

The initial public offering of the shares in the capital of Union Steel Holdings Limited was sponsored by OCBC Bank.

UNION STEEL HOLDINGS LIMITED

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

Full Year Financial Statement and Dividend Announcement for the Year Ended 30/06/2005

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Pro Forma Group 12 months ended		Increase/ (Decrease) %
		30-Jun-05 S\$'000	30-Jun-04 S\$'000	
Revenue		112,751	112,069	0.61
Cost of sales		(92,124)	(92,340)	(0.23)
Gross profit		20,627	19,729	4.55
Other operating income		2,370	1,895	25.07
 Selling and distribution costs		 (5,435)	 (4,208)	 29.16
General and administrative expenses		(5,160)	(4,331)	19.14
Other operating expenses		(75)	(691)	(89.15)
Operating Profit		12,327	12,394	(0.54)
Finance costs		(437)	(460)	(5.00)
Operating profit before income tax	1	11,890	11,934	(0.37)
Income tax		(2,291)	(2,427)	(5.60)
Profit for the financial year attributable to shareholders		9,599	9,507	0.97

- Union Steel Holdings Limited was incorporated in the Republic of Singapore under the name of Union Steel Holdings Pte Ltd on 12 August 2004 as a private limited company. On 29 June 2005, it changed its name to Union Steel Holdings Limited. In connection with the company's conversion to a public company limited by shares and was admitted to the main board of Singapore Exchange Securities Trading Limited (SGX-ST) on 15 August 2005.
- Union Steel Group (the "Group") was formed as a result of restructuring exercise undertaken on 28 June 2005 as described in the Prospectus dated 2 August 2005 ("Restructuring Exercise")
- The consolidated financial Statements of the Group for the financial years ended 30 June 2005 and 30 June 2004 have been prepared using the "Pooling-of-interest" method, as the entities within the group are under the common control before and after the restructuring exercise. Under the Pooling-of-interest method, the financial statements of the Group for the financial year ended 30 June 2005 and 30 June 2004 have been presented as if the Group has been in existence prior to 28 June 2005 and the assets and liabilities are brought into the consolidated financial statement at their existing carrying amount.
- After the balance sheet date, the directors resolved a final dividend for the financial year ended 30 June 2005 of S\$0.012 per ordinary shares amounting to S\$4,165,263. Accordingly this dividend has not been recognized as a liability as at 30 June 2005.

Note 1 – Operating Profit before income tax is stated after (charging)/crediting the following:

	Pro Forma Group 12 months ended		Increase/ (Decrease) %
	30-Jun-05 S\$'000	30-Jun-04 S\$'000	
Allowance for doubtful debt	(11)	(82)	(86.59)
Depreciation	(2,357)	(2,213)	6.50
Foreign Exchange gain	72	71	1.41
Gain on disposal of fixed assets	76	440	(82.73)
Interest expenses	(437)	(460)	(5)
Rental Income	1,734	1,204	44.10
Loss on trading of commodities	-	601	(100.00)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheet

	Group		Company	
	30-Jun-05 S\$'000	30-Jun-04 S\$'000	30-Jun-05 S\$'000	30-Jun-04 S\$'000
NON-CURRENT ASSETS				
Properties, plant & equipments	27,902	17,675	-	-
Subsidiary companies	-	-	16,326	-
CURRENT ASSETS				
Stocks	15,193	12,233	-	-
Trade debtors	10,723	8,725	-	-
Other debtors & prepayments	1,289	680	5,656	-
Cash & bank balances	3,926	7,051	-	-
	31,131	28,689	5,656	-
CURRENT LIABILITIES				
Trade creditors	5,295	4,310	-	-
Other creditors	1,460	478	736	-
Obligations under hire purchase contracts	1,074	950	-	-
Bill payable and Short term bank loan	15,556	9,508	-	-
Provision for taxation	2,936	4,098	-	-
	26,321	19,344	736	-
Net Current Asset	4,810	9,345	4,920	-
NON-CURRENT LIABILITIES				
Bank loan	6,198	2,980	-	-
Obligations under hire purchase contracts	107	512	-	-
Deferred taxation	482	202	-	-
	6,787	3,694	-	-
Net Asset	25,925	23,326	21,246	-
SHARE CAPITAL & RESERVES				
Share capital	16,326	2,120	16,326	-
Retained profits	9,599	21,206	4,920	-
Total Equity	25,925	23,326	21,246	-

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2005		As at 30 June 2004	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
16,630	-	10,458	-

Amount repayable after one year

As at 30 June 2005		As at 30 June 2004	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
6,305	-	3,492	-

Note:

The Group's bank facilities are secured by the following:

- Personal guarantees given by the Executive Directors of the company to the bankers;
- Pledge of fixed deposit in the name of a director;
- Legal mortgage of certain properties under the name of certain directors of the group; and
- Open legal mortgage on the properties of the subsidiaries

The obligation under hire purchase contracts are secured against the respective assets under hire purchase and personal guarantees by certain directors of the group.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Cash Flow Statement

	Pro Forma Group	
	30-Jun-05	30-Jun-04
	S\$'000	S\$'000
Cash flows from operating activities: -		
Profit before taxation	11,890	11,934
Adjustments for:		
Depreciation of property, plant and equipment	2,357	2,213
Gain on disposal of plant and equipment	(76)	(440)
Interest expense	437	460
Operating profit before working capital changes	14,608	14,167
Increase in stocks	(2,960)	(6,749)
(Increase)/Decrease in trade debtors	(1,998)	174
Increase in other debtors and prepayments	(609)	(579)
Increase/(Decrease) in trade creditors	985	157
Increase/(Decrease) in other creditors	982	(675)
Cash generated from operations	11,008	6,495
Income tax paid	(3,173)	(410)
Interest paid	(437)	(460)
Net cash from operating activities	7,398	5,625
Cash flows from investing activities: -		
Purchase of property, plant and equipment	(12,614)	(2,788)
Proceeds from disposal of plant and equipment	106	591
Net repayment of hire purchase contracts	(281)	(1,320)
Net cash used in investing activities	(12,789)	(3,517)
Cash flows from financing activities: -		
Net proceeds from bank borrowing	11,935	2,537
Dividends paid to Group shareholders	(7,000)	(780)
Net cash from financing activities	4,935	1,757
Net increase in cash and cash equivalents	(456)	3,865
Cash and cash equivalents at beginning of the financial year	4,382	517
Cash and cash equivalents at end of the financial year	3,926	4,382
Cash and cash equivalents comprise:		
Cash and bank balances	3,926	7,051
Bank overdrafts	-	(2,669)
	3,926	4,382

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 of shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity

	Pro Forma Group		Company	
	30-Jun-05	30-Jun-04	30-Jun-05	30-Jun-04
	S\$'000	S\$'000	S\$'000	S\$'000
Issued Capital				
Balance at beginning of the year ⁽ⁱ⁾	2,120	2,120	-	-
Issuance during the year	16,326	-	16,326	-
Issuance of bonus issue ⁽ⁱⁱⁱ⁾	8,000	-	-	-
Adjustment arising from restructuring exercise ^(iv)	(10,120)			
Balance at end of the year	16,326	2,120	16,326	-
Share Premium	-	-	-	-
Balance at beginning of the year	-	-	-	-
Issuance during the year	-	-	-	-
Balance at end of the year	-	-	-	-
Revenue Reserve				
Balance at beginning of the year ⁽ⁱ⁾	21,206	12,479	-	-
Capitalization for bonus issue ⁽ⁱⁱⁱ⁾	(8,000)		-	-
Adjustment arising from restructuring exercise ^(iv)	(6,206)			
Profit for the year	9,599	9,507	4,920	-
Dividend declared and paid	(7,000) ⁽ⁱⁱ⁾	(780)	-	-
Balance at end of the year	9,599	21,206	4,920	-
Total Equity	25,925	23,326	21,246	-

i) The share capital and retained profit as at 30 June 2004 represent the share capital and retained profits of its subsidiaries, Union Steel Pte Ltd, YLS Steel Pte Ltd and Yew Lee Seng Metal Pte Ltd.

ii) The interim dividends in respect of the current financial year were paid by the subsidiary, Yew Lee Seng Metal Pte Ltd and YLS Steel Pte Ltd, prior to the restructuring exercise.

iii) Bonus issue of 8,000,000 ordinary share of S\$1.00 each by way of Capitalisation of S\$8,000,000 from YLS Steel Pte Ltd's retained profit.

iv) The adjustment arising from the restructuring exercise represents the excess of the nominal value of the shares issued by the company over the nominal value of the shares acquired in exchange for those shares, accounted for using the pooling-of-interest method.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, 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 the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles 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.

(a) Changes in authorised share capital

At the date of incorporation on 12 August 2004, the authorized share capital of the company was \$100,000,000 comprising 100,000,000 ordinary shares of \$1 each.

At extraordinary general meeting held on 28 June 2005, our shareholders approved, inter alia, the following:-

- i) Increase of our authorised share capital from S\$100,000,000 divided into 100,000,000 ordinary shares of S\$1.00 each to S\$300,000,000 divided into 300,000,000 ordinary share of S\$1.00 each.
- ii) consolidated three ordinary shares of S\$1.00 each in the authorised share capital of our Company into one ordinary share of S\$3.00 each; and
- iii) sub-divided each ordinary share of S\$3.00 each in the authorised share capital of Company into 50 ordinary shares of S\$0.06 each

(b) Changes in paid up share capital

	Par Value	Shares	Resultant issued and paid-up share capital
At date of incorporation	1.00	100	100
Issue during the financial year pursuant to the Restructuring exercise	1.00	16,326,215	16,326,215
		<u>16,326,315</u>	<u>16,326,315</u>
Consolidation of three ordinary shares of S\$1.00 each into one ordinary share of S\$3.00 each and then sub-division of each ordinary shares of S\$3.00 each into 50 ordinary shares of S\$0.06 each	0.06	272,105,250	16,326,315
Balance as at 30 June 2005		<u>272,105,250</u>	<u>16,326,315</u>

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The above figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 accounting policies have been consistently applied by the Group and are consistent with those used in previous financial year.

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.

	Pro Forma Group	
	30-Jun-05	30-Jun-04
Earnings per ordinary share for the year based on Net profit attributable to Shareholders	Cents	Cents
i) Based on weighted average number of ordinary shares on issue	3.53	3.49
ii) on a fully diluted basis (detailing any adjustments made to the earning)	3.53	3.49

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Pro Forma Group		Company	
	30-Jun-05	30-Jun-04	30-Jun-05	30-Jun-04
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital as at the end of the period reported on	9.53	6.00	7.81	NA

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Turnover , Gross Margin

Turnover for the current financial year has been consistent with last financial year with marginal increase by 0.61%. Turnover for the recycling and others segments has increased by 1.6% and 13.31% respectively. The increase in turnover for the above segments was offset by a decline of 8.89% in the trading segment.

Although export sales to China registered a sharp drop due to measures taken by its authority to cool the heated economy, increase in exports to India, Bangladesh and Indonesia was able to make up totally for the drop in sales to China.

Gross margin for the current financial year at 18.29% was marginally better than 17.6% achieved in the last financial year.

(b) Cost

Distribution cost increased by 29.16% in the current financial year as compared to the last financial year. This is mainly attributed to higher carriage and freight charges due to increase in the international prices of fuel in 2005.

Administrative cost increased by 19.14% in the current financial year as compared to the last financial year due mainly to increase in utilities expenses, land rent, property tax and staff cost. The increase in land rent and property tax was due mainly to the acquisitions of new premises located at 31 Pioneer Road North Singapore 628474, 33 Pioneer Road North Singapore 628474, 14 Gul Road Singapore 629344 and Jalan Samulun Singapore 629120.

Other operating expenses decreased from S\$0.7m in the last financial year to S\$0.1m in the current financial year due mainly to a one-off loss of \$0.6m from the trading in metal commodities during the last financial year which did not recur during the current financial year.

(c) Assets & Liabilities

The increase in properties, plants and equipment is due to purchase acquisitions of new premises located at 31 Pioneer Road North Singapore 628474, 33 Pioneer Road North Singapore 628474, 14 Gul Road Singapore 629344, Jalan Samulun Singapore 629120 and an additional unit of shearing machine with a shearing force of 1000 tonnes.

The increase in Short term bank loan and Bank loan is due to additional term loans obtain to finance the purchase of new properties and machineries.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The trend information disclosed in our prospectus registered by the Monetary Authority of Singapore on 2 August 2005 states that our group profitability in FY2005 will be lower as compared to FY2004. However, our Group's profitability in the current financial year is marginally higher than the last financial year. Profit for the financial year attributable to shareholders increased by 0.97% in the current financial year as compared to the last financial year. The pro forma Group's profitability is maintained due to better gross profit margins achieved and higher contributions from other income.

10. A commentary at the date of the announcement of the significant trends and 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 increase in international fuel price will result in Group's operating costs to increase in this financial year. The Group expects operating costs such as fuel, gas and diesel expenses and distribution costs to increase. Demand and prices for scrap metals and steel products are expected to remain volatile.

Barring any unforeseen circumstances, the Company is expected to continue to be profitable for this year.

(a) Current Financial Period Reported On

Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	S\$0.012
Optional:- Dividend Rate (in %)	20% tax exempt (1-tier)
Par value of shares	S\$0.06
Tax Rate	NA

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

The date payable is to be announced later.

The books closure date is to be announced later.

Not applicable

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Presented By Business Segments

[illegible]

Presented by Geographical Segments

Pro Forma Group 12 months ended				
Revenue	30-Jun-05		30-Jun-04	
	S\$'000	%	S\$'000	%
Indonesia	24,865	22%	9,607	9%
Singapore	22,247	20%	29,820	27%
India	22,359	20%	15,491	14%
PRC	14,900	13%	39,760	35%
Bangladesh	10,393	9%	3,151	3%
Japan	3,451	3%	6,823	6%
Germany	3,058	3%	152	0%
Taiwan	2,592	2%	1,705	1%
Sri Lanka	2,458	2%	1,358	1%
Malaysia	1,338	1%	2,199	2%
Others ⁽¹⁾	5,090	5%	2,003	2%
Total	112,751	100%	112,069	100%

Note (1): (1) Includes Belgium, United Kingdom, Hong Kong, Germany, Korea, Nepal, Pakistan, Turkey, Vietnam, Myanmar, Thailand, Cambodia and Kenya.

Note (2): Assets, which consist principally of plant and machinery and leasehold building, support the entire dealing of recycling, trading and other activities. Accordingly, it is not meaningful to allocate fixed assets and related capital expenditure to the various business segments. Expenses such as depreciation of fixed assets, overheads and salaries are incurred in Singapore.

The group operates in Singapore with majority of sales made to overseas countries. Analysis of geographical segments results is therefore, not included herein.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The factors leading to material changes in contributions to turnover and earnings by the business or geographical segments have been discussed in note 8.

15. A breakdown of sales.

	Pro Forma Group 12 months ended		Increase/ (Decrease)
	30-Jun-05 \$'000	30-Jun-04 \$'000	
Sales reported for the first half year	58,627	47,973	22.21
Operating profit after tax for first half year	5,189	2,078	149.71
Sales reported for the second half year	54,124	64,096	(15.56)
Operating profit after tax for second half year	4,410	7,429	(40.64)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year	Previous Full Year
	(S\$'000)	(S\$'000)
Ordinary	4165	-
Preference	-	-
Total	4165	-

17. Interested Person Transactions

Name of Interested Person Aggregate value of all Interested Person Transactions, conducted under the IPT Mandate (excluding transactions less than \$100,000)

None

BY ORDER OF THE BOARD
ANG YU SENG
CEO/EXECUTIVE DIRECTOR