



UNION STEEL HOLDINGS LIMITED
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For Immediate Release

UNION STEEL HOLDINGS LIMITED'S 3Q2008 NET PROFIT MORE THAN TRIPLED TO REACH S\$6.1 MILLION

- Net profit more than tripled to S\$6.1 million for 3Q2008
- Gross profit margin improved despite highly competitive operating environment
- Earnings per share increased significantly to 5.56 cents

Financials At A Glance

	3Q2008 (S\$m)	3Q2007 (S\$m)	Change (%)	9M2008 (S\$m)	9M2007 (S\$m)	Change (%)
Revenue	92.2	126.6	(27)%	204.6	267.7	(24)%
Gross profit	8.8	4.6	90%	16.7	14.3	17%
Gross profit margin (%)	9.6%	3.7%	5.9%	8.2%	5.4%	2.8%
Net profit after tax	6.1	1.7	263%	19.3	6.1	217%

Singapore, 14 May 2008 – Union Steel Holdings Limited (“**Union Steel**”), one of the largest metals recycling companies in Singapore listed on the Main Board of SGX-ST, today reports its unaudited financial results for the third quarter (“**3Q2008**”) and nine months ended 31 March 2008 (“**9M2008**”).

Union Steel and its subsidiaries (the “**Group**”) revenues for 9M2008 declined by approximately 24% to approximately S\$204.6 million in 9M2008 as compared to approximately S\$267.7 million in 9M2007. This was due to a decline in the recycling of non-ferrous metal despite an increase in the revenue for the trading of steel products and ferrous metals. On a q-on-q basis, revenue declined by approximately 27% to approximately S\$92.2 million in 3Q2008 as compared to approximately S\$126.6 million in 3Q2007. Gross profit for 9M2008 increased by approximately 17% to approximately S\$16.7 million in 9M2008 due to the increase in steel prices and strong demand for steel products and ferrous metals. For the same period, gross profit margin rose by approximately 2.8%. On a q-on-q basis, gross profit margin for 3Q2008 was up approximately 5.9% in 3Q2008.

Net profit after tax for 9M2008 jumped by approximately 217% to approximately S\$19.3 million in 9M2008 as compared to approximately S\$6.1 million in 9M2007 despite a decline in turnover. The net

profit after tax for 9M2008 comprised of a net operating profit of approximately S\$10.3 million and a gain of approximately S\$9.0 million arising from the sale and leaseback transaction which was completed in November 2007. As a result, the Group's earnings per share increased significantly from approximately 1.75 cents in 9M2007 to approximately 5.56 cents in 9M2008. On a q-on-q basis, net profit after tax for 3Q2008 jumped by approximately 263% from approximately S\$1.7 million in 3Q2007 to approximately S\$6.1 million in 3Q2008.

On the Group's balance sheet, as at 31 March 2008, the Group's cash and bank balances stood at approximately S\$47.5 million, an increase of approximately 136% as compared to approximately S\$20.2 million as at 30 June 2007. Net asset value per share of the Group increased substantially to approximately 18.27 cents as at 31 March 2008 compared to approximately 13.60 cents as at 30 June 2007. This was mainly due to the net operating profit of approximately S\$10.3 million, a gain of approximately S\$9.0 million from the sale of the four properties in the sale and leaseback transaction as well as an unrealised investment holding gain of approximately S\$2.6 million as at 31 March 2008.

Going Ahead

The Group has recently announced the acquisition of approximately 65% of the issued and paid up share capital of Lim Asia Steel Pte Ltd ("**Lim Asia Steel**") for a consideration of approximately S\$1 million. Subsequent to 31 March 2008, the Group has also announced the completion of the Warrants Issue with a subscription level in excess of about 88.6% and which generated net proceeds of approximately S\$1.8 million to be raised. Chief Executive Officer Mr. Ang Yu Seng said, "Lim Asia Steel is in the business of buying and selling all kinds of scrap metals and the Group believes that this acquisition will add synergy to the Group's core business by providing greater scrap metal sourcing capabilities. In addition, the net proceeds from the Warrants Issue will strengthen the Group's balance sheet position."

Commenting on the Group's performance in 3Q2008, Mr. Ang added, "We are satisfied with the Group's 3Q2008 performance amidst the highly competitive operating environment. Whilst there is a decline in the Group's revenue for 3Q2008, we are pleased that our gross profit margin and net profit after tax have increased during this quarter. In 2008, the Group will continue to experience growth in demand for recycled ferrous and non-ferrous metals due to higher construction and infrastructure activities in Singapore and the rest of Asia. The Group will continue to strengthen its market presence in Asia by seeking new business opportunities and possible synergistic and strategic tie-ups or mergers and acquisitions should such opportunities present themselves. The successful implementation of these strategies will position the Group for sustainable revenue and profit growth going forward. We expect to be profitable for the financial year 2008."

- The End -

About Union Steel Holdings Limited

The Group was incorporated in Singapore on 12 August 2004 under the name of Union Steel Holdings Pte Ltd. It adopted the current name on 29 June 2005. The Group is principally engaged in the recycling of ferrous and non-ferrous scrap metals, the trading of steel products and the provision of other services, comprising waste collection and management, demolition works, rental of steel plates and car scrapping. The Group believes that it is currently one of the largest metals recycling companies in Singapore in terms of volume of metals recycled.

The Group serves a wide customer base of over 500 customers, spanning across countries such as China, India, Indonesia, Japan, Malaysia and Singapore. The Group intends to seek expansion opportunities within both its existing and potential markets via possible acquisitions and joint ventures in China and Indonesia.

For more information, please log on www.unionsteel.com.sg

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