



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2019 ("Q1FY2020") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 JUNE 2020 ("FY2020")

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		
	Q1FY2020	Q1FY2019	%
	S\$'000	S\$'000	Change
Revenue	16,446	17,560	(6)
Cost of sales	(13,074)	(14,778)	(12)
Gross profit	3,372	2,782	21
Other income	951	1,081	(12)
Distribution and marketing expenses	(89)	(111)	(20)
Administrative expenses	(2,505)	(2,336)	7
Other operating expenses	(979)	(1,124)	(13)
Profit from operations	750	292	157
Finance costs	(419)	(259)	62
Profit before taxation	331	33	903
Income tax	19	12	58
Profit after taxation	350	45	678
Profit attributable to:-			
Owners of the Company	381	87	338
Non-controlling interests	(31)	(42)	(26)
	350	45	678

"Q1FY2020" denotes the first financial quarter of the financial year ended 30 June 2020 ("FY2020").

"Q1FY2019" denotes the first financial quarter of the financial year ended 30 June 2019 ("FY2019").

"% 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		
	Q1FY2020 S\$'000	Q1FY2019 S\$'000	% Change
Profit for the period	350	45	678
Exchange differences on translating foreign operations	(4)	(12)	(67)
Other comprehensive loss, net of tax	(4)	(12)	(67)
Total comprehensive income for the period	346	33	948
Total comprehensive income attributable to:-			
Owners of the Company	377	75	403
Non-controlling interest	(31)	(42)	(26)
	346	33	948

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

	The Group		
	Q1FY2020 S\$'000	Q1FY2019 S\$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)			
Depreciation of property, plant and equipment	1,078	1,372	(21)
Amortisation of right-of-use assets	418	-	NM
Amortisation of intangible assets	1	1	-
Net foreign currency exchange (gain)/loss	(99)	24	(513)
(Gain)/Loss on disposal of property, plant and equipment	(23)	109	(121)
Interest income	(24)	(21)	14
Interest expense	416	259	61
Reversal of allowance for receivables	(46)	(30)	53
Fixed assets written off	200	-	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 2019 S\$'000	As at 30 June 2019 S\$'000	As at 30 September 2019 S\$'000	As at 30 June 2019 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	14,408	15,489	1,069	1,838
Trade and other receivables	16,872	14,791	7,184	6,940
Inventories	23,380	21,911	-	-
Total current assets	54,660	52,191	8,253	8,778
Non-current assets				
Property, plant and equipment	34,627	35,511	100	109
Investment property	8,312	8,312	-	-
Goodwill	7,583	7,583	-	-
Right-of-use assets	14,173	-	-	-
Other intangible assets	215	217	201	201
Subsidiaries	-	-	49,602	49,602
Deferred tax assets	65	65	-	-
Total non-current assets	64,975	51,688	49,903	49,912
Total assets	119,635	103,879	58,156	58,690
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and bills payable	30,583	27,936	1,752	1,752
Trade and other payables	7,524	8,498	23,950	24,208
Finance leases	2,290	53	-	-
Income tax payable	284	284	-	-
Total current liabilities	40,681	36,771	25,702	25,960
Non-current liabilities				
Bank loans	2,078	2,545	1,714	2,167
Finance leases	11,987	-	-	-
Deferred tax liabilities	3,069	3,089	39	39
Total non-current liabilities	17,134	5,634	1,753	2,206
Capital and reserves				
Share capital	36,603	36,603	36,603	36,603
Capital reserve	5,237	5,237	-	-
Foreign currency translation reserve	(340)	(336)	-	-
Retained earnings/(Accumulated losses)	20,427	20,046	(5,902)	(6,079)
Equity attributable to owners of the company	61,927	61,550	30,701	30,524
Non-controlling interests	(107)	(76)	-	-
Total equity	61,820	61,474	30,701	30,524
Total liabilities and equity	119,635	103,879	58,156	58,690



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 2019 S\$'000	As at 30 June 2019 S\$'000
Amount repayable in one year or less or on demand		
Unsecured	28,777	25,891
Secured	1,806	2,045
Total	30,583	27,936
Amount repayable after one year		
Unsecured	-	-
Secured	2,078	2,545
Total	2,078	2,545

Details of any collateral

These are secured by:

- Leasehold land and buildings ;
- Investment property;
- Corporate guarantees by the Company;
- Charge over shares of a subsidiary;



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	
	Q1FY2020	Q1FY2019
	S\$'000	S\$'000
Operating activities		
Profit before income tax	331	33
Adjustments for:		
Depreciation of property, plant and equipment	1,078	1,372
(Gain)/Loss on disposal of property, plant and equipment	(23)	109
Amortisation of right-of-use assets	418	-
Amortisation of intangible assets	1	1
Reversal of allowance for receivables	(46)	(30)
Fixed assets written off	200	-
Interest expense	416	259
Interest income	(24)	(21)
Operating cash flows before movement in working capital	2,351	1,723
Inventories	(1,469)	2,585
Trade and other receivables	(2,035)	1,067
Trade and other payables	(974)	(3,241)
Cash (used in)/generated from operations	(2,127)	2,134
Interest paid	(257)	(259)
Interest received	24	21
Net cash (used in)/generated from operating activities	(2,360)	1,896
Investing activities		
Purchase of property, plant and equipment	(1,499)	(1,794)
Proceeds from disposal of property, plant and equipment	1,128	343
Net cash used in investing activities	(371)	(1,451)
Financing activities		
Proceeds from bank loans	1,000	2,500
Repayment of bank loans	(1,206)	(3,568)
Increase/(Decrease) in bills payable	2,386	(2,067)
Repayment of finance leases	(526)	(26)
Net cash generated from/(used in) financing activities	1,654	(3,161)
Net change in cash and cash equivalents	(1,077)	(2,716)
Effect of exchange rate changes on cash and cash equivalents	(4)	(14)
Cash and cash equivalents at beginning of the period	15,489	18,266
Cash and cash equivalents at end of the period	14,408	15,536



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 2019</i>	36,603	20,046	(336)	5,237	61,550	(76)	61,474
Total comprehensive income							
Profit for the year	-	381	-	-	381	(31)	350
Other comprehensive income	-	-	(4)	-	(4)	-	(4)
<i>Balance as at 30 September 2019</i>	<u>36,603</u>	<u>20,427</u>	<u>(340)</u>	<u>5,237</u>	<u>61,927</u>	<u>(107)</u>	<u>61,820</u>
<i>Balance as at 1 July 2018</i>	36,603	25,206	(317)	5,237	66,729	264	66,993
Total comprehensive income							
Loss for the year	-	87	-	-	87	-	87
Other comprehensive income	-	-	(12)	-	(12)	(42)	(54)
<i>Balance as at 30 September 2018</i>	<u>36,603</u>	<u>25,293</u>	<u>(329)</u>	<u>5,237</u>	<u>66,804</u>	<u>222</u>	<u>67,026</u>
Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000				
<i>Balance as at 1 July 2019</i>	36,603	(6,079)	30,524				
Total comprehensive income	-	177	177				
<i>Balance as at 30 September 2019</i>	<u>36,603</u>	<u>(5,902)</u>	<u>30,701</u>				
<i>Balance as at 1 July 2018</i>	36,603	(7,319)	29,284				
Total comprehensive income	-	180	180				
<i>Balance as at 30 September 2018</i>	<u>36,603</u>	<u>(7,139)</u>	<u>29,464</u>				



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.

There were no changes in the share capital since the end of the previous period reported on.

There were no treasury shares held as at 30 September 2019 (30 September 2018: 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.

	Number of shares	
	As at 30 September 2019	As at 30 June 2019
Total number of issued shares	39,378,100	39,378,100
Treasury shares and subsidiary holdings	-	-
Total number of issued shares excluding treasury shares and subsidiary holdings	39,378,100	39,378,100

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 30 June 2019.

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.

The Group has adopted SFRS(I) 16 with effect from 1 July 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the financial year ended 30 June 2019 reporting period as permitted under the specific transition provisions in the standard. On adoption of SFRS(I) 16 Leases, the Group has recognised right-of-use assets of S\$14.6 million and lease liabilities of S\$14.6 million on 1 July 2019.

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	
	Q1FY2020	Q1FY2019
	S\$'000	S\$'000
Profit attributable to shareholders	381	87
Profit per share		
Basic (Singapore cents)	0.97 cents*	0.22 cents**
Diluted (Singapore cents)	0.97 cents*	0.22 cents**

* Basic and diluted earnings per share for Q1FY2020 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$381,000 and the weighted average number of shares of 39,378,100.

** Basic and diluted earnings per share for Q1FY2019 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$87,000 and the weighted average number of shares of 39,378,100.

There were no potential dilutive shares as at 30 September 2019.



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.

	<u>The Group</u>		<u>The Company</u>	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	<u>30 Sep</u>	<u>30 June</u>	<u>30 Sep</u>	<u>30 June</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>	<u>2019</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Net asset value as at the respective balance sheet dates	<u>61,927</u>	<u>61,550</u>	<u>30,701</u>	<u>30,524</u>
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	<u>157.26 cents</u>	<u>156.31 cents</u>	<u>77.96 cents</u>	<u>77.52 cents</u>

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:

- Metals: Recycling of ferrous and non-ferrous scrap metal; Trading of steel products and non-ferrous metal products; and Rental of sheet piles, steel plates, test piles and beams.
- Scaffolding: Provision of scaffolding services and related consultancy services.
- Engineering: Civil construction and engineering work; Marine equipment makers; and Land transport engineering solutions.
- Others: Leasing of industrial properties.



(a) Review of the financial performance of the Group for Q1FY2020 (compared to that of Q1FY2019)

Q1FY2020 revenue decreased by 6.3% compared to the same period last year. This was mainly due to lower contribution from the Group's metal business but partially offset by an increase in sales from the engineering sector.

The Group's gross profit increased by S\$0.6 million with an improvement in the gross profit margin from 15.8% in Q1FY2019 to 20.5% in Q1FY2020 as a result of higher margins commanded by the engineering business.

The Group's other operating income dipped by 12% due mainly to a decrease in rental income.

Distribution and marketing expenses in Q1FY2020 remained stable at close to S\$0.1 million.

The 7.2% increase in administrative expenses in Q1FY2020 (vis-à-vis Q1FY2019) was mainly attributed to higher staff costs.

Other operating expenses decreased by 12.9% as a result of lower loss on disposal of fixed assets and depreciation charges.

Finance costs increased by 61.8% due to recognition of interest expenses associated with lease liabilities in adoption of IFRS 16 Leases (refer to paragraph 5).

(b) Review of financial position of the Group as at 30 September 2019 compared to that as at 30 June 2019

Trade and other receivables rose nearly S\$2.1 million mainly due to an increase in advances to suppliers.

Inventory increased by S\$1.5 million as a result of higher import volumes. Inventory was partially financed by bank facilities which led to an increase in bank loans and bills payable, and a drop in cash holdings.

The decrease in property, plant and equipment of S\$0.9 million was mainly due to depreciation charges.

Please see paragraph 5 above for why there was an increase in right-of-use assets and finance lease liabilities.

Accordingly, the Group net gearing ratio (defined as the ratio of aggregate of interest-bearing loans net of cash and bank balance to total equity) increased from 24.4% as at 30 June 2019 to 29.5% as at 30 September 2019.

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 metal industry remains challenging in view of volatile price movements, soft demand and intense competition. The Group will continue to manage these risks and manage costs prudently. The scaffolding business is expected to remain stable, while the engineering sector might see a slight recovery in terms of revenue generation.

The Group continues to explore more business opportunities and expand its customer footprint in regional markets.

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

The Board does not recommend any dividend for Q1FY2020 as the Group is preserving its cash for operational needs.

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 2019, to be false or misleading in any material aspect.



UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

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

7 November 2019