



Unaudited Third Quarter Financial Statement And Dividend Announcement For the Period Ended 31 March 2009

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

	GROUP 3rd Quarter			GROUP 9 Months Ended		
	FY 2009	FY2008	Increase/ (Decrease)	31 Mar 09	31 Mar 08	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	78,851	92,190	(14.5)	233,983	204,597	14.4
Cost of sales	(78,117)	(82,205)	(5.0)	(224,734)	(185,556)	21.1
Gross profit	734	9,985	(92.6)	9,249	19,041	(51.4)
Other operating income	6,550	2,831	131.4	12,724	17,182	(25.9)
Distribution cost	(1,679)	(941)	78.4	(3,964)	(2,360)	68.0
Administrative expenses	(2,153)	(2,997)	(28.2)	(6,840)	(8,355)	(18.1)
Other operating expenses	31	(1,132)	(102.7)	(16,051)	(2,167)	640.7
Finance costs	(312)	(679)	(54.1)	(1,644)	(2,073)	(20.7)
Profit/ (Loss) before taxation	3,171	7,067	(55.1)	(6,526)	21,268	(130.7)
Income tax expense	-	(941)	(100.0)	(113)	(1,982)	(94.3)
Profit/ (Loss) for the year	3,171	6,126	(48.2)	(6,639)	19,286	(134.4)
Attributable to:						
Equity holders of the Company	3,171	6,126		(6,639)	19,286	
Minority Interests	83			50	-	
Profit/ (Loss) for the year	3,254	6,126	(46.9)	(6,589)	19,286	(134.2)

Profit for the year is arrived at after crediting/ (charging):-

	GROUP 9 Months Ended		%
	31 Mar 09	31 Mar 08	Increase/ (Decrease)
	S\$'000	S\$'000	%
Allowance for doubtful debts	(70)	-	n.m.
Depreciation of property, plan and equipment	(3,665)	(2,916)	25.7
Allowance for impairment loss in value of inventories	(2,365)	-	n.m.
Allowance for impairment loss in investment	(6,985)	-	n.m.
Interest expenses	(1,644)	(2,073)	(20.7)
Net foreign exchange gain/ (loss)	(2,902)	2,204	(231.7)
Gain on disposal of property, plant and equipment	5,505	9,459	(41.8)
Interest income	140	175	(20.0)
Bad debt (written off)/ recovered	57	-	n.m.

Certain reclassifications have been made to prior year's result to enhance comparability with current year results.

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

	Group		Company	
	31 Mar 09	30 Jun 08	31 Mar 09	30 Jun 08
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Inventories	48,215	70,478	-	-
Trade and other receivables	38,630	27,865	191	11,161
Amounts owing by subsidiaries	-	-	1,113	-
Cash and cash equivalents	18,050	30,402	5,793	6,240
	104,895	128,745	7,097	17,401
Non-current assets				
Properties, plant & equipments	18,923	21,993	181	230
Investments in subsidiaries	-	-	17,961	17,506
Golf club membership	159	159	159	159
Financial assets available for sale	2,331	6,728	2,331	6,728
Goodwill on consolidation	2,204	2,237	-	-
	23,617	31,117	20,632	24,623
Total assets	128,512	159,862	27,729	42,024
Current liabilities				
Trade and other payables	9,852	20,830	419	485
Bill payable and bank borrowings	48,698	48,796	-	-
Obligations under hire purchase contracts	1,183	1,188	63	94
Provision for taxation	717	4,545	-	-
Deferred gain on sale of properties	2,074	2,074	-	-
	62,524	77,433	482	579
Non-current liabilities				
Bank borrowings	3,036	3,872	-	-
Obligations under hire purchase contracts	34	189	-	39
Deferred taxation	895	895	-	-
Deferred gain on sale of properties	7,605	9,160	-	-
	11,570	14,116	-	39
Total liabilities	74,094	91,549	482	618
Net assets	54,418	68,313	27,247	41,406
Equity attributable to equity holders of the parent				
Share capital	30,256	29,612	30,256	29,612
Warrants	1,923	2,080	1,923	2,080
Fair value reserve	-	(2,589)	-	(2,589)
Retained earnings	22,077	39,210	(4,932)	12,303
	54,256	68,313	27,247	41,406
Minority interests	162	-	-	-
Total equity	54,418	68,313	27,247	41,406

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

Amount repayable in one year or less, or on demand

As at 31 March 2009		As at 30 June 2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,341	47,540	2,347	47,637

Amount repayable after one year

As at 31 March 2009		As at 30 June 2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,070	0	4,060	0

Details of any collateral

Borrowings of S\$4.194 million is secured by a mortgage over the properties of the Company's subsidiaries and the balance of S\$1.217 million relates to hire purchase financing of plant and machinery.

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 09	31 Mar 08
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	(6,526)	21,268
Adjustments for:		
Depreciation of property, plant and equipment	3,665	2,916
Gain on disposal of property, plant and equipment	(5,505)	(9,459)
Property, plant and equipment written off	35	-
Interest expense	1,644	2,073
Interest income	(140)	(175)
Allowance for doubtful trade debts	70	-
Allowance for impairment loss in investments	6,985	-
Allowance for impairment loss in value of inventories	2,365	-
Operating profit before working capital changes	2,593	16,623
Changes in working capital:		
Inventories	19,897	2,504
Trade receivables and prepayments	(10,837)	(9,161)
Trade and other payables	(10,978)	(2,565)
Cash generated from operating activities	675	7,401
Income tax paid	(3,940)	(1,839)
Interest paid	(1,644)	(2,073)
Interest income received	140	175
Net cash generated from/ (used in) operating activities	(4,769)	3,664
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	6,698	35,349
Purchase of property, plant and equipment	(3,378)	(2,390)
Purchase of other investment	-	(15)
Purchase of financial asset available for sale	-	(9,317)
Acquisition of subsidiary	-	(1,000)
Net cash generated from investing activities	3,320	22,627
Cash flows from financing activities:		
Proceeds from issue of new shares	644	-
Decrease in warrants	(157)	-
Proceeds from issue of new shares by a subsidiary to minority shareholder	245	-
Decrease in bills payable	(6,736)	-
Proceeds from bank loans	19,498	3,822
Repayment of bank loans	(12,067)	-
Proceeds from / (Repayment) of hire purchase liabilities	(159)	705
Dividend paid	(10,544)	(3,471)
Net cash generated from/ (used in) financing activities	(9,276)	1,056
Net increase/(decrease) in cash and cash equivalents	(10,725)	27,347
Cash and cash equivalents at beginning of year	28,775	20,163
Cash and cash equivalents at end of the period	18,050	47,510
Cash and cash equivalents at end of the period includes the following:		
Cash and bank balances	14,040	10,507
Fixed deposits	4,010	37,003
Cash and cash equivalents at end of the period	18,050	47,510

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 - Group

	Share Capital S\$' 000	Warrants S\$' 000	Fair Value Reserve S\$' 000	Revenue Reserves S\$' 000	Total S\$' 000	Minority Interests S\$' 000	Total equity S\$' 000
Balance as at 1 July 2008	29,612	2,080	(2,589)	39,210	68,313	-	68,313
Changes in equity for the year							
Capital contribution						245	245
Dividend paid	-			(10,544)	(10,544)		(10,544)
Fair value adjustment of investment	-		2,589	-	2,589	-	2,589
Profit for the year				(6,589)	(6,589)	(83)	(6,672)
Increase of share capital	644				644		644
Warrants	-	(157)		-	(157)	-	(157)
Balance at 31 March 2009	30,256	1,923	-	22,077	54,256	162	54,418
Balance as at 1 July 2007	29,601		-	17,558	47,159	45	47,204
Changes in equity for the year							
Capital contribution	-			-	-	4	4
Dividend paid	-			(3,471)	(3,471)	-	(3,471)
Fair value adjustment of investment	-		2,633	-	2,633	-	2,633
Goodwill on consolidation				(2,244)	(2,244)		(2,244)
Profit for the year	-			19,286	19,286	-	19,286
Balance at 31 March 2008	29,601	-	2,633	31,129	63,363	49	63,412

Statement of changes in Equity - Company

	Share Capital S\$' 000	Warrants S\$' 000	Fair Value Reserve S\$' 000	Revenue Reserves S\$' 000	Total S\$' 000
Balance as at 1 July 2008	29,612	2,080	(2,589)	12,303	41,406
Changes in equity for the year					
Dividend paid	-			(10,544)	(10,544)
Fair value adjustment of investment			2,589	-	2,589
Profit for the year	-			(6,691)	(6,691)
Increase of share capital	644				644
Warrants		(157)			(157)
Balance at 31 March 2009	30,256	1,923	-	(4,932)	27,247
Balance as at 1 July 2007	29,601			4,751	34,352
Changes in equity for the year					
Dividend paid	-			(3,471)	(3,471)
Fair value adjustment of investment			2,633		2,633
Profit for the year	-			5	5
Balance at 31 March 2008	29,601	-	-	1,285	33,519

- 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.**

Warrants

On 17 April 2008, the Company issued and allotted 69,421,050 listed and quoted warrants on the basis of one warrant for every five existing ordinary shares. The number of shares that may be issued upon the exercise of all the warrants is 69,421,050 ordinary shares.

As at 31 March 2009, the total number of shares that issued upon the exercise of all warrants is 4,363,000 ordinary shares (31 March 2008: 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.**

As at 31 March 2009, the share capital of the Company was 351,468,250 ordinary shares (30 June 2008: 347,174,250 ordinary 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 statement for the current financial period as compared with the most recently audited annual financial statement for the financial year ended 30 June 2008.

- 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

Earnings per ordinary share of the Group for the financial year based on net profit (loss) attributable to shareholders:	Group 9 Months ended	
	31 Mar 09	31 Mar 08
(i) Based on weighted average number of ordinary shares in issue	(1.88) cents	5.56 cents
- Weighted average number of shares	350,296,750 shares	347,105,250 shares
(ii) On a fully diluted basis	(1.98) cents	5.56 cents
- Adjusted weighted average number of shares	333,176,210 shares	347,105,250 shares

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current period reported on; and
(b) immediately preceding financial year

	Group		Company	
	31 Mar 09	30 Jun 08	31 Mar 09	30 Jun 08
Net asset value per ordinary share based on issued shares capital as at the end of the period reported on	15.48 cents	19.68 cents	7.75 cents	11.93 cents

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of S\$54,418,000 (30 June 2008: S\$68,313,000) and share capital of 351,468,250 (30 June 2008: 347,174,250) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to shareholders of S\$27,247,000 (30 June 2008: S\$41,406,000) and share capital of 351,468,250 (30 June 2008: 347,174,250) ordinary shares.

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.**

REVIEW OF FINANCIAL RESULTS

Review for the three months ended 31 March 2009

The Group's revenue decreased by 14.5% or \$13.3 million to \$78.9 million for the three months ended 31 March 2009 compared to the corresponding period in FY2008. The lower revenue was primarily due to lower demand and lower market prices for metals and steel in the first three months of 2009 compared to the same period in 2008. As a result, gross profit decline 92.6% to \$0.7 million.

Other operating income rose 131.4% to \$6.6 million, boosted by the sale of industrial property and recognition of deferred gain. However, distribution costs rose 78.4% to \$1.7 million due to increase in freight and handling cost arising from a higher trading volume of non-ferrous metal. Consequently, net profit fell 48.2% to \$3.2 million compared to \$6.1 million previously.

Review for the 9 months ended 31 March 2009

For the nine months ended 31 March 2009, group revenue increased by 14.4% or \$29.4 million to \$234 million compared to the same period ended 31 March 2008. This was mainly attributed to the higher selling prices in the first three months of the financial year (July to September 2008).

Gross profit however fell 51.4% to \$9.2 million on the back of the precipitous plunge in the world's metal prices, particularly in October to December 2008. As a result, gross margin fell to 4% compared to 9.3% previously. Other operating income decreased 25.9% to \$12.7 million mainly due to more properties sold during the same period last year. Distribution costs increased by 68% or \$1.6 million to \$4 million but were partially offset by lower administrative expenses which decreased 18.1% or \$1.5 million to \$6.8 million. Other operating expenses rose to \$16.1 million and these included net foreign exchange losses of \$2.9 million, write-down in fair value of shares investments of \$7 million and impairment loss in inventories of \$2.4 million. Consequently, the group registered a loss after tax attributable to shareholders of \$6.6 million for 9MFY2009 as compared to \$19.3 million for the same period last year.

Balance Sheet Review

The Group's inventories decreased by 31.6% to \$48.2 million from \$70.5 million in 3QFY2009 as compared to last financial year ended 30 June 2008.

Shareholder's equity however decreased to \$54.4 million from \$68.3 million due to the net losses incurred in 9MFY2009 and dividend payments to shareholders. As a result, net asset value per share fell to 15.5 cents from 19.7 cents.

Cash Flow Statement Review

Net cash used in operating activities in 9MFY2009 was \$4.8 million compared to the net cash generated of \$3.7 million in the same period a year ago. This was primarily due to pretax losses incurred, decreases in trade and other payables as well as higher income tax paid for previous year's earnings.

The sale of one property for the period under review compared to the sale of four properties in the previous corresponding period caused the net cash provided by investing activities to decrease from \$22.6 million to \$3.3 million.

Net cash used in financing activities was \$9.3 million as compared to inflows of \$1.1 million previously. This was mainly attributed to payment of dividends to shareholders against a smaller increase in net bank borrowings.

Consequently, cash and cash balances as at 31 March 2009 was \$18.1 million compared to \$47.5 million as at 30 June 2008.

- 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 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.**

Going forward, the negative effects of the severe global downturn and the financial markets debacle will continue to create uncertainties in demand and supply and metal prices.

Against this backdrop, the Company is of the opinion that business conditions will remain challenging in 2009. Demand for metal is expected to remain relatively muted and be largely driven by specific economic activities. Steel prices and trading margins will remain under pressure due to intense competition and price volatility. The Company will continue to focus on optimising its core business and will strive to improve cost efficiencies while looking out for new opportunities.

Given the difficult market conditions, the full financial year's performance is not expected to improve significantly.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

No

(b) Corresponding Period of the immediately Preceding Financial Year

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

Yes

	FY2008	FY2008
Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Rate	1.0 cents per ordinary share	3.0 cents per ordinary share
Tax Rate	N.A. (one-tier tax exempt)	N.A. (one-tier tax exempt)

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

ANG YU SENG
CEO/ EXECUTIVE DIRECTOR
14th May 2009

UNION STEEL HOLDINGS LIMITED

(Company Registration No. 200410181W)

Confirmation by Directors pursuant to Rule 705(4) of the Listing Manual of the SGX-ST

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing material has come to the attention of the Board of Directors of the Company which may render the financial results for the nine months ended 31 March 2009 to be false or misleading.

On behalf of the Board of Directors

ANG YU SENG
CEO/ EXECUTIVE DIRECTOR

ANG YEW LAI
DIRECTOR

14th May 2009