



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER (“Q3FY2017”) AND NINE MONTH FINANCIAL PERIOD ENDED 31 MARCH 2017 (“9MFY2017”) IN RESPECT OF THE FINANCIAL YEAR ENDING 30 JUNE 2017 (“FY2017”)

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

The balance sheet of the Group as at 31 March 2017, the income statements and cashflow statements of the Group for Q3FY2017 and 9MFY2017 had taken into account and consolidated the relevant financial results of 1) Transvictory Holdings Pte Ltd, Steadfast Offshore & Marine Pte Ltd and Transvictory Winch System Pte Ltd (“Transvictory Group”), a group of newly acquired 100% owned subsidiaries of the Group since 8 July 2016 (the “Acquisition”); 2) Megafab Engineering Pte Ltd (“Megafab”), a newly acquired 70% owned subsidiary of the Group since 29 November 2016 (the “Acquisition”); and 3) MegaCrane Pte Ltd (“MegaCrane”), a newly incorporation 60% owned subsidiary of the Group Since 7 March 2017.

1.(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			The Group		
	Q3FY2017 S\$'000	Q3FY2016 S\$'000	% Change	9MFY2017 S\$'000	9MFY2016 S\$'000	% Change
Revenue	15,145	18,599	(19)	61,689	64,782	(5)
Cost of sales	(11,357)	(16,500)	(31)	(50,207)	(56,410)	(11)
Gross profit	3,788	2,099	80	11,482	8,372	37
Other income	1,522	1,575	(3)	4,578	4,464	3
Distribution and marketing expenses	(72)	(301)	(76)	(618)	(1,013)	(39)
Administrative expenses	(3,118)	(3,415)	(9)	(10,166)	(9,363)	9
Other operating expenses	(1,259)	(6,251)	(80)	(3,000)	(8,253)	(64)
Profit from operations	861	(6,293)	NM	2,276	(5,793)	NM
Finance costs	(286)	(251)	14	(969)	(873)	11
Profit/(loss) before taxation	575	(6,544)	NM	1,307	(6,666)	NM
Income tax	(104)	(192)	(46)	(206)	(333)	(38)
Profit/(loss) after taxation	471	(6,736)	NM	1,101	(6,999)	NM
Profit attributable to:-						
Owners of the Company	436	(6,736)	NM	958	(6,999)	NM
Non-controlling interests	35	-	NM	143	-	NM
	471	(6,736)	NM	1,101	(6,999)	NM

“Q3FY2017” denotes the third financial quarter of the financial year ended 30 June 2017 (“FY2017”).

“9MFY2017” denotes the nine month financial periods of FY2017.

“Q3FY2016” denotes the third financial quarter of the financial year ended 30 June 2016 (“FY2016”).

“9MFY2016” denotes the nine month financial periods of FY2016.

“% Change” denotes increase/(decrease) in the relevant profit or loss item as compared with the comparative figure.

“NM” denotes not meaningful.



1.(a)(ii) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			The Group		
	Q3FY2017 S\$'000	Q3FY2016 S\$'000	% Change	9MFY2017 S\$'000	9MFY2016 S\$'000	% Change
Profit for the period	471	(6,736)	NM	1,101	(6,999)	NM
Exchange differences on translating foreign operations	-	170	NM	(16)	414	NM
Other comprehensive income, net of tax	-	170	NM	(16)	414	NM
Total comprehensive income for the period	471	(6,566)	NM	1,085	(6,585)	NM
Total comprehensive income attributable to:-						
Owners of the Company	436	(6,566)	NM	942	(6,585)	NM
Non-controlling interest	35	-	NM	143	-	NM
	471	(6,566)	NM	1,085	(6,585)	NM

1.(a)(lii) Net profit for the period was stated after (crediting)/charging:

	The Group			The Group		
	Q3FY2017 S\$'000	Q3FY2016 S\$'000	% Change	9MFY2017 S\$'000	9MFY2016 S\$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)						
Depreciation of property, plant and equipment	1,659	2,396	(31)	4,688	4,631	1
Amortisation of intangible assets	147	44	234	442	442	-
Property, plant and equipment written-off	-	91	NM	-	91	NM
Net foreign currency exchange loss	125	216	(42)	92	281	(67)
(Gain)/loss on disposal of property, plant and equipment	(34)	6	NM	(42)	(129)	(67)
Allowance/(Reversal) for inventories	349	(1,638)	NM	(522)	(4,126)	(87)
Interest income	(3)	(4)	(25)	(12)	(32)	(63)
Interest expense	286	251	14	969	873	11
Allowance for doubtful debts	257	2,087	(88)	216	2,087	(89)



1.(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	As at 31 March 2017 S\$'000	As at 30 June 2016 S\$'000	As at 31 March 2017 S\$'000	As at 30 June 2016 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	14,228	28,340	981	1,255
Trade and other receivables	12,055	10,572	7,782	354
Inventories	26,992	12,609	-	-
Total current assets	53,275	51,521	8,763	1,609
Non-current assets				
Property, plant and equipment	42,955	39,885	234	138
Investment property	10,937	10,937	-	-
Goodwill	9,789	7,733	-	-
Other intangible assets	59	501	-	-
Golf club membership	201	201	201	201
Subsidiaries	-	-	58,979	42,801
Deposits	-	1,960	-	1,960
Total non-current assets	63,941	61,217	59,414	45,100
Total assets	117,216	112,738	68,177	46,709
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and bills payable	31,819	35,263	798	4,752
Trade and other payables	6,936	6,055	29,988	16,752
Finance leases	200	47	-	-
Income tax payable	329	195	-	-
Total current liabilities	39,284	41,560	30,786	21,504
Non-current liabilities				
Bank loans	8,609	3,144	7,987	-
Finance leases	59	93	-	-
Deferred tax liabilities	3,526	3,582	39	39
Total non-current liabilities	12,194	6,819	8,026	39
Capital and reserves				
Share capital	36,603	36,603	36,603	36,603
Capital reserve	5,237	5,237	-	-
Foreign currency translation reserve	(324)	(308)	-	-
Retained earnings/(Accumulated losses)	23,785	22,827	(7,238)	(11,437)
Equity attributable to owners of the company	65,301	64,359	29,365	25,166
Non-controlling interests	437	-	-	-
Total equity	65,738	64,359	29,365	25,166
Total liabilities and equity	117,216	112,738	68,177	46,709



1.(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	The Group	
	As at	As at
	31 March	30 June
	2017	2016
	S\$'000	S\$'000
Amount repayable in one year or less or on demand		
Unsecured	30,270	33,801
Secured	1,549	1,462
Total	31,819	35,263
Amount repayable after one year		
Unsecured	6,637	-
Secured	1,972	3,144
Total	8,609	3,144

Details of any collateral

These are secured by:

- Mortgages over certain property, plant and equipment of subsidiaries.
- The unsecured amount consists of trust receipts and term loans arising from the ordinary course of business and bank borrowings, which includes an acquisition loan granted to the Company.
- Corporate guarantees by the Company.
- Certain property, plant and equipment are under finance lease arrangements.



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

	The Group			
	Q3FY2017 S\$'000	Q3FY2016 S\$'000	9MFY2017 S\$'000	9MFY2016 S\$'000
Operating activities				
Profit/(loss) before income tax	575	(6,544)	1,307	(6,666)
Adjustments for:				
Depreciation of property, plant and equipment	1,659	2,396	4,688	4,631
(Gain)/loss on disposal of property, plant and equipment	(34)	6	(42)	(129)
Amortisation of intangible assets	147	44	442	442
Allowance for doubtful debts	257	2,087	216	2,087
Allowance/(reversal) for inventories	349	(1,638)	(522)	(4,126)
Property, plant and equipment written-off	-	91	-	91
Interest expense	286	251	969	873
Interest income	(3)	(4)	(12)	(32)
Currency realignment	292	660	(296)	384
Operating cash flows before movement in working capital	3,528	(2,651)	6,750	(2,445)
Inventories	(1,410)	8,165	(5,442)	17,815
Trade and other receivables	806	6,113	2,735	4,879
Trade and other payables	(1,882)	(5,118)	(2,764)	(6,349)
Cash generated from operations	1,042	6,509	1,279	13,900
Interest paid	(286)	(251)	(969)	(873)
Interest received	3	4	12	32
Income tax paid	(128)	(374)	(129)	(744)
Net cash from operating activities	631	5,888	193	12,315
Investing activities				
Purchase of property, plant and equipment	(250)	(735)	(2,174)	(2,462)
Acquisition of subsidiary, net of cash acquired	(130)	-	(14,568)	(5,328)
Contribution from Non-Controlling Interest	80	-	80	-
Proceeds from disposal of property, plant and equipment	43	(6)	123	129
Net cash used in investing activities	(257)	(741)	(16,539)	(7,661)
Financing activities				
Proceeds from bank loans	-	-	23,437	5,400
Repayment of bank loans	(8,217)	(2,632)	(21,417)	(12,905)
Repayment of finance leases	9	(19)	(64)	(54)
Net cash (used in)/generated from financing activities	(8,208)	(2,651)	1,956	(7,559)
Net change in cash and cash equivalents	(7,834)	2,496	(14,390)	(2,905)
Effect of exchange rate changes on cash and cash equivalents	(286)	(487)	278	30
Cash and cash equivalents at beginning of the period	22,348	26,310	28,340	31,194
Cash and cash equivalents at end of the period (Note 1)	14,228	28,319	14,228	28,319

Note 1:

Cash and cash equivalents consist of:

	The Group	
	9MFY2017 S\$'000	9MFY2016 S\$'000
Cash and bank balances	14,228	28,319
Fixed deposits	-	-
Cash and cash equivalents	14,228	28,319



1.(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year.

Group	Share capital S\$' 000	Retained earnings S\$' 000	Translation reserve S\$' 000	Capital reserve S\$' 000	Equity	Non-controlling interest S\$' 000	Total S\$' 000
					attributable to owners of the Company S\$' 000		
<i>Balance as at 1 July 2016</i>	36,603	22,827	(308)	5,237	64,359	-	64,359
Total comprehensive income							
Profit for the period	-	958	-	-	958	143	1,101
Other comprehensive income	-	-	(16)	-	(16)	-	(16)
Total	-	958	(16)	-	942	143	1,085
Transactions with owners, recognised directly in equity							
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	294	294
Dividends	-	-	-	-	-	-	-
	-	-	-	-	-	294	294
<i>Balance as at 31 March 2017</i>	36,603	23,785	(324)	5,237	65,301	437	65,738
<i>Balance as at 1 July 2015</i>	36,603	39,517	(728)	5,237	80,629	-	80,629
Total comprehensive income							
Profit for the period	-	(6,999)	-	-	(6,999)	-	(6,999)
Other comprehensive income	-	-	414	-	414	-	414
Total	-	(6,999)	414	-	(6,585)	-	(6,585)
Transactions with owners, recognised directly in equity							
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<i>Balance as at 31 March 2016</i>	36,603	32,518	(314)	5,237	74,044	-	74,044
Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000				
<i>Balance as at 1 July 2016</i>	36,603	(11,437)	25,166				
Total comprehensive income	-	4,199	4,199				
Dividends	-	-	-				
<i>Balance as at 31 March 2017</i>	36,603	(7,238)	29,365				
<i>Balance as at 1 July 2015</i>	36,603	(4,557)	32,046				
Total comprehensive income	-	3,034	3,034				
Dividends	-	-	-				
<i>Balance as at 31 March 2016</i>	36,603	(1,523)	35,080				



1.(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not applicable.

1.(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

As at 31 March 2017, the Company does not have treasury shares.

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

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial year as those applied for the audited financial statements for the year ended 30 June 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.



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

	The Group	
	9MFY2017	9MFY2016
	S\$'000	S\$'000
Profit/(loss) attributable to shareholders	958	(6,999)
Profit/(loss) per share		
Basic (Singapore cents)	2.43 cents*	(17.77) cents**
Diluted (Singapore cents)	2.43 cents*	(17.77) cents**

* Basic and diluted earnings per share for 9MFY2017 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$1.0 million and the weighted average number of shares of 39,378,100.

** Basic and diluted earnings per share for 9MFY2016 is computed based on loss for the period attributable to ordinary shareholders amounting to about S\$7.0 million and the weighted average number of shares of 39,378,100.

There were no potential dilutive shares as at 31 March 2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	The Group		The Company	
	As at	As at	As at	As at
	31 March	30 June	31 March	30 June
	2017	2016	2017	2016
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value as at the respective balance sheet dates	65,301	64,359	29,365	25,166
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	165.8 cents	163.4 cents	74.6 cents	63.9 cents



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.

Overview

The Group, comprising Union Steel Holdings Limited (the "Company") and its subsidiaries, started operations as YLS Steel Pte Ltd which was involved in the trading of ferrous scrap metal. Union Steel Holdings Limited was listed on SGX-ST Mainboard on 15 August 2005. 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; (v) provision of scaffolding services and related consultancy services; (vi) civil construction and engineering work, and the manufacture of motor vehicle bodies (coachwork), trailers and semi-trailers ("Gee Sheng"); (vii) marine equipment makers, which provide products and engineering services to the marine sector ("Transvictory"); (viii) land transport engineering solutions, providing a comprehensive range of equipment and components for load handling, including truck-mounted cranes, tailgate, rubbish compactor, and the sole distributor for EFFER, ZEPRO and GEESINKNORBA ("Megafab"); and (ix) crane services (loading and unloading of cargo) and other specialized construction and related activities ("MegaCrane").

(a) Review of the financial performance of the Group for 9MFY2017 (compared to that of 9MFY2016) and for Q3FY2017 (compared to that of Q3FY2016)

The Group's revenue decreased by 4.8% in 9MFY2017 (vis-à-vis 9MFY2016) and by 18.6% in Q3FY2017 (vis-à-vis Q3FY2016), due principally to lower contribution from the Group's trading business in Singapore, and offset by the maiden revenue contribution of S\$4.7 million from Transvictory and Megafab.

The Group's gross profit increased by 37.1% in 9MFY2017 (vis-à-vis 9MFY2016) and by 80.5% in Q3FY2017 (vis-à-vis Q3FY2016), as a result of the Group's gross profit margin improving from 12.9% in 9MFY2016 to 18.6% in 9MFY2017 and improving from 11.3% in Q3FY2016 to 25.0% in Q3FY2017. The improvement in gross profit margin was due mainly to the engineering and scaffolding services, as those business segments command higher profit margins relative to the Group's recycling and trading business segments.

Other income did not have significant changes compared to the same period last year.

The decrease in distribution and marketing expenses were mainly attributed to the reduction of import and export activities.

The increase in administrative expenses in 9MFY2017 as compared to 9MFY2016 was mainly attributed to the consolidation of Transvictory and Megafab's administrative expenses after their acquisition. The decrease in administrative expenses in Q3FY2017 relative to the same period last year was mainly due to professional fees incurred for Malaysia in Q3FY2016, and if these professional fees were not considered, the administrative expenses would have been 3.5% lower compared to the same quarter last year.

The decrease in other operating expenses was mainly attributed to expenses incurred for cessation of operations in Malaysia last year.



Finance costs increased as a result of higher interest payments.

The Group's income tax expense decreased by 38.1% in 9MFY2017 (vis-à-vis 9MFY2016) and by 45.8% in Q3FY2017 (vis-à-vis Q3FY2016), principally due to under-provision for tax payable in FY2016.

(b) Review of financial position of the Group as at 31 March 2017 compared to that as at 30 June 2016

The increase in property, plant and equipment and goodwill were attributed mainly to the Acquisition.

The deposit relates to a downpayment towards the acquisition of Transvictory before the year ended 30 June 2016. Upon completion of the Acquisition, the deposit was reclassified into investment in subsidiaries which were fully eliminated in consolidation level.

The increase in trade and other receivables was mainly due to revenue recognised towards the end of March 2017 and the consolidation of Transvictory and Megafab's financial position after the Acquisition.

The increase in inventory and trade payables was mainly due to higher purchases towards the end of the Q3FY2017 and the consolidation of Transvictory and Megafab's financial position after the Acquisition.

The Group's total bank loans and bills payable increased by 5.3% to S\$40.4 million as at 31 March 2017 from S\$38.4 million as at 30 June 2016 mainly due to increase the acquisition of Transvictory and offset by the repayment of bank loans.

The Group's cash and cash equivalents decreased by S\$14.1 million compared to 30 June 2016, due principally to the acquisition of Transvictory and Megafab, repayment of bank loans, and increase in the inventory level of scrap metal for the nine month financial period ended 31 March 2017. The net gearing of the Group (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) increased to 40.5% as at 31 March 2017 from 15.6% as at 30 June 2016 with the repayment of bank loans.

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

Not applicable.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The outlook for the steel industry remains challenging as steel prices and demand are very volatile.

The Group has and will continue to move up the supply chain and to harness operational synergy between its various subsidiaries. With the incorporation of MegaCrane in this quarter, the Group is able to offer proprietary designed lifting winches, as well as gaining access to new regional markets where opportunities can be explored.



11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
None.

(b) Corresponding Period of the immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, statement to that effect.

The Group does not have a general mandate from shareholders for IPTs.

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

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render these unaudited interim financial statements for the nine month financial period ended 31 March 2017, to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

BY ORDER OF THE BOARD

ANG YU SENG

Executive Chairman and Chief Executive Officer
27 April 2017