



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER (“Q3FY2019”) AND NINE MONTH FINANCIAL PERIOD ENDED 31 March 2019 (“9MFY2019”) IN RESPECT OF THE FINANCIAL YEAR ENDING 30 June 2019 (“FY2019”)

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		
	Q3FY2019 S\$'000	Q3FY2018 S\$'000	% Change	9MFY2019 S\$'000	9MFY2018 S\$'000	% Change
Revenue	19,150	15,385	24	51,584	51,991	(1)
Cost of sales	(16,525)	(13,113)	26	(43,675)	(42,737)	2
Gross profit	2,625	2,272	16	7,909	9,254	(15)
Other income	674	1,352	(50)	2,998	3,623	(17)
Distribution and marketing expenses	(139)	(100)	39	(353)	(324)	9
Administrative expenses	(2,432)	(2,594)	(6)	(7,196)	(7,795)	(8)
Other operating expenses	(1,043)	(1,562)	(33)	(3,120)	(4,435)	(30)
(Loss) / Profit from operations	(315)	(632)	(50)	238	323	(26)
Finance costs	(262)	(244)	7	(778)	(781)	(1)
Loss before taxation	(577)	(876)	(34)	(540)	(458)	18
Income tax	19	(34)	(156)	211	58	264
Loss after taxation	(558)	(910)	(39)	(329)	(400)	(18)
Loss attributable to:-						
Owners of the Company	(463)	(822)	(44)	(152)	(253)	(40)
Non-controlling interests	(95)	(88)	8	(177)	(147)	20
	(558)	(910)	(39)	(329)	(400)	(18)

“Q3FY2019” denotes the third financial quarter of the financial year ended 30 June 2019 (“FY2019”).

“9MFY2019” denotes the nine month financial periods of FY2019.

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

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

“% 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		
	Q3FY2019 S\$'000	Q3FY2018 S\$'000	% Change	9MFY2019 S\$'000	9MFY2018 S\$'000	% Change
Loss for the period	(558)	(910)	(39)	(329)	(400)	(18)
Exchange differences on translating foreign operations	(1)	23	(104)	(17)	23	(174)
Other comprehensive (loss)/income, net of tax	(1)	23	(104)	(17)	23	(174)
Total comprehensive loss for the period	(559)	(887)	(37)	(346)	(377)	(8)
Total comprehensive loss attributable to:-						
Owners of the Company	(464)	(799)	(42)	(169)	(230)	(27)
Non-controlling interest	(95)	(88)	8	(177)	(147)	20
	(559)	(887)	(37)	(346)	(377)	(8)

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

	The Group			The Group		
	Q3FY2019 S\$'000	Q3FY2018 S\$'000	% Change	9MFY2019 S\$'000	9MFY2018 S\$'000	% Change
Loss before income tax has been arrived at after charging/(crediting)						
Depreciation of property, plant and equipment	1,183	1,445	(18)	3,812	4,313	(12)
Amortisation of intangible assets	1	-	NM	3	-	NM
Property, plant and equipment written-off	-	-	NM	-	274	NM
Net foreign currency exchange (gain)/loss	(9)	142	(106)	17	330	(95)
Gain on disposal of property, plant and equipment	(9)	(11)	(18)	(94)	(33)	185
Interest income	(21)	(19)	11	(64)	(48)	33
Interest expense	262	244	7	778	781	(1)
Bad debts recovered	(20)	(4)	400	(85)	(52)	63
Allowance for doubtful debts	176	184	(4)	241	438	(45)



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 2019 S\$'000	As at 30 June 2018 S\$'000	As at 31 March 2019 S\$'000	As at 30 June 2018 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	14,982	18,266	962	879
Trade and other receivables	13,744	15,124	5,480	6,346
Inventories	23,122	23,840	-	-
Total current assets	51,848	57,230	6,442	7,225
Non-current assets				
Property, plant and equipment	36,409	39,392	120	155
Other intangible assets	17	-	-	-
Investment property	10,500	10,500	-	-
Goodwill	9,683	9,683	-	-
Golf club membership	201	201	201	201
Subsidiaries	-	-	55,102	55,102
Deferred tax assets	65	65	-	-
Total non-current assets	56,875	59,841	55,423	55,458
Total assets	108,723	117,071	61,865	62,683
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and bills payable	27,913	30,192	1,752	1,752
Trade and other payables	8,214	11,558	27,152	27,660
Finance leases	63	122	-	-
Income tax payable	284	456	-	-
Total current liabilities	36,474	42,328	28,904	29,412
Non-current liabilities				
Bank loans	3,009	4,620	2,617	3,949
Finance leases	5	12	-	-
Deferred tax liabilities	3,062	3,120	39	39
Total non-current liabilities	6,076	7,752	2,656	3,988
Capital and reserves				
Share capital	36,603	36,603	36,603	36,603
Capital reserve	5,237	5,237	-	-
Foreign currency translation reserve	(334)	(318)	-	-
Retained earnings/(Accumulated losses)	24,580	25,205	(6,298)	(7,320)
Equity attributable to owners of the company	66,086	66,727	30,305	29,283
Non-controlling interests	87	264	-	-
Total equity	66,173	66,991	30,305	29,283
Total liabilities and equity	108,273	117,071	61,865	62,683



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 2019 S\$'000	As at 30 June 2018 S\$'000
Amount repayable in one year or less or on demand		
Unsecured	25,960	27,346
Secured	1,953	2,846
Total	27,913	30,192
Amount repayable after one year		
Unsecured	392	671
Secured	2,617	3,949
Total	3,009	4,620

Details of any collateral

These are secured by:

- Leasehold land and buildings ;
- Investment property;
- Corporate guarantees by the Company; and
- 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			
	Q3FY2019 S\$'000	Q3FY2018 S\$'000	9MFY2019 S\$'000	9MFY2018 S\$'000
Operating activities				
Loss before income tax	(577)	(876)	(540)	(458)
Adjustments for:				
Depreciation of property, plant and equipment	1,183	1,445	3,812	4,313
Gain on disposal of property, plant and equipment	(9)	(11)	(94)	(33)
Amortisation of intangible assets	1	-	3	-
Bad debts recovered	(20)	(4)	(85)	(52)
Allowance for doubtful debts	176	184	241	438
Property, plant and equipment written-off	-	-	-	274
Gain on disposal of subsidiary	-	(9)	-	(9)
Interest expense	262	244	778	781
Interest income	(21)	(19)	(64)	(48)
Currency realignment	15	19	15	19
Operating cash flows before movement in working capital	1,010	973	4,066	5,225
Inventories	3,495	218	337	6,404
Trade and other receivables	(340)	362	504	1,158
Trade and other payables	548	1,751	(3,344)	406
Cash generated from operations	4,713	3,304	1,563	13,193
Interest paid	(262)	(244)	(778)	(781)
Interest received	21	19	64	48
Income tax paid	(8)	-	(18)	105
Net cash from operating activities	4,464	3,079	831	12,565
Investing activities				
Purchase of property, plant and equipment	(117)	(430)	(1,570)	(1,621)
Disposal of subsidiary	-	51	-	51
Proceeds from disposal of property, plant and equipment	405	55	1,936	128
Net cash from/(used in) investing activities	288	(324)	366	(1,442)
Financing activities				
Proceeds from bank loans	1,500	500	4,000	2,841
Repayment of bank loans	(1,543)	(3,857)	(6,124)	(10,806)
(Decrease)/Increase in bills payable	(2,526)	537	(1,766)	(2,640)
Repayment of finance leases	(19)	(24)	(66)	(71)
Dividend paid	-	-	(473)	-
Net cash used in financing activities	(2,588)	(2,844)	(4,429)	(10,676)
Net changes in cash and cash equivalents	2,164	(89)	(3,232)	447
Effect of exchange rate changes on cash and cash equivalents	(35)	-	(52)	-
Cash and cash equivalents at beginning of the period	12,853	21,478	18,266	20,942
Cash and cash equivalents at end of the period	14,982	21,389	14,982	21,389



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 2018</i>	36,603	25,205	(318)	5,237	66,727	264	66,991
Total comprehensive income							
Loss for the period	-	(152)	-	-	(152)	(177)	(329)
Other comprehensive income	-	-	(16)	-	(16)	-	(16)
Total	-	(152)	(16)	-	(168)	(177)	(345)
Transactions with owners, recognised directly in equity							
Non-controlling interest arising from disposal of a subsidiary	-	-	-	-	-	-	-
Dividends	-	(473)	-	-	(473)	-	(473)
Total	-	(473)	-	-	(473)	-	(473)
<i>Balance as at 31 March 2019</i>	36,603	(24,580)	(334)	5,237	66,086	87	66,173
<i>Balance as at 1 July 2017</i>	36,603	24,236	(338)	5,237	65,738	448	66,186
Total comprehensive income							
Loss 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 acquisition of a subsidiary	-	-	-	-	-	(8)	(8)
Dividends	-	-	-	-	-	-	-
Total	-	-	-	-	-	(8)	(8)
<i>Balance as at 31 March 2018</i>	36,603	23,983	(315)	5,237	65,508	293	65,801
Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000				
<i>Balance as at 1 July 2018</i>	36,603	(7,320)	29,283				
Total comprehensive income	-	1,495	1,495				
Dividends	-	(473)	(473)				
<i>Balance as at 31 March 2019</i>	36,603	(6,298)	(30,305)				
<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				



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 March 2019 (30 June 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 31 March 2019	As at 30 June 2018
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 year as those applied for the audited financial statements for the year ended 30 June 2018.

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	
	9MFY2019	9MFY2018
	S\$'000	S\$'000
Loss attributable to shareholders	(152)	(253)
Loss per share		
Basic (Singapore cents)	(0.39) cents*	(0.64) cents**
Diluted (Singapore cents)	(0.39) cents*	(0.64) cents**

* Basic and diluted earnings per share for 9MFY2019 is computed based on loss for the period attributable to ordinary shareholders amounting to about S\$0.2 million and the weighted average number of shares of 39,378,100.

** 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.

There were no potential dilutive shares as at 31 March 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>
	31 March	30 June	31 March	30 June
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value as at the respective balance sheet dates	66,086	66,727	30,305	29,283
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	167.8 cents	169.5 cents	77.0 cents	74.4 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;

- Recycling of ferrous and non-ferrous scrap metal
- Trading of steel products and non-ferrous metal products
- Rental of sheet piles, steel plates, test piles and beams
- Leasing of industrial properties
- Provision of scaffolding services and related consultancy services
- Civil construction and engineering work, and the manufacture of motor vehicle bodies (coachwork), trailers and semi-trailers ("Gee Sheng")
- Marine equipment makers, which provide products and engineering services to the marine sector ("Transvictory")
- 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")
- Online portal for sales of used equipment ("Used Equipment")



(a) Review of the financial performance of the Group for 9MFY2019 (compared to that of 9MFY2018) and for Q3FY2019 (compared to that of Q3FY2018)

The Group's revenue decreased by 1% in 9MFY2019 (vis-à-vis 9MFY2018), mainly due to lower contribution from land transport and scaffolding activities. This was partly offset by the revenue contribution from the recycling and leasing businesses. The higher contribution from recycling and leasing business is also the key reason for the increase of revenue in Q3FY2019 (vis-à-vis Q3FY2018).

The Group's gross profit decreased by 14.5% in 9MFY2019 (vis-à-vis 9MFY2018) due to intense competition and volatile price movement in the recycling and trading businesses. On a quarterly basis, gross profit increased by 15.5% in Q3FY2019 (vis-à-vis Q3FY2018) is due to an improvement in gross profit margin from the leasing and marine sectors.

The Group's other operating income decreased by 17.2% in 9MFY2019 (vis-à-vis 9MFY2018) and 50.1% Q3FY2019 (vis-à-vis Q3FY2018) due to a lesser exchange gain and lower rental income as a consequence of the termination of a property lease.

The increase in distribution and marketing expenses in 9MFY2019 relative to the previous corresponding period was mainly attributed to the increase in freight and handling charges.

Administrative expenses in 9MFY2019 and Q3FY2019 reduced by 7.7% and 6.2% respectively, relative to the same periods last year mainly due to a fall in depreciation expenses and the reclassification of depreciation of investment property to other operating expenses.

The decline in other operating expenses in 9MFY2019 and Q3FY2019 by 29.7% and 33.2% year-on-year respectively, was mainly due to the aforementioned lower land rent. The lower exchange loss and lesser provision for doubtful debts also led to the decrease in other operating expenses.

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

(b) Review of financial position of the Group as at 31 March 2019 compared to that as at 30 June 2018

The decrease in trade and other receivables was mainly due to better debt collection.

The decrease in inventory was mainly due to transfer to fixed assets and higher sales volume towards the end of Q3FY2019. The purchase of inventories was mainly financed by banking facilities, which was partly responsible for the fall in trade and other payables. The other reason for the decline in trade and other payables was due to reduced advances from customers.

The Group's cash and cash equivalents decreased by S\$3.3 million compared to 30 June 2018 mainly due to the repayment of bank loans and bills payable.

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) was reduced to 24.1% at 31 March 2019 from 24.9% at 30 June 2018.



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 steel trading industry remains challenging in view of volatile price movements, soft demand as well as intense competition. The Group continues to mitigate these business risks and navigate cautiously.

The recycling and the scaffolding businesses are expected to remain stable, while the mechanical engineering and marine equipment businesses may see fluctuations due to their cyclical nature. The land transport division is facing pricing pressure as well as intense competition. The Group has restructured this division to improve efficiency and increase productivity.

The Group continues to work on leveraging the operational synergies between the various businesses to explore business opportunities and improve efficiency.

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.



UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

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 2019, 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

13 May 2019