



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST HALF YEAR FINANCIAL PERIOD ENDED 31 DECEMBER 2020 ("1HFY2021") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 JUNE 2021 ("FY2021")

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEARLY (1H & 2H), 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		
	1HFY2021	1HFY2020	%
	S\$'000	S\$'000	Change
Revenue	34,002	33,630	1
Cost of sales	(26,625)	(27,498)	(3)
Gross profit	7,377	6,132	20
Other income	2,894	1,785	62
Distribution and marketing expenses	(95)	(128)	(26)
Administrative expenses	(4,535)	(4,874)	(7)
Other operating expenses	(1,768)	(1,700)	4
Profit from operations	3,873	1,215	219
Finance costs	(575)	(856)	(33)
Profit before taxation	3,298	359	819
Income tax	(334)	118	(383)
Profit after taxation	2,964	477	521
Profit attributable to:-			
Owners of the Company	2,900	573	406
Non-controlling interests	64	(96)	(167)
	2,964	477	521

"1HFY2021" denotes the first half financial year of FY2021.

"1HFY2020" denotes the first half financial year of FY2020.

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



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		
	1HFY2021	1HFY2020	%
	S\$'000	S\$'000	Change
Profit for the period	2,964	477	521
Exchange differences on translating foreign operations	2	(6)	(133)
Other comprehensive income/(expenses), net of tax	2	(6)	(133)
Total comprehensive income for the period	2,966	471	530
Total comprehensive income attributable to:-			
Owners of the Company	2,902	567	412
Non-controlling interests	64	(96)	(167)
	2,966	471	530

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

	The Group		
	1HFY2021	1HFY2020	%
	S\$'000	S\$'000	Change
<u>Profit before income tax has been arrived at after charging/(crediting):</u>			
Depreciation of property, plant and equipment	1,839	2,128	(14)
Amortisation of intangible assets	2	2	-
Amortisation of right-of-use assets	1,104	927	19
Property, plant and equipment written-off	-	200	(100)
Net foreign currency exchange loss/(gain)	227	(58)	(491)
Gain on disposal of property, plant and equipment	(60)	(32)	88
Interest income	(13)	(47)	(72)
Interest expense	575	856	(33)
Allowance/(Reversal) for doubtful debts	164	(46)	(457)
Allowance for inventories	-	7	(100)



UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

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-Dec 2020 S\$'000	As at 30-Jun 2020 S\$'000	As at 31-Dec 2020 S\$'000	As at 30-Jun 2020 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	17,709	13,302	1,055	1,047
Trade and other receivables	13,804	11,417	6,688	6,814
Inventories	23,085	24,507	-	-
Total current assets	54,598	49,226	7,743	7,861
Non-current assets				
Property, plant and equipment	31,243	33,865	68	80
Investment property	5,250	5,250	-	-
Goodwill	5,053	5,053	-	-
Right-of-use assets	11,677	12,781	-	-
Other intangible assets	10	12	-	-
Golf club membership	201	201	201	201
Subsidiaries	-	-	42,102	42,102
Deferred tax assets	65	65	-	-
Total non-current assets	53,499	57,227	42,371	42,383
Total assets	108,097	106,453	50,114	50,244
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and bills payable	19,114	28,662	1,123	2,074
Trade and other payables	10,346	7,752	24,531	24,241
Finance leases	2,418	2,428	-	-
Income tax payable	636	277	-	-
Total current liabilities	32,514	39,119	25,654	26,315
Non-current liabilities				
Bank loans	6,287	-	-	-
Finance leases	9,631	10,629	-	-
Deferred tax liabilities	3,026	3,032	39	39
Total non-current liabilities	18,944	13,661	39	39
Capital and reserves				
Share capital	36,603	36,603	36,603	36,603
Capital reserve	5,237	5,237	-	-
Foreign currency translation reserve	(341)	(343)	-	-
Retained earnings/(Accumulated losses)	15,303	12,403	(12,182)	(12,713)
Equity attributable to owners of the company	56,802	53,900	24,421	23,890
Non-controlling interests	(163)	(227)	-	-
Total equity	56,639	53,673	24,421	23,890
Total liabilities and equity	108,097	106,453	50,114	50,244



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 Dec 2020 S\$'000	As at 30 June 2020 S\$'000
Amount repayable in one year or less or on demand		
Unsecured	17,930	26,212
Secured	1,184	2,450
Total	19,114	28,662
Amount repayable after one year		
Unsecured	6,000	-
Secured	287	-
Total	6,287	-

These are secured by:

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



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	
	1HFY2021 S\$'000	1HFY2020 S\$'000
Operating activities		
Profit before income tax	3,298	359
Adjustments for:		
Depreciation of property, plant and equipment	1,839	2,128
Gain on disposal of property, plant and equipment	(60)	(32)
Amortisation of intangible assets	2	2
Amortisation of right-of-use assets	1,104	927
Allowance/ (Reversal) for doubtful debts	164	(46)
Allowance for inventories	-	7
Property, plant and equipment written-off	-	200
Interest expense	575	856
Interest income	(13)	(47)
Operating cash flows before movement in working capital	6,909	4,354
Inventories	1,422	(3,418)
Trade and other receivables	(2,551)	(995)
Trade and other payables	2,594	1,314
Cash generated from operations	8,374	1,255
Interest paid	(259)	(499)
Interest received	13	47
Income tax received	19	-
Net cash from operating activities	8,147	803
Investing activities		
Purchase of property, plant and equipment	(1,109)	(2,836)
Proceeds from disposal of property, plant and equipment	1,952	1,778
Net cash generated from /(used in) investing activities	843	(1,058)
Financing activities		
Proceeds from bank loans	6,500	2,000
(Decrease) Increase in bills payable	(782)	1,572
Repayment of bank loans	(8,979)	(2,680)
Repayment of finance leases	(1,324)	(1,133)
Net cash used in financing activities	(4,585)	(241)
Net change in cash and cash equivalents	4,405	(496)
Effect of exchange rate changes on cash and cash equivalents	2	(6)
Cash and cash equivalents at beginning of the period	13,302	15,489
Cash and cash equivalents at end of the period	17,709	14,987



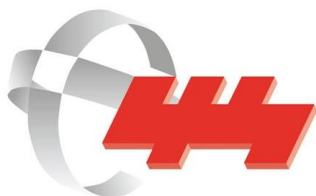
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1.(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the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

Group	Share capital	Retained earnings	Translation reserve	Capital reserve	Equity attributable to owners of the Company	Non-controlling interest	Total
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000
<i>Balance as at 1 July 2020</i>	36,603	12,403	(343)	5,237	53,900	(227)	53,673
Total comprehensive income							
Profit for the period	-	2,900	-	-	2,900	64	2,964
Other comprehensive income	-	-	2	-	2	-	2
<i>Balance as at 31 December 2020</i>	36,603	15,303	(341)	5,237	56,802	(163)	56,639
<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 period	-	573	-	-	573	(96)	477
Other comprehensive income	-	-	(6)	-	(6)	-	(6)
<i>Balance as at 31 December 2019</i>	36,603	20,619	(342)	5,237	62,117	(172)	61,945

Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000
<i>Balance as at 1 July 2020</i>	36,603	(12,713)	23,890
Total comprehensive income	-	531	531
Dividends	-	-	-
<i>Balance as at 31 Dec 2020</i>	36,603	(12,182)	24,421
<i>Balance as at 1 July 2019</i>	36,603	(6,079)	30,524
Total comprehensive income	-	360	360
Dividends	-	-	-
<i>Balance as at 31 December 2019</i>	36,603	(5,719)	30,884



- 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 31 December 2020 (30 June 2020: 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 31 December 2020	As at 30 June 2020
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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 30 June 2020.

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. Losses 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	
	1HFY2021 S\$'000	1HFY2020 S\$'000
Profit attributable to shareholders	2,900	573
Profit per share		
Basic (Singapore cents)	7.36 cents*	1.46 cents**
Diluted (Singapore cents)	7.36 cents*	1.46 cents**

* Basic and diluted loss per share for 1HFY2021 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$2.9 million and the weighted average number of shares of 39,378,100.

** Basic and diluted loss per share for 1HFY2020 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$0.6 million and the weighted average number of shares of 39,378,100.

There were no potential dilutive shares as at 31 December 2020.



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.

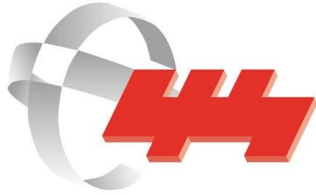
	<u>The Group</u>		<u>The Company</u>	
	<u>As at</u> <u>31 Dec</u> <u>2020</u> <u>S\$'000</u>	<u>As at</u> <u>30 June</u> <u>2020</u> <u>S\$'000</u>	<u>As at</u> <u>31 Dec</u> <u>2020</u> <u>S\$'000</u>	<u>As at</u> <u>30 June</u> <u>2020</u> <u>S\$'000</u>
Net asset value as at the respective balance sheet dates	56,802	53,900	24,421	23,890
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	144.25 cents	136.88 cents	62.02 cents	60.67 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:

- 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 1HFY2021 (compared to that of 1HFY2020)

The Group's revenue inched up 1% in 1HFY2021 (vis-à-vis 1HFY2020), due principally to higher contribution from marine deck equipment within the engineering sector. This offset lower sales from the scaffolding business and mechanical engineering sector.

Gross profit rose S\$1.2 million, as gross profit margin increased from 18.2% in 1HFY2020 to 21.7% in 1HFY2021 due to higher margins achieved by the marine deck equipment and land transport segments.

The 62% increase in Group's other operating income was mainly due to government grants received related to COVID-19.

Administrative expenses in 1HFY2021 decreased by 7% from the previous corresponding period due mainly to property tax rebate and a decrease in depreciation cost.

The lower interest expense in 1HFY2021 by 33% was due to both repayment of term loans and lower interest rates.

The Group's income tax in 1HFY2021 increased as compared to 1HFY2020 due to provision of income tax on current period profit.

(b) Review of financial position of the Group as at 31 December 2020 compared to that as at 30 June 2020

Fall in property, plant and equipment to S\$31.2 million was mainly due to the depreciation charges of S\$1.8 million, disposal of rental assets of S\$1.7m, offset partly by the acquisition of other rental assets of S\$0.9 million.

Decrease in inventories and an increase in trade and other receivables was due to improved sales and a recovery in metal recycling and trading of steel products from metal sector in the latest quarter.

The increased purchases to replenish stock also led to an increase in payables.

The Group's total bank loans and bills payable shrank 11.4% to S\$25.4 million as at 31 December 2020, from S\$28.7 million as at 30 June 2020, due mainly to repayment of term loans.

Accordingly, 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) decreased to 13.6% as at 31 December 2020 from 28.6% as at 30 June 2020.

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 group remains cautious over the outlook for 2021 despite the slight sales uptick in last quarter of Year2020 when Singapore entered phase 3. This is because the global economic environment remains subdued by the second and third waves of the Covid-19 pandemic, which has crippled many business sectors. There is little or no visibility as to when an improvement in the operating environment can be expected and there is valid concern that this downturn could stretch over a few years.

The metal industry has shown signs of recovery. Demand gradually returned due to the resumption of construction and other metal consumption business when Singapore entered the second phase of reopening after the Circuit Breaker. The metal industry remains challenging in view of intense competition and tight supply. The Group will continue to streamline its business operations, mitigate these business risks and navigate the business environment cautiously.

Singapore's construction industry is experiencing a muted recovery. The capacity and productivity of this industry has been furthered hindered by the tighter availability of foreign workers and more stringent COVID safe management measures. The group's scaffolding business is accordingly expected to take a longer time before seeing any significant recovery.

Within the engineering sector, the marine equipment has seen improvement in terms of revenue and profit. Fluctuations may still be experienced in this sub-sector due to its cyclical nature. Demand for mechanical engineering remains sluggish due to the weakening global demand within the oil and gas sector.

Despite the challenging operating environment, the Group will continue to focus on exploring opportunities within its core businesses to enhance efficiency and returns. Prudence remains a keyword in managing liquidity. Management will continue to closely monitor and manage any exposure to risks during this uncertain period.

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 and the reason(s) for the decision.

The Board does not recommend any dividend for 1HFY2021 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 first half year financial period ended 31 December 2020, 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

9 February 2021