



UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE 3RD QUARTER AND FIRST 9 MONTHS OF FINANCIAL YEAR 2008 ENDED 31 MARCH 2008

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

	GROUP			GROUP		
	3 rd Quarter		Increase/	9 Months Ended		Increase/
	FY 2008	FY 2007	(Decrease)	31 Mar 08	31 Mar 07	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	92,190	126,600	(27)	204,597	267,715	(24)
Cost of Sales	(83,378)	(121,971)	(32)	(187,861)	(253,378)	(26)
Gross Profit	8,812	4,629	90	16,736	14,337	17
Other operating income	2,938	1,613	82	17,585	4,329	306
Distribution Cost	(939)	(1,068)	(12)	(2,227)	(3,210)	(31)
Administrative expenses	(3,065)	(2,089)	47	(8,753)	(5,874)	49
Finance cost	(679)	(975)	(30)	(2,073)	(1,975)	5
Profit before taxation	7,067	2,110	235	21,268	7,607	180
Taxation	(941)	(422)	123	(1,982)	(1,521)	30
Profit after taxation	6,126	1,688	263	19,286	6,086	217
Attributable to:						
Equity holders of the company	6,126	1,688	263	19,286	6,086	217
Minority interest	-	-		-	-	
	6,126	1,688	263	19,286	6,086	217

EARNINGS PER SHARE (EPS)	GROUP	
	9 Months Ended	
	31 March 2008	31 March 2007
Basic earnings per share based on 347,105,250 ordinary shares in issue	5.56 cents	1.75 cents

NET ASSET VALUE PER SHARE (NAV)	GROUP	
	As at 31 March 2008	As at 30 June 2007
Net asset value per ordinary share based on issued share capital at the end of the financial period and immediately preceding financial period	18.27 cents	13.60 cents

1(a)(i) Profit before taxation is stated after charging / (crediting) the following:-

	Group 9 Months Ended		%
	31 Mar08 S\$'000	31 Mar07 S\$'000	
Allowance for doubtful debts	-	(185)	NM
Depreciation of property, plant and equipment	(2,916)	(2,348)	24
Interest expenses	(2,073)	(1,000)	107
Foreign exchange gain / (loss)	2,204	1,022	116
Gain on disposal of property, plant and equipment	9,459	101	9,265
Rental income	4,194	2,530	66
Interest income	175	167	5

NM – Not meaningful

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.

	Group		Company	
	31- Mar 08	30- June-07	31-Mar 08	30- June-07
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	21,668	20,865	248	298
Investments in subsidiaries	-	-	17,506	16,506
Golf club membership	159	159	159	159
Financial assets available for sale	11,951	13,483	11,951	-
Other investment	15	-	15	-
	<u>33,793</u>	<u>34,507</u>	<u>29,879</u>	<u>16,963</u>
Current assets				
Inventories	41,090	42,601	-	-
Trade receivables	20,839	21,310	-	-
Other receivables and prepayments	10,564	691	823	4,696
Amounts owing by subsidiaries	-	-	1,773	8,200
Cash and bank balances	47,510	20,163	5,404	5,550
	<u>120,003</u>	<u>84,765</u>	<u>8,000</u>	<u>18,446</u>
Total assets	<u>153,796</u>	<u>119,272</u>	<u>37,879</u>	<u>35,409</u>
Equity attributable to equity holders of the parent				
Share capital	29,601	29,601	29,601	29,601
Reserves	33,762	17,558	3,918	4,751
	<u>63,363</u>	<u>47,159</u>	<u>33,519</u>	<u>34,352</u>
Minority Interest	<u>49</u>	<u>45</u>	<u>-</u>	<u>-</u>
Total equity	<u>63,412</u>	<u>47,204</u>	<u>33,519</u>	<u>34,352</u>
Non-current liabilities				
Bank loans	5,482	7,639	-	-
Obligations under hire purchase contracts	134	138	134	134
Deferred taxation	943	943	-	-
Deferred gain on sale of properties	10,370	-	-	-
	<u>16,929</u>	<u>8,720</u>	<u>134</u>	<u>134</u>
Current liabilities				
Trade payables	10,316	16,654	131	238
Other payables	7,300	1,753	1,092	384
Bills payables and bank loans	50,544	42,972	-	-
Obligations under hire purchase contracts	1,243	179	24	94
Amounts owing to subsidiaries	-	-	2,844	-
Provision for taxation	1,978	1,790	135	207
Deferred gain on sale of properties	2,074	-	-	-
	<u>73,455</u>	<u>63,348</u>	<u>4,226</u>	<u>923</u>
Total liabilities	<u>90,384</u>	<u>72,068</u>	<u>4,360</u>	<u>1,057</u>
Total equity and liabilities	<u>153,796</u>	<u>119,272</u>	<u>37,879</u>	<u>35,409</u>

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

(a) Amount repayable in one year or less, or on demand

As at 31 March 2008		As at 30 June 2007	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
1,243	50,544	179	42,972

(b) Amount repayable after one year

As at 31 March 2008		As at 30 June 2007	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
5,482	134	7,639	138

(c) Details of any collateral

The Group's term loans with its bankers are secured by legal mortgage over the properties of its subsidiaries.

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

	GROUP	
	9 months ended	
	31-Mar 08	31- Mar 07
	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Profit before taxation	21,268	7,607
Adjustments for :		
Depreciation of property, plant and equipment	2,916	2,348
Gain on disposal of property, plant and equipment	(9,459)	(101)
Interest expenses	2,073	1,975
Interest income	(175)	(167)
Changes in fair value of non-hedging currency derivative financial instruments	-	71
Allowance for doubtful trade debts	-	185
Operating profit before working capital changes	<u>16,623</u>	<u>11,918</u>
(Increase) / decrease in :		
Inventories	2,504	(11,132)
Trade and other receivables	(9,161)	(31,720)
Trade payables and other payables	<u>(2,565)</u>	<u>7,350</u>
Cash generated from/(used in) operating activities	<u>7,401</u>	<u>(23,584)</u>
Income tax paid	(1,839)	(1,296)
Interest paid	(2,073)	(1,975)
Interest income received	<u>175</u>	<u>167</u>
Net cash generated from/(used in) operating activities	<u>3,664</u>	<u>(26,688)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	35,349	(4,573)
Purchase of property, plant and equipment	(2,390)	439
Purchase of other investment	(15)	-
Purchase of financial asset available for sale	(9,317)	-
Acquisition of subsidiary	<u>(1,000)</u>	<u>-</u>
Net cash generated from/(used in) investing activities	<u>22,627</u>	<u>(4,134)</u>
Cash flows from financing activities		
Additional bank loans	3,822	3,000
Additional hire purchase contracts	1,082	-
Increase in bill payables	-	39,932
Payment of bank loans	-	(1,940)
Repayment of hire purchase contracts	(377)	(1,103)
Dividends paid	<u>(3,471)</u>	<u>(2,256)</u>
Net cash generated from/(used in) financing activities	<u>1,056</u>	<u>37,633</u>
Net increase in cash and cash equivalents	<u>27,347</u>	<u>6,811</u>
Cash and cash equivalents at beginning of financial period	20,163	12,097
Cash and cash equivalents at end of financial period	<u>47,510</u>	<u>18,908</u>

Notes to Statement of Cash Flows:

(A) Cash and cash equivalents comprise of:

	Group	
	31- Mar 08	31-Mar 07
	<u>S\$'000</u>	<u>S\$'000</u>
Cash and bank balances	10,507	13,731
Fixed deposits	37,003	5,177
	<u>47,510</u>	<u>18,908</u>

B. Acquisition of 65% equity of Lim Asia Steel Pte Ltd on 29 February 2008, as follows:

Fair value of Lim Asia Steel Pte Ltd	<u>S\$</u>
Goodwill	2,243,317
Property, plant & equipment	1,413,201
Inventories	993,670
Trade debtors	303,930
Other debtors & prepayments	59,950
Cash & bank balances	37,957
Trade creditors	(438,007)
Other creditors	(1,478,583)
Obligations under hire purchase contracts	(477,864)
Bank loan	(1,592,220)
Provision for taxation	(65,351)
Cash flow on acquisition	<u>1,000,000</u>

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

<u>The Group</u> <u>S\$'000</u>	Share Capital	Revenue Reserve	Total Equity
Balance at 01.01.07	29,601	11,766	41,367
Dividends paid	-	(2,256)	(2,256)
Net profit	-	6,086	6,086
Balance at 31.03.07	29,601	15,596	45,197

	Attributable to equity holders of the parent				
The Group S\$'000	Share Capital	Revenue Reserve	Total	Minority Interest	Total Equity
Balance at 01.01.08	29,601	31,131	60,732	45	60,777
Capital contribution	-	-	-	4	4
Adjustment of fair value of investment	-	(1,251)	(1,251)	-	(1,251)
Goodwill on consolidation	-	(2,244)	(2,244)	-	(2,244)
Net profit	-	6,126	6,126	-	6,126
Balance at 31.03.08	29,601	33,762	63,363	49	63,412

STATEMENT OF CHANGES IN EQUITY

The Company S\$'000	Share Capital	Revenue Reserve	Total Equity
Balance at 01.01.07	29,601	2,946	32,547
Dividends paid	-	(2,256)	(2,256)
Net profit	-	17	17
Balance at 31.03.07	29,601	707	30,308

The Company S\$'000	Share Capital	Revenue Reserve	Total Equity
Balance at 01.01.08	29,601	4,952	34,553
Fair value adjustment of investment	-	(1,250)	(1,250)
Net profit	-	216	216
Balance at 31.03.08	29,601	3,918	33,519

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.

None.

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard or practice.**

The figures have not been audited or 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 for current reporting period compared with the audited financial statements as at 30 June 2007.

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.**

The adoption of new FRS did not result in any changes to the Group's and Company's accounting policies.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	9 Months ended 31 March	
	2008	2007
Earnings per ordinary share of the Group for the year based on net profit attributable to shareholders:		
Based on weighted average number of ordinary shares in issue	5.56	1.75
On a fully diluted basis	5.56	1.75
Number of ordinary shares in issue	347,105,250	347,105,250

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 period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31-Mar 08	30-June-07	31-Mar 07	30-June-07
Net Asset Value per ordinary share based on issued share capital as at the end of the period reported on	18.27	13.60	9.66	9.90
Number of ordinary shares in issue	347,105,250	347,105,250	347,105,250	347,105,250

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 earnings 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 reported on.

Review of Profit & Loss Statement

Net Profit

The Group's net profit after tax jumped by 217% to \$19.3 million for the 9 months of 2008 from \$6.1 million for the same period last year, despite a decline in turnover. This comprises of a net operating profit of \$10.3 million and a \$9.0 million gain from the sale and leaseback transacted in the 2nd quarter of 2008. The net operating profit of \$10.3 million was an increase of 69% over the \$6.1 million for the same period last year. It was due to an increase in steel prices, strong demand for steel products and ferrous metals as well as an increase in rental income of \$1.7 million and a gain in foreign exchange of \$1.2 million over the previous corresponding period.

For the 3rd quarter 2008, the increase was \$4.4 million or 263% at \$6.1 million compared to \$1.7 million for the same period last year.

Gross Profit

The Group's gross profit for the 9 months of 2008 increased by 17% compared with the 9 months of 2007. This was due to the increase in steel prices and strong demand for steel products and ferrous metals in the current period. Quarter-on-quarter, the increase was more significant at 90% for Q3 2008 compared to Q3 2007.

Turnover

The Group's turnover for the first 9 months of FY2008 declined by 24% to \$205 million compared with \$268 million for the previous corresponding period. The decline was due to a larger decline in recycling of non-ferrous metal compared to an increase in the recycling and trading of ferrous metals. For the same reason, turnover for the 3rd quarter 2008 declined by 27% to \$92.2 million compared with \$126.6 million for 3rd quarter 2007.

S\$'000	3Q08	3Q07	% Growth	YTD Mar 08	YTD Mar 07	% Growth
Turnover	92,190	126,600	(27)%	204,597	267,715	(24)%
Gross Profit	8,812	4,629	90%	16,736	14,337	17%
Net Profit	6,126	1,688	263%	19,286	6,086	217%
Net margin as % of turnover	6.6 %	1.3%	5.3%	9.4%	2.3%	7.1%

Other Income

Other income increased significantly to \$17.6 million from \$4.3 million for 9 months 2007. This was due to a gain on sale of properties of \$9.0 million, an increase in rental income of \$1.7 million and a gain in foreign exchange of \$1.2 million compared to the previous corresponding period.

Distribution cost

Distribution cost decreased by 31% to S\$2.2 million for 9 months 2008 from \$3.2 million for 9 months 2007. This was due mainly to a decline in export of non-ferrous metals. The decline was less for the 3rd quarter at 12% compared to the previous corresponding period.

Administrative Expenses

The increase in administrative cost of 49% for the 9 months 2008 and 47% for the 3rd quarter 2008 over those of 2007 was due mainly to an increase in the provision for director remuneration, agency fees on the sale of properties as well as increases in survey fees, utilities expenses, bank charges, insurance and staff cost.

Finance Cost

Finance cost declined by 30% for the quarter but increased marginally by 5% for the 9 months arising from the rate of utilization of banking facilities for each period.

Earnings Per Share (EPS)

The Group's earnings per share increased to 5.56 cents for the 9 months of FY2008 on the back of a stronger operating profit and after accounting for the gain on sale of the 4 properties in the Sale & Leaseback transaction. This is an increase of 3.81 cents over the earnings per share of 1.75 cents for the 9 months of FY2007.

Review of the Balance Sheet

Net Asset Value

The net asset value of the Group increased to 18.27 cents as at 31 March 2008 from 13.60 cents as at 30 June 2007 due mainly to an increase in operating profit of \$10.3 million, a \$9.0 million gain recognized on the sale of the 4 properties in the Sale & Leaseback transaction and an unrealized investment holding gain of \$2.6 million as at 31 March 2008.

Property, Plant & Equipment

Property, plant and equipment increased by 3.8% to S\$21.7 million as at 31 March 2008 from \$20.9 million as at 30 June 2007 due mainly to additional fixed assets acquired and the inclusion of fixed assets of Lim Asia Steel Pte Ltd as a result of acquiring the new subsidiary on 29 February 2008.

Cash Flow and Bank Borrowings

Net cash generated from operations for the first 9 months of FY2008 was \$3.7 million compared to the net cash used in operations of \$26.7 million for the same period last year. Total borrowing as at 31 March 2008 was \$57.4 million compared with \$50.9 million as at 30 June 2007.

In the 9 months of FY2008, net cash generated from investing activities was \$22.6 million, including proceeds from the sale of properties of \$35.0 million and cost of investment in PT ATPK Resources of \$9.3 million. Additional bank loans and hire purchase contracts accounted for the net increase in cash generated from financing activities after paying dividends of \$3.5 million. The result is a net increase in cash and cash equivalents of \$27.3 million.

The Group ended the 3rd quarter 2008 with a cash balance of approximately \$47.5 million compared with \$18.9 million as at 31 March 2007.

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.

In 2008, the Group continues to experience growth in demand for recycled ferrous and non-ferrous metals due to a higher demand for metals arising from higher construction and infrastructure activities in Singapore and the rest of Asia.

The Group continues to strengthen its market presence in Asia by seeking new business opportunities and probable mergers and acquisitions that will add synergy to its existing core businesses. In line with this strategy, the Group acquired 65% of Lim Asia Steel Pte Ltd on 29 February 2008.

The Group expects to be profitable for the whole year of FY2008.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial year reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year? None
None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

13 (a) 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

Not applicable

13(b) Geographical segments

Not applicable

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.

Not applicable

15. A breakdown of sales.

Not applicable

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

Not applicable

**17. CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

We, Ang Yu Seng and Ang Yew Lai, being Directors of Union Steel Holdings Limited (the 'Company') do hereby confirm on behalf of the Board of Directors of the Company, that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 9 months ended 31 March 2008 to be false or misleading.

By Order of the Board

ANG YU SENG
CEO/Executive Director

ANG YEW LAI
Executive Director

14 May 2008