



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2017 ("Q1FY2018") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 JUNE 2018 ("FY2018")

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

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

	The Group		
	Q1FY2018	Q1FY2017	%
	S\$'000	S\$'000	Change
Revenue	19,642	23,041	(15)
Cost of sales	(15,958)	(19,595)	(19)
Gross profit	3,684	3,446	7
Other income	1,169	1,569	(25)
Distribution and marketing expenses	(100)	(302)	(67)
Administrative expenses	(2,802)	(3,179)	(12)
Other operating expenses	(1,416)	(1,173)	21
Profit from operations	535	361	48
Finance costs	(272)	(335)	(19)
Profit before taxation	263	26	912
Income tax	(40)	13	NM
Profit after taxation	223	39	472
Profit attributable to:-			
Owners of the Company	238	39	510
Non-controlling interests	(15)	-	NM
	223	39	472

"Q1FY2018" denotes the first financial quarter of the financial year ended 30 June 2018 ("FY2018").

"Q1FY2017" denotes the first financial quarter of the financial year ended 30 June 2017 ("FY2017").

"% 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		
	Q1FY2018 S\$'000	Q1FY2017 S\$'000	% Change
Profit for the period	223	39	472
Exchange differences on translating foreign operations	-	3	NM
Other comprehensive income, net of tax	-	3	NM
Total comprehensive income for the period	223	42	431
Total comprehensive income attributable to:-			
Owners of the Company	238	42	467
Non-controlling interest	(15)	-	NM
	223	42	431

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

	The Group		
	Q1FY2018 S\$'000	Q1FY2017 S\$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)			
Depreciation of property, plant and equipment	1,407	1,505	(7)
Amortisation of intangible assets	-	147	NM
Net foreign currency exchange loss/(gain)	99	(70)	NM
Loss/(gain) on disposal of property, plant and equipment	1	(8)	NM
Interest income	(13)	(4)	225
Interest expense	272	335	(19)
Allowance/(reversal) for doubtful debts	136	(163)	NM
Bad debts recovered	(48)	-	NM
Reversal of allowance for inventories	-	(388)	NM



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 30 September 2017 S\$'000	As at 30 June 2017 S\$'000	As at 30 September 2017 S\$'000	As at 30 June 2017 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	19,859	20,942	316	557
Trade and other receivables	12,415	12,925	8,337	6,390
Inventories	23,103	26,809	-	-
Total current assets	55,377	60,676	8,653	6,947
Non-current assets				
Property, plant and equipment	41,254	42,402	201	213
Investment property	10,937	10,937	-	-
Goodwill	9,683	9,683	-	-
Golf club membership	201	201	201	201
Subsidiaries	-	-	57,802	57,802
Total non-current assets	62,075	63,223	58,204	58,216
Total assets	117,452	123,899	66,857	65,163
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and bills payable	33,230	37,916	2,290	2,290
Trade and other payables	7,633	8,671	29,822	27,685
Finance leases	153	161	-	-
Income tax payable	408	357	-	-
Total current liabilities	41,424	47,105	32,112	29,975
Non-current liabilities				
Bank loans	6,305	7,267	5,145	5,718
Finance leases	55	69	-	-
Deferred tax liabilities	3,259	3,272	39	39
Total non-current liabilities	9,619	10,608	5,184	5,757
Capital and reserves				
Share capital	36,603	36,603	36,603	36,603
Capital reserve	5,237	5,237	-	-
Foreign currency translation reserve	(338)	(338)	-	-
Retained earnings/(Accumulated losses)	24,474	24,236	(7,042)	(7,172)
Equity attributable to owners of the company	65,976	65,738	29,561	29,431
Non-controlling interests	433	448	-	-
Total equity	66,409	66,186	29,561	29,431
Total liabilities and equity	117,452	123,899	66,857	65,163



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 30 September 2017 S\$'000	As at 30 June 2017 S\$'000
Amount repayable in one year or less or on demand		
Unsecured	31,646	36,332
Secured	1,584	1,584
Total	33,230	37,916
Amount repayable after one year		
Unsecured	5,144	5,718
Secured	1,161	1,549
Total	6,305	7,267

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	
	Q1FY2018 S\$'000	Q1FY2017 S\$'000
Operating activities		
Profit/(loss) before income tax	263	26
Adjustments for:		
Depreciation of property, plant and equipment	1,407	1,505
Loss/(gain) on disposal of property, plant and equipment	1	(8)
Bad debts recoverable	(48)	-
Amortisation of intangible assets	-	147
Allowance/(reversal) for doubtful debts	136	(163)
Reversal of allowance for inventories	-	(388)
Interest expense	272	335
Interest income	(13)	(4)
Currency realignment	-	(90)
Operating cash flows before movement in working capital	2,018	1,360
Inventories	3,706	(7,791)
Trade and other receivables	422	17
Trade and other payables	(1,038)	(537)
Cash generated from/(used in) operations	5,108	(6,951)
Interest paid	(272)	(335)
Interest received	13	4
Income tax (paid)/credit	(2)	12
Net cash from/(used in) operating activities	4,847	(7,270)
Investing activities		
Purchase of property, plant and equipment	(267)	(436)
Acquisition of subsidiary, net of cash acquired	-	(14,019)
Proceeds from disposal of property, plant and equipment	7	80
Net cash used in investing activities	(260)	(14,375)
Financing activities		
Proceeds from bank loans	-	22,274
Repayment of bank loans	(5,648)	(5,029)
Repayment of finance leases	(22)	(76)
Net cash (used in)/from financing activities	(5,670)	17,169
Net change in cash and cash equivalents	(1,083)	(4,476)
Effect of exchange rate changes on cash and cash equivalents	-	93
Cash and cash equivalents at beginning of the period	20,942	28,340
Cash and cash equivalents at end of the period (Note 1)	19,859	23,957

Note 1:

Cash and cash equivalent consist of:

	The Group	
	Q1FY2018 S\$'000	Q1FY2017 S\$'000
Cash and bank balances	19,669	23,767
Add: cash pledged with bank	190	190
Cash and cash equivalents	19,859	23,957



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 attributable to owners of the Company S\$' 000	Non-controlling interest S\$'000	Total S\$' 000
<i>Balance as at 1 July 2017</i>	36,603	24,236	(338)	5,237	65,738	448	66,186
Total comprehensive income							
Profit for the year	-	238	-	-	238	-	238
Other comprehensive income	-	-	-	-	-	(15)	(15)
Total	-	238	-	-	238	(15)	223
<i>Transactions with owners, recognised directly in equity</i>							
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-
<i>Balance as at 30 September 2017</i>	36,603	24,474	(338)	5,237	65,976	433	66,409
<i>Balance as at 1 July 2016</i>	36,603	22,827	(308)	5,237	64,359	-	64,359
Total comprehensive income							
Loss for the year	-	39	-	-	39	-	39
Other comprehensive income	-	-	3	-	3	-	3
Total	-	39	3	-	42	-	42
<i>Transactions with owners, recognised directly in equity</i>							
Dividends	-	-	-	-	-	-	-
<i>Balance as at 30 September 2016</i>	36,603	22,866	(305)	5,237	64,401	-	64,401
Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000				
<i>Balance as at 1 July 2017</i>	36,603	(7,172)	29,431				
Total comprehensive income	-	130	130				
Dividends	-	-	-				
<i>Balance as at 30 September 2017</i>	36,603	(7,042)	29,561				
<i>Balance as at 1 July 2016</i>	36,603	(11,437)	25,166				
Total comprehensive income	-	2,028	2,028				
<i>Balance as at 30 September 2016</i>	36,603	(9,409)	27,194				



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, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

As at 30 September 2017, there were no subsidiary holdings and convertible securities outstanding (30 June 2017: Nil).

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 30 September 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.

1.(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

During the financial period, there was no transaction pertaining to subsidiary holdings.

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 2017.



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

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	
	Q1FY2018	Q1FY2017
	S\$'000	S\$'000
Profit attributable to shareholders	238	39
Profit per share		
Basic (Singapore cents)	0.6 cents*	0.1 cents**
Diluted (Singapore cents)	0.6 cents*	0.1 cents**

* Basic and diluted earnings per share for Q1FY2018 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$238,000 and the weighted average number of shares of 39,378,100.

** Basic and diluted earnings per share for Q1FY2017 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$39,000 and the weighted average number of shares of 39,378,100.

There were no potential dilutive shares as at 30 September 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
	30 September	30 June	30 September	30 June
	2017	2017	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value as at the respective balance sheet dates	65,976	65,738	29,561	29,431
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	167.5 cents	166.9 cents	75.1 cents	74.7 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 Q1FY2018 (compared to that of Q1FY2017)

The Group's revenue decreased by 14.8% in Q1FY2018 as compared to the same period last year, due mainly to lower contribution from the Group's trading business in Singapore, and offset by the maiden revenue contribution of S\$2.0 million from its industrial crane business.

The Group's gross profit increased by 6.9% in Q1FY2018 (vis-à-vis Q1FY2017), and the gross profit margin improved from 15.0% in Q1FY2017 to 18.8% in Q1FY2018 due mainly to the mechanical engineering and scaffolding services.

The Group's other operating income decreased from S\$1.6 million in Q1FY2017 to S\$1.2 million in Q1FY2018, due mainly to the lower rental income generated, foreign exchange gain and reversal of allowance for doubtful debts in Q1FY2017.

The decrease in distribution and marketing expenses in Q1FY2018 (vis-à-vis Q1FY2017) was mainly attributed to the reduction of import and export activities.

The decrease in administrative expenses in Q1FY2018 (vis-à-vis Q1FY2017) was mainly attributed to the reclassification of office rental to other operating expenses.

The increase in other operating expenses were mainly attributed to the reclassification of office rental from administrative expenses and allowance for doubtful debts, and offset by the decrease in amortisation of intangible assets which was fully amortised in Q4FY2017.

Finance costs had decreased as a result of lower interest payments.



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

The decrease in inventories and trade payables were mainly due to lower purchases towards the end of the Q1FY2018.

Despite experiencing strong operating cash inflow of close to S\$5.0 million in Q1FY2018, the Group's cash and bank balance decreased by S\$1.1 million from 30 June 2017 as a result of loan repayment of S\$5.6 million and acquisition of plant and machinery.

Accordingly,

1. the Group's total interest bearing borrowings and debts was reduced by 12.5% from S\$45.2 million as at 30 June 2017 to S\$39.5 million as at 30 September 2017;
2. the Group's net gearing ratio (defined as the ratio of aggregate of interest bearing loans net of cash and bank balance to total equity) was reduced from 37.2% as at 30 June 2017 to 30.1% as at 30 September 2017.

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 demand for Asian steel is stable as demand growth in South Asia and Southeast Asia is healthy. However, due to intense industry competition and an uncertain geopolitical environment, the trading of steel will continue to be volatile. The Group will continue to mitigate these business risks and navigate cautiously.

In the meantime, the Singapore government has increased its spending on infrastructure this year and next year (extracted from Ministry of National Development Newsroom). In the private sector, there is a heightened activity in the collective sale tenders in the real estate market. These factors could provide support to the local civil construction & engineering sectors. As the Group is a diversified company with complementary businesses in scaffolding, civil construction and engineering work, land transport engineering solutions and crane services, it will work on leveraging the operational synergies between its subsidiaries to explore business opportunities in these sectors. The Group will also continue to make inroads into the regional markets to expand its geographical footprint.

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/recommendeded, 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 three month financial period ended 30 September 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) of the SGX Listing Manual

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

08 November 2017