



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER (“Q3FY2018”) AND NINE MONTH FINANCIAL PERIOD ENDED 31 MARCH 2018 (“9MFY2018”) 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			The Group		
	Q3FY2018 S\$'000	Q3FY2017 S\$'000	% Change	9MFY2018 S\$'000	9MFY2017 S\$'000	% Change
Revenue	15,385	15,145	2	51,991	61,689	(16)
Cost of sales	(13,113)	(11,357)	15	(42,737)	(50,207)	(15)
Gross profit	2,272	3,788	(40)	9,254	11,482	(19)
Other income	1,352	1,522	(11)	3,623	4,578	(21)
Distribution and marketing expenses	(100)	(72)	39	(324)	(618)	(48)
Administrative expenses	(2,594)	(3,118)	(17)	(7,795)	(10,166)	(23)
Other operating expenses	(1,562)	(1,259)	24	(4,435)	(3,000)	48
Profit from operations	(632)	861	NM	323	2,276	(86)
Finance costs	(244)	(286)	(15)	(781)	(969)	(19)
(Loss)/profit before taxation	(876)	575	NM	(458)	1,307	NM
Income tax	(34)	(104)	(67)	58	(206)	NM
(Loss)/profit after taxation	(910)	471	NM	(400)	1,101	NM
(Loss)/profit attributable to:-						
Owners of the Company	(822)	436	NM	(253)	958	NM
Non-controlling interests	(88)	35	NM	(147)	143	NM
	(910)	471	NM	(400)	1,101	NM

“Q3FY2018” denotes the third financial quarter of the financial year ended 30 June 2018 (“FY2018”).

“9MFY2018” denotes the nine month financial periods of FY2018.

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

“9MFY2017” denotes the nine month financial periods of 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			The Group		
	Q3FY2018 S\$'000	Q3FY2017 S\$'000	% Change	9MFY2018 S\$'000	9MFY2017 S\$'000	% Change
(Loss)/profit for the period	(910)	471	NM	(400)	1,101	NM
Exchange differences on translating foreign operations	23	-	NM	23	(16)	NM
Other comprehensive income, net of tax	23	-	NM	23	(16)	NM
Total comprehensive income for the period	(887)	471	NM	(377)	1,085	NM
Total comprehensive income attributable to:-						
Owners of the Company	(799)	436	NM	(230)	942	NM
Non-controlling interest	(88)	35	NM	(147)	143	NM
	(887)	471	NM	(377)	1,085	NM

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

	The Group			The Group		
	Q3FY2018 S\$'000	Q3FY2017 S\$'000	% Change	9MFY2018 S\$'000	9MFY2017 S\$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)						
Depreciation of property, plant and equipment	1,445	1,659	(13)	4,313	4,688	(8)
Amortisation of intangible assets	-	147	NM	-	442	NM
Property, plant and equipment written-off	-	-	NM	274	-	NM
Net foreign currency exchange loss	142	125	14	330	92	259
Gain on disposal of property, plant and equipment	(11)	(34)	(68)	(33)	(42)	(21)
Allowance/(Reversal) for inventories	-	349	NM	-	(522)	NM
Interest income	(19)	(3)	533	(48)	(12)	300
Interest expense	244	286	(15)	781	969	(19)
Bad debts recovered	(4)	-	NM	(52)	-	NM
Allowance for doubtful debts	184	257	(28)	438	216	103



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 2018 S\$'000	As at 30 June 2017 S\$'000	As at 31 March 2018 S\$'000	As at 30 June 2017 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	21,389	20,942	1,042	557
Trade and other receivables	11,317	12,925	10,068	6,390
Inventories	20,405	26,809	-	-
Total current assets	53,111	60,676	11,109	6,947
Non-current assets				
Property, plant and equipment	39,336	42,402	166	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	60,157	63,223	58,169	58,216
Total assets	113,268	123,899	69,278	65,163
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and bills payable	29,973	37,916	2,290	2,290
Trade and other payables	9,054	8,671	31,151	27,685
Finance leases	136	161	-	-
Income tax payable	443	357	-	-
Total current liabilities	39,606	47,105	33,441	29,975
Non-current liabilities				
Bank loans	4,605	7,267	3,990	5,718
Finance leases	23	69	-	-
Deferred tax liabilities	3,233	3,272	39	39
Total non-current liabilities	7,861	10,608	4,029	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	(315)	(338)	-	-
Retained earnings/(Accumulated losses)	23,983	24,236	(4,795)	(7,172)
Equity attributable to owners of the company	65,508	65,738	31,808	29,431
Non-controlling interests	293	448	-	-
Total equity	65,801	66,186	31,808	29,431
Total liabilities and equity	113,268	123,899	69,278	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 31 March 2018 S\$'000	As at 30 June 2017 S\$'000
Amount repayable in one year or less or on demand		
Unsecured	28,671	36,332
Secured	1,302	1,584
Total	<u>29,973</u>	<u>37,916</u>
Amount repayable after one year		
Unsecured	3,990	5,718
Secured	615	1,549
Total	<u>4,605</u>	<u>7,267</u>

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			
	Q3FY2018 S\$'000	Q3FY2017 S\$'000	9MFY2018 S\$'000	9MFY2017 S\$'000
Operating activities				
(Loss)/profit before income tax	(876)	575	(458)	1,307
Adjustments for:				
Depreciation of property, plant and equipment	1,445	1,659	4,313	4,688
Gain on disposal of property, plant and equipment	(11)	(34)	(33)	(42)
Amortisation of intangible assets	-	147	-	442
Bad debts recoverable	(4)	-	(52)	-
Allowance for doubtful debts	184	257	438	216
Allowance/(reversal) for inventories	-	349	-	(522)
Property, plant and equipment written-off	-	-	274	-
Gain on disposal of subsidiary	(9)	-	(9)	-
Interest expense	244	286	781	969
Interest income	(19)	(3)	(48)	(12)
Currency realignment	19	292	19	(296)
Operating cash flows before movement in working capital	973	3,528	5,225	6,750
Inventories	218	(1,410)	6,404	(5,442)
Trade and other receivables	362	806	1,158	2,735
Trade and other payables	1,751	(1,882)	406	(2,764)
Cash generated from operations	3,304	1,042	13,193	1,279
Interest paid	(244)	(286)	(781)	(969)
Interest received	19	3	48	12
Income tax paid	-	(128)	105	(129)
Net cash from operating activities	3,079	631	12,565	193
Investing activities				
Purchase of property, plant and equipment	(430)	(250)	(1,621)	(2,174)
Acquisition of subsidiary, net of cash acquired	-	(130)	-	(14,568)
Contribution from Non-Controlling Interest	-	80	-	80
Disposal of subsidiary	51	-	51	-
Proceeds from disposal of property, plant and equipment	55	43	128	123
Net cash used in investing activities	(324)	(257)	(1,442)	(16,539)
Financing activities				
Proceeds from bank loans	500	-	2,841	23,437
Repayment of bank loans	(3,320)	(8,217)	(13,446)	(21,417)
Repayment of finance leases	(24)	9	(71)	(64)
Net cash (used in)/generated from financing activities	(2,844)	(8,208)	(10,676)	1,956
Net change in cash and cash equivalents	(89)	(7,834)	447	(14,390)
Effect of exchange rate changes on cash and cash equivalents	-	(286)	-	278
Cash and cash equivalents at beginning of the period	21,478	22,348	20,942	28,340
Cash and cash equivalents at end of the period (Note 1)	21,389	14,228	21,389	14,228

Note 1:

Cash and cash equivalent consist of:

	The Group	
	9MFY2018 S\$'000	9MFY2017 S\$'000
Cash and bank balances	21,199	14,038
Add: cash pledged with bank	190	190
Cash and cash equivalents	21,389	14,228



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 2017</i>	36,603	24,236	(338)	5,237	65,738	448	66,186
Total comprehensive income							
Profit for the period	-	(253)	-	-	(253)	(147)	(400)
Other comprehensive income	-	-	23	-	23	-	23
Total	-	(253)	23	-	(230)	(147)	(377)
Transactions with owners, recognised directly in equity							
Non-controlling interest arising from disposal of a subsidiary	-	-	-	-	-	(8)	(8)
Dividends	-	-	-	-	-	-	-
	-	-	-	-	-	(8)	(8)
<i>Balance as at 31 March 2018</i>	36,603	23,983	(315)	5,237	65,508	293	65,801
<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	
Other comprehensive income	-	-	(16)	-	(16)	-	
Total	-	958	(16)	-	942	143	
Transactions with owners, recognised directly in equity							
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	294	
Dividends	-	-	-	-	-	-	
	-	-	-	-	-	294	294
<i>Balance as at 31 March 2017</i>	36,603	23,785	(324)	5,237	65,301	437	65,738
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	-	2,377	2,377				
Dividends	-	-	-				
<i>Balance as at 31 March 2018</i>	36,603	(4,795)	31,808				
<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				



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 31 March 2018, 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 31 March 2018, 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	
	9MFY2018	9MFY2017
	S\$'000	S\$'000
(Loss)/Profit attributable to shareholders	(253)	958
(Loss)/Profit per share		
Basic (Singapore cents)	(0.64) cents*	2.43 cents*
Diluted (Singapore cents)	(0.64) cents*	2.43 cents*

* Basic and diluted earnings per share for 9MFY2018 is computed based on loss for the period attributable to ordinary shareholders amounting to about S\$0.3 million and the weighted average number of shares of 39,378,100.

** 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.

There were no potential dilutive shares as at 31 March 2018.

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
	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value as at the respective balance sheet dates	65,508	65,738	31,808	29,431
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	166.4 cents	166.9 cents	80.8 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").

(a) Review of the financial performance of the Group for 9MFY2018 (compared to that of 9MFY2017) and for Q3FY2018 (compared to that of Q3FY2017)

The Group's revenue decreased by 15.7% in 9MFY2018 (vis-à-vis 9MFY2017), due principally to lower contribution from marine sector and trading business in Singapore, offset by the maiden revenue contribution of S\$3.3 million from industrial crane business and higher contribution from mechanical engineering business.

The Group's gross profit decreased by 19.4% in 9MFY2018 (vis-à-vis 9MFY2017) and by 40.0% in Q3FY2018 (vis-à-vis Q3FY2017), while the gross profit margin declined from 25.0% in Q3FY2017 to 14.8% in Q3FY2018. The regression in gross profit and gross profit margin were due mainly to the lower profit contribution from marine sector and industrial crane business, as these business segments command higher profit margins relative to the Group's recycling and trading business segments.

The Group's other operating income decreased by 20.9% in 9MFY2018 (vis-à-vis 9MFY2017) and by 11.2% in Q3FY2018 (vis-à-vis Q3FY2017), due mainly to the lower rental income generated.

The decrease in distribution and marketing expenses in 9MFY2018 relative to the same periods last year was mainly attributed to the reduction of import and export activities. The increase in distribution and marketing expenses in Q3FY2018 relative to the same periods last year was mainly attributed to the reclassification of truck related expenses from cost of sales.

The decrease in administrative expenses in 9MFY2018 and Q3FY2018 relative to the same periods last year was mainly attributed to the reclassification of office rental to other operating expenses.

The increase in other operating expenses in 9MFY2018 and Q3FY2018 relative to the same periods last year was mainly attributed to the reclassification of office rental from administrative expenses, and offset by the decrease in amortization of intangible assets which fully amortised in Q4FY2017.



Finance costs decreased as a result of the lower interest payment.

The Group's income tax credit position is principally due to over-provision for tax payable in FY2017.

(b) Review of financial position of the Group as at 31 March 2018 compared to that as at 30 June 2017

The decrease in trade and other receivables was mainly due to better collection from customers towards the end of Q3FY2018.

The decrease in inventory was mainly due to lower purchases towards the end of the Q3FY2018.

The increase in trade payables was mainly due to slow down in payment to suppliers at the end of Q3FY2018.

The Group generated strong operating cash inflow of S\$12.6 million in 9MFY2018, and the Group's cash and bank balance decreased by S\$0.4 million from 30 June 2017 after deduct of loan repayment of S\$13.4 million and acquisition of plant and machinery.

Accordingly,

1. the Group total interest-bearing borrowing and debts were reduced by 23.5% from S\$45.2 million as at 30 June 2017 to S\$34.6 million as at 31 March 2018;
2. the Group net gearing ratio (defined as the ratio of aggregate of interest bearing loans net of cash and bank balance to total equity) was reduced to 20.4% as at 31 March 2018 from 37.2% as at 30 June 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 near-term outlook for the steel industry remains challenging in view of the volatile price movements and soft demand. The Group will continue to mitigate these business risks and navigate cautiously.

By and large, the Group's other businesses such as civil construction and engineering work are expected to remain stable, while the scaffolding and marine equipment businesses may see fluctuations in contributions from quarter to quarter. The Group will work on leveraging the operational synergies between the complementary businesses to drive long term value for shareholders.

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 nine month financial period ended 31 March 2018, 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

09 May 2018