'000	$'000
Short-term benefits	1,691	2,247
Defined contribution plan	61	73
	1,752	2,320

6 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Cash on hand and cash at bank	29,849	28,927	1,618	1,731
Fixed deposits	1,345	4,770	–	1,020
	31,194	33,697	1,618	2,751

The fixed deposits bear interest at 1% (2014: 1%) per annum and tenure of 1 month (2014: 1 month) .

7 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables	16,218	21,005	–	–
Less: Allowance for doubtful receivables	(1,055)	(562)	–	–
	15,163	20,443	–	–
Other receivables:				
Third parties	1,687	2,229	–	–
Subsidiaries	–	–	11,400	10,929
Less: Allowance for doubtful receivables	–	–	(4,000)	–
	1,687	2,229	7,400	10,929
Prepayments	737	1,146	81	72
	17,587	23,818	7,481	11,001

The average credit period on sale of goods is 30 days (2014: 30 days). No interest is charged on the balance outstanding. Allowance for doubtful receivables are recognised against debtors in financial difficulty and has defaulted in payment.

The other receivables due from subsidiaries are unsecured, interest free and repayable on demand. During the year, the Company has recognised an allowance of $4,000,000 (2014: $nil) for doubtful receivables from subsidiaries.

7 TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's trade receivable balance are debtors with a carrying amount of $8,643,000 (2014: $13,701,000) respectively which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful receivables

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	562	202	–	–
Increase in allowance recognised in profit or loss	493	360	4,000	–
Balance at end of financial year	1,055	562	4,000	–

Aging of receivables that are past due but not impaired

	Group	
	2015	2014
	$'000	$'000
Past due 0 to 3 months	6,822	11,343
Past due 4 to 6 months	1,512	1,792
Past due exceeding 6 months	309	566
	8,643	13,701

8 INVENTORIES

	Group	
	2015	2014
	$'000	$'000
Trading inventories	30,800	43,063

Movements in allowance for inventories

	Group	
	2015	2014
	$'000	$'000
Balance at beginning of the year	237	–
Charged to profit or loss for the year	6,470	237
Written off against provision	(237)	–
Balance as at the end of the year	6,470	237

The cost of inventories recognised as expense and included in cost of sales amounted to $106,149,000 (2014: $114,968,000). There was an allowance for inventories amounting to $6,470,000 (2014: $237,000) in respect of write-down of inventories to net realisable value recognised in 'Other operating expenses' as disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings $'000	Air–conditioners, electrical installations and computers $'000	Containers, renovations and warehouse $'000	Furniture, fittings and office equipment $'000	Plant, Machinery and material handling equipment $'000	Motor vehicles, trucks and cranes $'000	Rental materials $'000	Total $'000
Group								
Cost								
At July 1, 2013	10,712	565	1,996	563	20,973	2,960	27,364	65,133
Additions	–	99	243	15	2,406	157	–	2,920
Disposal/Written off	–	–	–	–	(1,299)	(79)	(1,370)	(2,748)
Reclassified from inventories	–	–	–	–	–	–	3,428	3,428
At June 30, 2014	10,712	664	2,239	578	22,080	3,038	29,422	68,733
Additions	–	202	208	226	2,496	1,063	758	4,953
Transfer from investment property	1,813	–	–	–	–	–	–	1,813
Disposal/Written off	–	–	–	(17)	(1,412)	(507)	(1,106)	(3,042)
Reclassified from inventories	–	–	–	–	–	–	1,049	1,049
At June 30, 2015	12,525	866	2,447	787	23,164	3,594	30,123	73,506
Accumulated depreciation								
As at July 1, 2013	4,138	340	1,844	410	14,813	2,480	2,107	26,132
Depreciation charge	566	70	100	54	2,281	185	1,309	4,565
Disposal/Written off	–	–	–	–	(1,417)	(79)	(154)	(1,650)
As at June 30, 2014	4,704	410	1,944	464	15,677	2,586	3,262	29,047
Depreciation charge	866	96	100	80	2,704	215	1,408	5,469
Disposal/Written off	–	–	–	(14)	(1,405)	(486)	(189)	(2,094)
As at June 30, 2015	5,570	506	2,044	530	16,976	2,315	4,481	32,422
Carrying amount								
At June 30, 2015	6,955	360	403	257	6,188	1,279	25,642	41,084
At June 30, 2014	6,008	254	295	114	6,403	452	26,160	39,686

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at June 30, 2015, the Group had property, plant and equipment with carrying amount of $208,000 (2014: $277,000) acquired under finance lease liabilities.

Company

	Furniture, fittings and office equipment $'000	Air-conditioners, electrical installations and computers $'000	Total $'000
Cost			
At 1 July 2013	4	204	208
Additions	–	20	20
At June 30, 2014	4	224	228
Additions	–	103	103
At June 30, 2015	4	327	331
Accumulated depreciation			
At July 1, 2013	1	24	25
Depreciation charge	1	40	41
At June 30, 2014	2	64	66
Depreciation charge	1	60	61
At June 30, 2015	3	124	127
Carrying amount			
As at June 30, 2015	1	203	204
As at June 30, 2014	2	160	162

Particulars of the properties held by the Group under property, plant and equipment as at June 30, 2015 are as follows:

Location	Description	Tenure
12 Gul Road Singapore 629343	Yard-cum-factory with land area of 32,986 square metres	Lease of 11 years ending August 7, 2018
14 Gul Road Singapore 629344	Yard with land area of 21,089 square metres	Lease of 30 years ending January 15, 2040
41 Middle Road # 03-00 Singapore 188950	Office of 94 square metres	Lease of 999 years ending January 29, 2834

Certain banking facilities of the Group and Company are secured by mortgage of the leasehold land and buildings of the Group with carrying amount of $2,959,000 (2014: $6,008,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

10 INVESTMENT PROPERTY

	Group 2015 $'000	Group 2014 $'000
At fair value		
Balance at beginning of year	14,500	12,000
Reclassification to Property, Plant and Equipment (Note 9)	(1,813)	–
(Loss) Gain from fair value adjustments recognised in profit or loss (Notes 23 and 24)	(875)	2,500
Balance at end of year	11,812	14,500

Fair value measurement of the Group's investment property

The fair values of the Group's investment property at June 30, 2015 and June 30, 2014 have been determined on the basis of valuations carried out at the respective year end dates by Suntec Real Estate Consultants Pte Ltd, an independent valuer with a recognised and relevant professional qualification and experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. In estimating the fair value of the property, the highest and best use of the property is their current use. There has been no change to the valuation technique during the year.

Details of the Group's investment property and information about the fair value hierarchy as at June 30, 2014 and 2015 are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $' 000	Fair value as at June 30, 2015 $'000
Lot 4085T, Mukim 7 (Comprising No.1,3,5,7 Gul Road)	–	–	11,812	11,812

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair value as at June 30, 2014 $'000
Lot 4085T, Mukim 7 (Comprising No.1,3,5,7 Gul Road)	–	–	14,500	14,500

The property rental income from the Group's investment property all of which are leased out under operating leases, amounted to $1,655,000 (2014: $1,415,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating investment property amounted to $nil (2014: $1,000).

The Group considers the comparable transacted price per square metre used by independent valuers in determining the fair value measurement of the Group's investment property as sensitive to the fair value measurement. The higher the transacted price per square metre (which range from $1,774 to $2,205 per square metre (2014: $2,152 to $2,610 per square metre)), the higher the fair value.

Particulars of the investment property held by the Group as at June 30, 2015 are as follows:

Location	Description	Tenure
1,3,5,7 Gul Road Singapore	Yard-cum-factory warehouse with land area of 15,665 square metres	Lease of 21 years ending September 12, 2027

Investment property is mortgaged to secure bank loans (Note 17).

11 GOODWILL

	Group $'000
Cost:	
At July 1, 2013, June 30, 2014 and June 30, 2015	12,840
Impairment:	
Impairment loss recognised during the year ended June 30, 2014 and balance at June 30, 2015 (relating to Lim Asia Steel Pte Ltd)	(1,237)
Carrying amount:	
At June 30, 2014 and June 30, 2015	11,603

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2015 $'000	**2014 $'000**
Investment property:		
Lim Asia Steel Pte Ltd (single CGU) ("Lim Asia")	1,237	1,237
Scaffolding Services:		
Hock Ann Metal Scaffolding Pte Ltd (single CGU)	11,603	11,603
	12,840	12,840

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on an estimated growth rate of 5% (2014: 5%). The rate used to discount the forecast cash flows from Hock Ann Metal Scaffolding Pte Ltd is 10% (2014: 10%).

The rate used to discount the forecasted cash flows for Lim Asia was 5% per annum based on the weighted average cost of capital of the CGU. The annual growth rate for revenue forecast was 0%.

Based on the impairment test of Lim Asia, the estimated recoverable amount of the CGU is $7,371,000, while the carrying amount (Goodwill + Net Asset) of the CGU was $8,608,000. Hence, an impairment of $1,237,000 was charged against the goodwill and included within other operating expenses in the statement of profit or loss. Although the Net Asset of the CGU had increased due to the upward valuation of the investment properties held, the recoverable amount of the CGU remained lower than the carrying amount (Goodwill + Net Asset) of the CGU.

As at June 30, 2015, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

For Hock Ann Metal Scaffolding Pte Ltd, if the assessed annual growth rate for revenue forecast had declined to 4.0%, with all other key assumptions remaining the same, the recoverable amount of the CGU would fall to its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

12 OTHER INTANGIBLE ASSETS

Customer relationship

	Group	
	2015	2014
	$'000	$'000
Cost:		
Balance at beginning and end of financial year	2,945	2,945
Accumulated amortisation:		
Balance at beginning of financial year	1,266	678
Amortisation charge	589	588
Balance at end of financial year	1,855	1,266
Carrying amount as at end of financial year	1,090	1,679

13 GOLF CLUB MEMBERSHIP

	Group and Company	
	2015	2014
	$'000	$'000
At cost	159	159

14 SUBSIDIARIES

	Company	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	38,801	38,801

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

14 SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation	Proportion of ownership interest and voting power held		Principal activities
		2015	2014	
		%	%	
Held by the Company				
Union Steel Pte Ltd[(1)]	Singapore	100	100	Trading of steel products
YLS Steel Pte Ltd[(1)]	Singapore	100	100	Recycling and trading of scrap metals, waste collection and management and rental of materials
Yew Lee Seng Metal Pte Ltd[(1)]	Singapore	100	100	Demolition of buildings and trading of ferrous and non-ferrous scrap metals
Lim Asia Steel Pte Ltd[(1)]	Singapore	100	100	Holding investment property
Hock Ann Metal Scaffolding Pte Ltd[(1)]	Singapore	100	100	Metal scaffolding services
Held by Subsidiaries				
Hock Ann Marine Scaffolding Pte Ltd[(1)]	Singapore	100	100	Investment holding (Dormant)
Union CHH Sdn Bhd[(2)]	Malaysia	100	100	Recycling and trading of scrap metals

(1) Audited by Deloitte & Touche, Singapore for 2015. Audited by RT LLP, Singapore for 2014.

(2) Audited by member firms of Deloitte Touche Tohmatsu for 2015. Audited by Peter Chong & Co, Malaysia for 2014.

15 AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2015	2014
	$'000	$'000
Quoted equity securities	1,376	1,376
Less: Impairment loss	(1,376)	(1,376)
	–	–

The investments in quoted equity shares at fair value include an impairment loss of $1,376,000 (2014: $1,376,000).

The investment in the quoted equity shares relate to equity securities listed in Indonesia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

16 DEFERRED TAX

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and the movements thereon, during the current and prior reporting periods:

Group

	Accelerated tax depreciation $'000	Tax losses $'000	Total $'000
As July 1, 2013	4,111	(50)	4,061
Charged to profit or loss (Note 26)	674	–	674
At June 30, 2014	4,785	(50)	4,735
Charged to profit or loss (Note 26)	(631)	–	(631)
At June 30, 2015	4,154	(50)	4,104

Company

	Accelerated tax depreciation $'000	Tax losses $'000	Total $'000
As July 1, 2013	31	–	31
Charged to profit or loss	(4)	–	(4)
At June 30, 2014	27	–	27
Charged to profit or loss	7	–	7
At June 30, 2015	34	–	34

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unabsorbed tax losses and unutilised capital allowances of approximately $13,004,000 (2014 : $17,994,000). No deferred tax asset has been recognised in the financial statements in respect of unabsorbed tax losses and unutilised capital allowances due to the unpredictability of future profit streams.

17 BANK LOANS AND BILLS PAYABLE

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Current				
Bank loan I - secured	–	136	–	–
Bank loan II - secured	511	504	–	–
Bank loan III - secured	247	244	–	–
Bank loan IV - unsecured	–	113	–	–
Bank loan V - secured	52	52	–	–
Bank loan VI - unsecured	2,789	2,789	2,789	2,789
Bank loan VII - unsecured	568	580	568	580
Bank loan VIII - unsecured	827	820	827	820
Bank loan IX - secured	700	700	–	–
Short-term bank loans - unsecured	22,500	25,000	–	1,500
Bills payable to banks - unsecured	11,322	16,121	–	–
	39,516	47,059	4,184	5,689
Non-current				
Bank loan II - secured	1,592	2,100	–	–
Bank loan III - secured	769	1,015	–	–
Bank loan V - secured	584	635	–	–
Bank loan VI - unsecured	2,790	5,579	2,790	5,579
Bank loan VII - unsecured	1,137	1,694	1,137	1,694
Bank loan VIII - unsecured	1,445	2,276	1,445	2,276
Bank loan IX - secured	1,695	2,395	–	–
	10,012	15,694	5,372	9,549
Total	49,528	62,753	9,556	15,238

(i) Bank loan I

A loan of $2,400,000 commenced in 2004 had been revised to be repayable by monthly instalments of $23,000. The interest rate was fixed at 2.7% up to March 28, 2011 and at 2.1% below the Prime Lending Rate up to March 28, 2012 and at 1.22% below the Prime Lending Rate thereafter until its maturity on January 1, 2015. The bank loan was secured by the Group's leasehold land and building as disclosed in Note 9. The loan was fully repaid during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

17 BANK LOANS AND BILLS PAYABLE (CONTINUED)

(ii) Bank loan II

In 2009, a subsidiary entered into a bank loan agreement amounting to $5,000,000 or 80% of the cost of construction of the leasehold building, whichever is lower. The loan bears interest of 1.6% per annum for the first year, 1.8% for the second year and 2% below Non Residential Mortgage Board Rate for the third year and thereafter. The loan is repayable by 100 monthly instalments of $50,000 plus interest from the date of first drawdown. The bank loan is secured by the Group's investment property as disclosed in Note 10 and guaranteed by the Company.

(iii) Bank loan III

A loan of $1,964,000 commenced has been revised to be repayable by monthly instalments of $22,000. The loan bears interest of 1.55% per annum for the first year, 1.85% for the second year, 1.65% below Non Residential Mortgage Board Rate for the third year, and 1% below Non Residential Mortgage Board Rate or other determined rate thereafter. This loan is secured by the Group's investment property as disclosed in Note 10 and guaranteed of the Company.

(iv) Bank loan IV

In 2011, a subsidiary obtained a loan amounting to $4,500,000. The loan was repayable over 3.5 years by monthly instalments of $107,000. The loan bore interest at 2% plus cost of fund per annum. This loan was guaranteed by the Company. The loan was fully repaid during the current financial year.

(v) Bank loan V

In 2014, a subsidiary obtained this bank loan, which is repayable for 13 years commencing from September 2013. The monthly indicative full instalment amount is S$5,000 for the first and second years. The indicative full instalment for the third year based on the loan agreement and thereafter shall be S$6,000. The rates of interest for this bank loan are fixed at 1.35% above 3M SIBOR and 1.68% for the first and second year, respectively. Thereafter, the interest rate charge is at 2.75% above 3M SIBOR. This bank loan is secured by a legal mortgage of the subsidiary's leasehold property (as disclosed in Note 9) and guaranteed by the Company.

(vi) Bank loan VI

In 2012, the Company obtained a loan amounting to $13,947,000. The loan is repayable over 20 fixed quarterly instalments of $697,000. The loan bears interest of 1.25% per annum over the bank's cost of funds or applicable SWAP offer rate as determined by the bank on the day of transaction, whichever is higher.

(vii) Bank loan VII

In 2013, the Company obtained a loan amounting to $2,842,000. The loan is repayable over 20 fixed quarterly instalments of $145,000. The loan bears interest of 1.25% per annum over the bank's cost of funds or applicable SWAP offer rate as determined by the bank on the day of transaction, whichever is higher.

(viii) Bank loan VIII

In 2014, the Company obtained a loan amounting to $3,304,000. The loan is repayable over 16 fixed quarterly instalments of $206,000. The loan bears interest of 1.25% per annum over the bank's cost of funds or applicable SWAP offer rate as determined by the bank on the day of transaction, whichever is higher.

17 BANK LOANS AND BILLS PAYABLE (CONTINUED)

(ix) Bank loan IX

In 2014, a subsidiary obtained a $3,500,000 bank loan. The loan is repayable over 5 years by monthly instalments of $58,000. The loan bears interest of 1.5% per annum over the bank's cost of funds. This loan is secured by the Group's investment property as disclosed in Note 10 and guaranteed by the Company.

(x) Short-term bank loans and bills payable

Short term bank loans and bills payable granted to certain subsidiaries are guaranteed by the Company.

As at June 30, 2015, a subsidiary has a net asset of approximately $10.4 million which is less than the minimum of $12.0 million as stipulated by the bank in its letter of offer. As at the date of this report, the bank has granted the subsidiary a consent to this non-compliance of the covenant. The short-term bank loan and bills payable was $2,000,000 and $2,611,000 respectively for this facility at June 30, 2015.

The carrying amount of above bank borrowings approximate their fair values as they are floating rate financial liabilities. The Group's bank borrowings bear interest ranging from 1.3% to 2.8% (2014: 1.3% to 3.0%) per annum.

18 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
		(Restated)		
Trade creditors – outside parties	5,993	3,589	44	35
Rental deposits	1,289	1,157	–	–
Advances from customers	202	192	–	–
Accruals for operating expenses	1,846	3,010	326	609
Other payables - subsidiaries	–	–	6,252	4,184
Other payables - outside parties	1,139	513	–	–
	10,469	8,461	6,622	4,828

The average credit period on purchases of goods is 30 days (2014: 30 days). No interest is charged on outstanding balances. Other payables to related parties were unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

19 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Group				
Amounts payable under finance lease:				
Within one year	70	70	70	70
Within two to five years	149	229	137	207
	219	299	207	277
Less: future finance charges	(12)	(22)	–	–
Present value of lease obligations	207	277	207	277
Less: Amount due for settlement within 12 months (shown under current liabilities)			(70)	(70)
Amount due for settlement after 12 months			137	207

It is the Group's policy to lease certain property, plant and equipment under finance lease. The average lease term is five years. For the year ended June 30, 2015, the average effective borrowing rate ranges from 2.69% to 4.70% (2014: 2.75% to 5.4%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risks. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The obligations under finance lease are secured by the lessor's charge over the leased assets. The fair values of the lease obligations approximate their carrying amounts.

20 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount Share capital	
	2015	2014	2015	2014
	'000	'000	$'000	$'000
Issued and fully paid:				
At the beginning and end of financial year	393,781	393,781	36,603	36,603

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

21 TRANSLATION RESERVES

Movement in translation reserves:

	Group	
	2015	2014
	$'000	$'000
Balance at beginning of year	(13)	–
Changes during the year in other comprehensive income	(715)	(13)
Balance at end of year	(728)	(13)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

22 REVENUE

	Group	
	2015	2014
	$'000	$'000
Sale of goods	117,830	127,269
Rental income from rental materials and machineries	5,070	6,260
Service income from scaffolding services	9,660	10,668
Other service income	1,358	1,406
	133,918	145,603

23 OTHER INCOME

	Group	
	2015	2014
	$'000	$'000
Gain on disposal of property, plant and equipment	356	107
Rental of leasehold properties	3,426	3,958
Rental of investment property	1,655	1,415
Transportation income	67	420
Storage income	74	56
Interest income	54	62
Surcharge income	495	336
Fair value gain on investment property (Note 10)	–	2,500
Government grant	23	171
Others	191	1,197
	6,341	10,222

24 OTHER OPERATING EXPENSES

	Group	
	2015	2014
	$'000	$'000
Rental expense	3,386	4,115
Amortisation of intangible assets (Note 12)	589	588
Allowance for receivables (Note 7)	493	360
Property, plant and equipment written off	911	–
Fair value loss of investment property (Note 10)	875	–
Allowance for inventories (Note 8)	6,470	237
Impairment of goodwill (Note 11)	–	1,237
Others	851	38
	13,575	6,575

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

25 FINANCE COSTS

	Group 2015 $'000	Group 2014 $'000
Interest on bills payables	177	197
Interest on bank loans	804	779
Interest on obligations under finance lease	9	11
	990	987

26 INCOME TAX

Income tax recognised in profit or loss

	Group 2015 $'000	Group 2014 $'000
Current income tax		
- Current year	421	532
- (Over) Under provision in prior year	(469)	49
	(48)	581
Deferred income tax		
- Current year	(631)	650
- Under provision in prior year	–	24
	(631)	674
	(679)	1,255

Domestic income tax is calculated at 17% (2014: 17%) of the estimated assessable (loss) profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Numerical reconciliation of income tax expense:

	Group 2015 $'000	Group 2014 $'000 (Restated)
(Loss) Profit before income tax	(9,090)	7,036
Income tax (credit) expense calculated at 17% (2014 : 17%)	(1,545)	1,196
Effect of revenue that is exempt from taxation	(113)	(279)
Effect of expenses that are not deductible in determining taxable profit	756	132
Effect of tax concessions	(78)	(101)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(889)	454
Effect of different tax rate of subsidiary operating in other jurisdiction	(118)	(224)
Others	(1)	28
Adjustments recognised in the current year in relation to the current tax of prior years	(469)	49
	(679)	1,255

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

27 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging (crediting):

	Group	
	2015	**2014**
	$'000	**$'000**
Depreciation of property, plant and equipment	5,469	4,565
Directors' remuneration:		
- of the Company	986	1,206
- of the subsidiaries	466	689
Employee benefits expenses (including Director's remuneration):		
Defined contribution plans	551	522
Staff cost	8,701	7,952
Allowance for inventories	6,470	237
Net foreign exchange losses (gains)	185	(71)
Allowance for doubtful receivables	493	360
Impairment of goodwill	–	1,237
Fair value (loss) gain on investment property	(875)	2,000
Audit fees:		
- paid/payable to auditors of the Company	130	112
- paid/payable to other auditors	18	6
Non-audit fees:		
- paid/payable to auditors of the Company	–	6

28 (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
		(Restated)
Earnings for the purposes of basic and diluted earnings per share - (Loss) Profit for the year attributable to owners of the Company	(8,411)	5,376
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share ('000)	393,781	393,781
Basic and diluted (loss) earnings per share (cents)	(2.14)	1.37

These are no dilutive shares as at June 30, 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

29 DIVIDENDS

	Company	
	2015	2014
	$'000	$'000
Final dividends paid in respect of the previous financial year of 0.25 cents (2014: 0.25 cents) per share	984	984
Interim dividends paid in respect of the current financial year of 0.05 cents (2014: nil) per share	197	–
	1,181	984

30 OPERATING LEASE COMMITMENTS

The Group as lessee

	Group	
	2015	2014
	$'000	$'000
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	3,386	4,115

At the end of the reporting period, the group has outstanding commitments under non-cancellable operating leases of offices, yards, premises, leasehold land and warehouse, which fall due as follows:

	Group	
	2015	2014
	$'000	$'000
Within one year	3,182	2,442
In the second to fifth years inclusive	8,371	8,054
After five years	8,944	8,271
	20,497	18,767

The Group as lessor

The Group leases out investment property, leasehold land and buildings, warehouse, office premises and plant and machinery to non-related parties under non-cancellable operating leases.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2015	2014
	$'000	$'000
Within one year	3,956	4,188
In the second to fifth years inclusive	242	3,542
	4,198	7,730

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

31 SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focused on the following type of business segments:

- Recycling sales - engages in import and export of scrap iron and steel, ferrous and non-ferrous metals.
- Trading sales - engages in sale of steel and stainless steel products.
- Scaffolding services – engages in provision of scaffolding services and related consultancy services.
- Other business - includes income from rental of materials, provision of services in relation to waste management services and demolition.

The following is an analysis of the Group's revenue and results by reportable segment:

	Revenue		**Net profit (loss)**	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
				(Restated)
Recycling sales	79,385	88,631	(7,697)	1,152
Trading sales	38,444	38,638	(4,255)	41
Scaffolding services	9,660	10,668	1,375	3,489
Others	6,429	7,666	3,692	1,069
Total	133,918	145,603	(6,885)	5,751
Fair value change of investment property			(875)	2,500
Other central administrative			(3,254)	(2,576)
Rental income from properties			1,655	1,415
Other gains and losses			1,259	933
Finance costs			(990)	(987)
(Loss) Profit before tax			(9,090)	7,036

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2014: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs, rental income from property, fair value change in investment property, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

31 SEGMENT INFORMATION (CONTINUED)

Segment Assets

	2015 $'000	2014 $'000
Recycling sales	50,486	59,339
Trading sales	26,193	33,133
Scaffolding services	15,530	15,700
Others	25,776	29,543
Segment assets	117,985	137,715
Investment property	11,812	14,500
Intangible assets	12,693	13,282
Other unallocated assets	2,839	2,708
Total assets	145,329	168,205

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment.

Geographical information

The Group operates mainly in Singapore. The Group's revenue from external customers and information about its segment assets are detailed below:

	2015		2014	
	Revenue from external customers $'000	Non-current assets $'000	Revenue from external customers $'000	Non-current assets $'000
Singapore	59,532	65,200	85,192	67,616
Malaysia	36,732	548	35,304	11
Indonesia	4,341	–	10,353	–
Korea	6,691	–	6,052	–
China (inclusive of Hong Kong)	3,504	–	5,386	–
India	13,192	–	1,938	–
Bangladesh	8,863	–	372	–
Others *	1,063	–	1,006	–
	133,918	65,748	145,603	67,627

* Includes Thailand, Taiwan, Japan, Brazil, Egypt, Netherlands, Nepal, New Zealand, Turkey, UAE, Vietnam and the USA.

31 SEGMENT INFORMATION (CONTINUED)

Information about major customers

There was no revenue from transactions with any single customer which amount to over 10 percent or more of the Group's revenue.

Other segment information

	Depreciation and Amortisation		Additions to non-current assets	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Recycling sales	1,050	802	2,524	1,337
Trading sales	920	860	1,004	37
Scaffolding services	1,648	1,388	446	2,026
Others	2,440	2,103	2,028	2,948
Total	6,058	5,153	6,002	6,348

In addition to the depreciation and amortisation reported above, property, plant and equipment written off (for Others Segment) and allowance for inventories ($3,423,000 for Trading Sales Segment and $3,047,000 for Recycling Sales Segment) of $911,000 (2014: Nil) and $6,470,000 (2014: $237,000) were recognised respectively.

32 SUBSEQUENT EVENTS

1. Conditional sale and purchase agreement

On June 16, 2015 and August 31, 2015, the Company has entered into 2 separate conditional sale and purchase agreements to acquire 85.2% and 14.8% stake in Gee Sheng Machinery & Engineering Pte Ltd ("GSM") respectively, for a total consideration of $6.0 million in cash. The Company has completed the acquisition on August 13, 2015 and October 9, 2015 for 85.2% and 14.8% stake in GSM respectively.

GSM is a Singapore based company which carries out civil construction and engineering work, and the manufacturing of motor vehicle bodies, trailers and semi-trailers. The acquisition is funded by the Company's internal resources and bank borrowings. Assuming that the proposed acquisition had been completed at the beginning of the year, the net tangible asset per share would be reduced by 0.05 cents and basic earnings per share would increase by 0.28 cents.

The initial accounting for the acquisition of GSM has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalisation of these financial statements, the necessary market valuations and other calculations for the items listed below had not been finalised and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

2. Withdrawal of appeal

The Company has announced on January 7, 2015 that the high court has dismissed the Company's application for validating the relevant agreements of the proposed acquisition of land and machinery in Malaysia. Subsequent to year end, the Company has withdrawn the application. There is no material financial impact for the Company and its subsidiaries.

3. Share Consolidation

The Board of Directors proposed the share consolidation of every ten existing issued ordinary shares in the capital of the Company into one ordinary share. The proposal share consolidation is subject to the approval of the shareholders at an Extraordinary General Meeting to be held on October 31, 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

33 PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments have been made to the prior year's Group's financial statements:

(a) Arising from the step-up acquisitions of the equity interest in Hock Ann Metal Scaffolding Pte Ltd, the difference between the purchase consideration and the carrying amount of non-controlling interests amounting to $2,432,000 and $2,805,000 for the years ended June 30, 2013 and 2014 respectively were taken to retained earnings. These have been adjusted to the capital reserve.

(b) As at June 30, 2014, the Group recognised an "other payable" of $881,000. Management has determined that there is no contractual obligation for this payable and accordingly, the "other payable" has been reversed.

(c) As at June 30, 2014, the Group has deferred tax asset of $50,000. This has been reclassified to offset against deferred tax liabilities.

	Group	
	As previously stated $'000	As restated $'000
Statement of financial position		
July 1, 2013		
Retained earnings	47,149	44,717
Capital reserve	–	2,432
June 30, 2014		
Retained earnings	53,465	49,109
Capital reserve	–	5,237
Trade and other payables	9,342	8,461
Deferred tax asset	50	–
Deferred tax liabilities	4,785	4,755
Statement of profit or loss		
Administrative expenses	10,542	9,661

As the restatements have no material impact on the statement of financial position of the Group as at July 1, 2013 except for the reclassification between retained earnings and capital reserve as disclosed above, no separate statement of financial position of the Group as at July 1, 2013 is presented.

SHAREHOLDING STATISTICS

As at 22 September 2015

Number of shares	:	393,781,089
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

Treasury Shares

As at 22 September 2015, the Company does not hold any treasury shares.

Distribution of shareholdings as at 22 September 2015

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	44	2.75	582	0.00
100 - 1,000	58	3.62	50,212	0.01
1,001 - 10,000	498	31.11	3,654,320	0.93
10,001 - 1,000,000	977	61.02	81,261,506	20.64
1,000,001 and above	24	1.50	308,814,469	78.42
Total	1,601	100.00	393,781,089	100.00

Twenty largest shareholders as at 22 September 2015

No.	Name of shareholders	No. of shares	%
1	Ang Yu Seng	137,248,408	34.85
2	Ang Yew Lai	47,171,050	11.98
3	Goi Seng Hui	35,638,000	9.05
4	Ang Yew Chye	32,559,431	8.27
5	SBS Nominees Pte Ltd	10,590,000	2.69
6	Super Group Ltd	6,109,000	1.55
7	Lim & Tan Securities Pte Ltd	5,046,000	1.28
8	UOB Kay Hian Pte Ltd	4,404,000	1.12
9	Phillip Securities Pte Ltd	4,049,130	1.03
10	OCBC Securities Private Ltd	2,905,773	0.74
11	United Overseas Bank Nominees Pte Ltd	2,471,010	0.63
12	Leh Bee Hoe	2,334,400	0.59
13	Cheng Buck Poh @ Chng Bok Poh	2,034,000	0.52
14	Maybank Kim Eng Securities Pte Ltd	1,937,000	0.49
15	Maybank Nominees (S) Pte Ltd	1,922,225	0.49
16	Teo Kek Tjok @ Teo Kek Yeng	1,919,100	0.49
17	Seah Kiok Leng	1,593,000	0.40
18	Lim Puay Lan	1,533,000	0.39
19	DBS Nominees Pte Ltd	1,346,000	0.34
20	CIMB Securities (Singapore) Pte Ltd	1,339,042	0.34
	Total:	304,149,569	77.24

SHAREHOLDING STATISTICS

As at 22 September 2015

Substantial Shareholders as at 22 September 2015

	Direct Interest		Deemed Interest	
Name	**Number of Shares**	**(%)**	**Number of Shares**	**(%)**
Ang Yu Seng	137,248,408	34.85	–	–
Ang Yew Lai	47,171,050	11.98	–	–
Goi Seng Hui	35,638,000	9.05	–	–
Ang Yew Chye	32,559,431	8.27	–	–

As at 22 September 2015, 35.76% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Union Steel Holdings Limited ("the Company") will be held at 33 Pioneer Road North Singapore 628474 on Saturday, 31 October 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the financial year ended 30 June 2015 together with the Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$6,500 for the financial year ended 30 June 2015. **Resolution 2**

3. To approve the payment of Directors' fees of S$130,000 for the financial year ending 30 June 2016, payable half yearly in arrears. (2015: S$130,000) **Resolution 3**

4. To re-elect the following Directors of the Company who retire pursuant to Articles 91 and 97 of the Articles of Association of the Company:

   <u>Article 91</u>

   Mr. Ang Yew Chye **Resolution 4**
   Mr. Siau Kai Bing **Resolution 5**

   <u>Article 97</u>

   Ms. Tan Min-Li **Resolution 6**

   [See Explanatory Note (i)]

5. To re-appoint Messrs Deloitte & Touche LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 7**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

   (the "***Share Issue Mandate***")

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting ("AGM") of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **Resolution 8**

8. **Authority to issue shares under the Union Steel Performance Share Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to offer and grant share awards under the Union Steel Performance Share Scheme (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **Resolution 9**

By Order of the Board

Chew Kok Liang
Shirley Tan Sey Liy
Company Secretaries

Singapore
16 October 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Siau Kai Bing will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee and will be considered independent.

Ms. Tan Min-Li will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and will be considered independent.

(ii) Resolution 8 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) Resolution 9 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of share awards under the Scheme provided that the aggregate additional shares to be issued pursuant to the Scheme do not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member of the Company entitled to attend and vote at the AGM of the Company is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

3. A proxy need not be a member of the Company.

4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. The appointment of proxy must be executed under seal or the hand of its duly authorised officer or attorney.

5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 33 Pioneer Road North Singapore 628474 not less than forty-eight (48) hours before the time for holding of the forthcoming AGM of the Company.

Personal Data Privacy

By submitting on instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of AGM dated October 16, 2015.

UNION STEEL HOLDINGS LIMITED

Company Registration No. 200410181W
(Incorporated In the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy shares of Union Steel Holdings Limited, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ______________________________ NRIC / Passport No. ______________

of ____

being *a member/members of UNION STEEL HOLDINGS LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of shareholdings (%)

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of shareholdings (%)

as *my/our proxy to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 33 Pioneer Road Singapore 628474 on Saturday, 31 October 2015 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, your proxy/proxies will vote or abstain from voting as *he/they may think fit, as *he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1	Directors' Report and Audited Accounts for the financial year ended 30 June 2015		
2	Approval of Directors' fees amounting to S$6,500 for the financial year ended 30 June 2015		
3	Approval of Directors' fees amounting to S$130,000 for the financial year ending 30 June 2016, payable half yearly in arrears (2015: S$130,000)		
4	Re-election of Mr. Ang Yew Chye as a Director under Article 91		
5	Re-election of Mr. Siau Kai Bing as a Director under Article 91		
6	Re-election of Ms. Tan Min-Li as a Director under Article 97		
7	Re-appointment of Deloitte & Touche LLP as Auditors and to authorise the Directors of the Company to fix their remuneration		
Special Business			
8	Authority to issue new shares		
9	Authority to issue shares under the Union Steel Performance Share Scheme		

Dated this __________ day of ____________________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes :

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. However, if no such proportion is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

4. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 33 Pioneer Road North Singapore 628474 not less than forty-eight (48) hours before the time fixed for holding the Annual General Meeting.

5. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

6. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

8. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at forty-eight (48) hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purpose"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CORPORATE INFORMATION

Board of Directors
Mr Ang Yu Seng
Mr Ang Yew Chye
Mr Siau Kai Bing
Mr Chan Kok Poh
Ms Tan Min-Li

Nominating Committee
Ms Tan Min-Li (Chairman)
Mr Ang Yu Seng
Mr Siau Kai Bing

Remuneration Committee
Mr Chan Kok Poh (Chairman)
Mr Siau Kai Bing
Ms Tan Min-Li

Audit Committee
Mr Siau Kai Bing (Chairman)
Mr Chan Kok Poh
Ms Tan Min-Li

Company Secretaries
Mr Chew Kok Liang (LLB) (Hons)
Ms Shirley Tan Sey Liy (ACIS)

Registered Office
33 Pioneer Road North
Singapore 628474

Share Registrar
B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

Independent Auditor
Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #32-00
Singapore 068809
Audit partner: Ms Seah Gek Choo
(Date of appointment:
Since financial year ended 30 June 2015)

Principal Bankers
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank
United Overseas Bank Limited
DBS Bank Limited
Malayan Banking Berhad
RHB Berhad Singapore
Australia and New Zealand Banking Group Limited

Investor Relations Consultants
NRA Capital Pte Ltd
133 Cecil Street
#04-02 Keck Seng Tower
Singapore 069535

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