



UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD FINANCIAL QUARTER ("Q3FY2016") AND NINE MONTH FINANCIAL YEAR ENDED 31 MARCH 2016 ("9MFY2016") IN RESPECT OF THE FINANCIAL YEAR ENDING 30 JUNE 2016 ("FY2016")

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

The balance sheet of the Group as at 31 March 2016, the income statements and cashflow statements of the Group for Q3FY2016 and 9MFY2016 had taken into account and consolidated the relevant financial results of Gee Sheng Machinery & Engineering Pte Ltd ("GSME"), a newly acquired 100% owned subsidiary of the Group since 31 August 2015 (the "Acquisition")

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		
	Q3FY2016 S\$'000	Q3FY2015 S\$'000	% Change	9MFY2016 S\$'000	9MFY2015 S\$'000	% Change
Revenue	18,599	30,961	(40)	64,782	105,872	(39)
Cost of sales	(16,500)	(28,920)	(43)	(56,410)	(96,654)	(42)
Gross profit	2,099	2,041	3	8,372	9,218	(9)
Other income	1,575	1,475	7	4,464	4,464	NM
Distribution and marketing expenses	(301)	(334)	(10)	(1,013)	(1,463)	(31)
Administrative expenses	(3,415)	(2,599)	31	(9,363)	(7,351)	27
Other operating expenses*	(6,251)	(1,007)	521	(8,253)	(3,024)	173
(Loss)/profit from operations	(6,293)	(424)	1,384	(5,793)	1,844	NM
Finance costs	(251)	(238)	5	(873)	(731)	19
(Loss)/profit before taxation	(6,544)	(662)	889	(6,666)	1,113	NM
Income tax	(192)	(8)	2,300	(333)	(265)	26
(Loss)/profit after taxation	(6,736)	(670)	905	(6,999)	848	NM
(Loss)/profit attributable to:-						
Owners of the Company	(6,736)	(670)	905	(6,999)	848	NM
Non-controlling interests	-	-	NM	-	-	NM
	(6,736)	(670)	905	(6,999)	848	NM

"Q3FY2016" denotes the third financial quarter of the financial year ended 31 March 2016 ("FY2016").

"9MFY2016" denotes the nine month financial year of FY2016.

"Q3FY2015" denotes the third financial quarter of the financial year ended 31 March 2015 ("FY2015").

"9MFY2015" denotes the nine month financial year of FY2015.

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

"NM" denotes not meaningful.

* Other operating expenses included of S\$5,021,000 relating to expenses incurred for cessation of operations in Malaysia which consist of allowance for doubtful receivables, inventory written off, property, plant and equipment written off, deposit forfeited, and others.



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		
	Q3FY2016 S\$'000	Q3FY2015 S\$'000	% Change	9MFY2016 S\$'000	9MFY2015 S\$'000	% Change
(Loss)/profit for the period	(6,736)	(670)	905	(6,999)	848	NM
Exchange differences on translating foreign operations	170	74	230	414	74	559
Other comprehensive income, net of tax	170	74	230	414	74	559
Total comprehensive income for the period	(6,566)	(596)	1,002	(6,585)	922	NM
Total comprehensive income attributable to:-						
Owners of the Company	(6,566)	(596)	1,002	(6,585)	922	NM
Non-controlling interest	-	-	NM	-	-	NM
	(6,566)	(596)	1,002	(6,585)	922	NM

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

	The Group			The Group		
	Q3FY2016 S\$'000	Q3FY2015 S\$'000	% Change	9MFY2016 S\$'000	9MFY2015 S\$'000	% Change
Profit before income tax has been arrived at after charging/(crediting)						
Depreciation of property, plant and equipment	2,396	1,290	86	4,631	3,869	20
Amortisation of intangible assets	44	147	(70)	442	442	NM
Property, plant and equipment written-off	91	-	NM	91	-	NM
Net foreign currency exchange loss / (gain)	216	(10)	NM	281	(4)	NM
Loss/(Gain) on disposal of property, plant and equipment	6	(31)	NM	(129)	(13)	892
Reversal of allowance for inventories	(1,638)	-	NM	(4,126)	-	NM
Interest income	(4)	(17)	(76)	(32)	(49)	(35)
Interest expense	251	238	5	873	731	19
Allowance for doubtful debts*	2,087	317	558	2,087	402	419

* Allowance for doubtful debts of S\$2,087,000 relating to expenses incurred for cessation of operations in Malaysia.



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 2016 S\$'000	As at 30 June 2015 S\$'000	As at 31 March 2016 S\$'000	As at 30 June 2015 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	28,319	31,194	1,496	1,618
Trade and other receivables	11,816	17,587	8,066	7,481
Inventories	18,748	30,800	-	-
Total current assets	58,883	79,581	9,562	9,099
Non-current assets				
Property, plant and equipment	42,048	41,084	163	204
Investment property	11,812	11,812	-	-
Goodwill	11,933	11,603	-	-
Other intangible assets	649	1,090	-	-
Golf club membership	201	159	201	159
Subsidiaries	-	-	44,802	38,801
Total non-current assets	66,643	65,748	45,166	39,164
Total assets	125,526	145,329	54,728	48,263
LIABILITIES AND EQUITY				
Current liabilities				
Bank loans and bills payable	27,054	39,516	569	4,184
Trade and other payables	4,876	10,469	13,810	6,622
Finance leases	73	70	-	-
Income tax payable	31	392	-	5
Total current liabilities	32,034	50,447	14,379	10,811
Non-current liabilities				
Bank loans	14,969	10,012	5,230	5,372
Finance leases	80	137	-	-
Deferred tax liabilities	4,399	4,104	39	34
Total non-current liabilities	19,448	14,253	5,269	5,406
Capital and reserves				
Share capital	36,603	36,603	36,603	36,603
Capital reserve	5,237	5,237	-	-
Foreign currency translation reserve	(314)	(728)	-	-
Retained earnings/(Accumulated losses)	32,518	39,517	(1,523)	(4,557)
Total equity	74,044	80,629	35,080	32,046
Total liabilities and equity	125,526	145,329	54,728	48,263



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	As at
	31 March	30 June
	2016	2015
	S\$'000	S\$'000
Amount repayable in one year or less or on demand		
Unsecured	26,677	38,006
Secured	377	1,510
Total	27,054	39,516
Amount repayable after one year		
Unsecured	10,330	5,372
Secured	4,639	4,640
Total	14,969	10,012

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			
	Q3FY2016 S\$'000	Q3FY2015 S\$'000	9MFY2016 S\$'000	9MFY2015 S\$'000
Operating activities				
(Loss)/Profit before income tax	(6,544)	(663)	(6,666)	1,113
Adjustments for:				
Depreciation of property, plant and equipment	2,396	1,290	4,631	3,869
(Gain)/loss on disposal of property, plant and equipment	6	(30)	(129)	(13)
Amortisation of intangible assets	44	147	442	442
Allowance for doubtful debts	2,087	317	2,087	402
Reversal of allowance for inventories	(1,638)	-	(4,126)	-
Property, plant and equipment written-off	91	-	91	-
Interest expense	251	238	873	731
Interest income	(4)	(17)	(32)	(49)
Currency realignment	660	-	384	-
Operating cash flows before movement in working capital	(2,651)	1,282	(2,445)	6,495
Inventories	8,165	1,461	17,815	7,954
Trade and other receivables	6,113	(433)	4,879	4,038
Trade and other payables	(5,118)	4,869	(6,349)	760
Cash generated from operations	6,509	7,179	13,900	19,247
Interest paid	(251)	(238)	(873)	(731)
Interest received	4	17	32	49
Income tax paid	(374)	(78)	(744)	(582)
Net cash from operating activities	5,888	6,880	12,315	17,983
Investing activities				
Purchase of property, plant and equipment	(735)	(2,282)	(2,462)	(4,461)
Acquisition of subsidiary, net of cash acquired	-	-	(5,328)	-
Proceeds from disposal of property, plant and equipment	(6)	34	129	371
Net cash used in investing activities	(741)	(2,248)	(7,661)	(4,090)
Financing activities				
Proceeds from bank loans	-	-	5,400	-
Repayment of bank loans	(2,632)	(1,420)	(12,905)	(6,987)
Repayment of bills payable	-	823	-	(6,154)
Dividend paid	-	(197)	-	(1,181)
Repayment of finance leases	(19)	(18)	(54)	(52)
Net cash used in financing activities	(2,651)	(812)	(7,559)	(14,374)
Net change in cash and cash equivalents	2,496	3,820	(2,905)	(481)
Effect of exchange rate changes on cash and cash equivalents	(487)	34	30	74
Cash and cash equivalents at beginning of the period	26,310	29,436	31,194	33,697
Cash and cash equivalents at end of the period (Note 1)	28,319	33,290	28,319	33,290

Note 1:

Cash and cash equivalents consist of:

	The Group	
	9MFY2016 S\$'000	9MFY2015 S\$'000
Cash and bank balances	28,319	29,126
Fixed deposits	-	4,164
Cash and cash equivalents	28,319	33,290



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 2015</i>	36,603	39,517	(728)	5,237	80,629	-	80,629
Total comprehensive income							
Profit for the period	-	(6,999)	-	-	(6,999)	-	(6,999)
Other comprehensive income	-	-	414	-	414	-	414
Total	-	(6,999)	414	-	(6,585)	-	(6,585)
Transactions with owners, recognised directly in equity							
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
<i>Balance as at 31 March 2016</i>	36,603	32,518	(314)	5,237	74,044	-	74,044
<i>Balance as at 1 July 2014</i>	36,603	49,109	(13)	5,237	90,936	-	90,936
Total comprehensive income							
Profit for the period	-	848	-	-	848	-	848
Other comprehensive income	-	-	74	-	74	-	74
Total	-	848	74	-	922	-	922
Transactions with owners, recognised directly in equity							
Dividends	-	(1,181)	-	-	(1,181)	-	(1,181)
<i>Balance as at 31 March 2015</i>	36,603	48,776	61	5,237	90,677	-	90,677

Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000
<i>Balance as at 1 July 2015</i>	36,603	(4,557)	32,046
Total comprehensive income	-	3,034	3,034
Dividends	-	-	-
<i>Balance as at 31 March 2016</i>	36,603	(1,523)	35,080
<i>Balance as at 1 July 2014</i>	36,603	(3,827)	32,776
Total comprehensive income	-	338	338
Dividends	-	(1,181)	(1,181)
<i>Balance as at 31 March 2015</i>	36,603	(4,670)	31,933



- 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 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 the end of the last financial year, the number of issued ordinary shares excluding treasury shares for the Company was at 393,781,089. In an extraordinary general meeting dated 31 October 2015, there was a share consolidation exercise, of which every 10 issued ordinary shares as at 23 November 2015 was consolidated into 1 issued ordinary share. This exercise was completed on 24 November 2015 and the total issued ordinary shares excluding treasury shares of the Company is 39,378,100 for the period ended 31 March 2016.

- 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 2016, 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.

- 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 2015.

- 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	
	9MFY2016	9MFY2015
	S\$'000	S\$'000
(Loss)/profit attributable to shareholders	(6,999)	848
Earnings per share		
Basic (Singapore cents)	(17.77) cents*	2.15 cents**
Diluted (Singapore cents)	(17.77) cents*	2.15 cents**

* Basic and diluted earnings per share for 9MFY2016 is computed based on loss for the period attributable to ordinary shareholders amounting to about S\$7.0 million and the weighted average number of shares of 39,378,100.

** Basic and diluted earnings per share for 9MFY2015 is computed based on profit for the period attributable to ordinary shareholders amounting to about S\$0.8 million and the weighted average number of shares of 39,378,100.

There were no potential dilutive shares as at 31 March 2016.

The weighted average number of shares for calculation of Earnings per share has been restated for comparative purposes.

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
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value as at the respective balance sheet dates	74,044	80,629	35,080	32,046
Net asset value per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	188.0 cents	204.8 cents	89.1 cents	81.4 cents

The number of shares for calculation of Net Assets Value has been restated for comparative purposes.



- 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; and (v) provision of scaffolding services and related consultancy services. After the acquisition ("The Acquisition") of Gee Sheng Machinery & Engineering Ptd Ltd ("GSME"), the Company has extended its footprint to the business of civil construction and engineering work and the manufacture of motor vehicle bodies (coachwork), trailers and semi-trailers.

(a) Review of the financial performance of the Group for 9MFY2016 (compared to that of 9MFY2015) and for Q3FY2016 (compared to that of Q3FY2015)

The Group's revenue decreased by 38.8% in 9MFY2016 (vis-à-vis 9MFY2015) and by 39.9% in Q3FY2016 (vis-à-vis Q3FY2015), due principally to the lower contribution from its recycling and trading business in Singapore and cessation of operations in Malaysia since January 2016, and offset by the maiden revenue contribution of S\$3.2 million from GSME following its Acquisition .

Notwithstanding the decrease of the Group's revenue, the Group's gross profit increased by 2.8% in Q3FY2016 compared to the same period last year as a result of the Group's gross profit margin improving from 6.6% in Q3FY2015 to 11.3% in Q3FY2016. The improvement in gross profit margin was due mainly to the: 1) write back of the inventory allowance after the relevant products had been sold, and 2) revenue contribution from scaffolding services and GSME, as these business segments command higher profit margins relative to the Group's recycling and trading business segments.

The Group's other operating income increased to S\$1.6 million in Q3FY2016 from S\$1.5 million in Q3FY2015, due mainly to the higher rental income generated.

The decrease in distribution and marketing expenses in 9MFY2016 and Q3FY2016 relative to the same periods last year were mainly attributed to the reduction of import and export activities.

The increases in administrative expenses in 9MFY2016 and Q3FY2016 relative to the same periods last year were mainly attributed to the consolidation of GSME's administrative expenses after the Acquisition.

The Group's other operating expenses increased by 172.9% in 9MFY2016 (vis-à-vis 9MFY2015) and by 520.8% in Q3FY2016 (vis-à-vis Q3FY2015), of which, S\$5.02 million related to the cost of cessation of operations in Malaysia.

Finance costs increased as a result of the Acquisition.

Notwithstanding the net loss position, the Group's income tax expense increased by 25.7% in 9MFY2016 (vis-à-vis 9MFY2015) and by 23-fold in Q3FY2016 (vis-à-vis Q3FY2015) was due mainly to the: 1) additional tax payable as a result of the under provision of previous year's tax payable, and 2) Loss of investment in subsidiary not being tax deductible.

(b) Review of financial position of the Group as at 31 March 2016 compared to that as at 30 June 2015



The increase in property, plant and equipment and goodwill was attributed mainly to the Acquisition.

The decrease in trade and other receivables was mainly due to improvement in collection from customers, and lower revenue in current financial year.

The inventories decreased by 39.1% to S\$18.7 million as at 31 March 2016 from S\$30.8 million as at 30 June 2015, mainly due to lower purchases towards the end of the Q3FY2016 and inventory written off due to ceased operations in Malaysia.

The decrease in trade and other payables was mainly due to improvement in payment to suppliers and lower purchases in current financial year.

The Group's total bank loans and bills payable decreased by 15.2% to S\$42.0 million as at 31 March 2016 from S\$49.5 million as at 30 June 2015. The decrease was attributed mainly to reduced trade financing towards the end of the quarter.

Despite the Group's cash and cash equivalents decreasing by S\$2.9 million compared to 30 June 2015, the net gearing of the Group (defined as the ratio of the aggregate of interest bearing loans net of cash and cash equivalents to total equity) improved to 18.6% as at 31 March 2016 from 22.9% as at 30 June 2015 with the repayment of bank loans.

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 outlook for the steel industry remains challenging, as steel prices are very volatile, and demand is still weak.

The Group has and will continue to streamline its business operations, inventory level, and accelerate debt collection. After the Acquisition, the Group has started harnessing the synergies as well as exploring strategic partnerships to grow GSME's business.

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.

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 2016, 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

11 May 2016