



Unaudited Third Quarter Financial Statement And Dividend Announcement For the Period Ended 31 March 2010

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

INCOME STATEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2010

	GROUP			GROUP		
	3rd Quarter FY 2010 S\$'000	FY2009 S\$'000	Increase/ (Decrease) %	9 Months Ended 31 Mar 10 S\$'000	31 Mar 09 S\$'000	Increase/ (Decrease) %
Revenue	32,786	78,851	(58.4)	99,052	233,983	(57.7)
Cost of sales	(29,442)	(78,117)	(62.3)	(90,976)	(224,746)	(59.5)
Gross profit	3,344	734	355.6	8,076	9,237	(12.6)
Other operating income	1,468	6,550	(77.6)	7,445	12,724	(41.5)
Distribution cost	(353)	(1,679)	(79.0)	(1,014)	(3,964)	(74.4)
Administrative expenses	(2,368)	(2,153)	10.0	(6,492)	(6,828)	(4.9)
Other operating expenses	(277)	31	(993.5)	(3,255)	(9,066)	(64.1)
Profit from operations	1,814	3,483	(47.9)	4,760	2,103	126.3
Finance costs	(216)	(312)	(30.8)	(722)	(1,644)	(56.1)
Profit before taxation	1,598	3,171	(49.6)	4,038	459	779.7
Income tax expense	-	-	n.m.	(260)	(113)	130.1
Profit for the period	1,598	3,171	(49.6)	3,778	346	991.9
Profit attributable to:						
Equity holders of the Company	1,598	3,171		3,778	346	
Minority Interests	-	-		-	-	
	1,598	3,171	(49.6)	3,778	346	991.9

STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 31 MARCH 2010

	GROUP			GROUP		
	3rd Quarter FY 2010 S\$'000	FY2009 S\$'000	Increase/ (Decrease) %	9 Months Ended 31 Mar 10 S\$'000	31 Mar 09 S\$'000	Increase/ (Decrease) %
Profit for the period	1,598	3,171	(49.6)	3,778	346	991.9
Other comprehensive income: Fair value loss in financial assets, available for sale	(582)	-	n.m.	(955)	(6,985)	(86.3)
Other comprehensive expense, net of tax	(582)	-		(955)	(6,985)	
Other comprehensive income for the period	1,016	3,171	(68.0)	2,823	(6,639)	142.5
Total comprehensive income attributable to:						
Equity holders of the Company	1,016	3,171		2,823	(6,639)	

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

	GROUP		%
	9 Months Ended 31 Mar 10 S\$'000	31 Mar 09 S\$'000	
Interest income	84	140	(40.0)
Depreciation of property, plant and equipment	(3,239)	(3,665)	(11.6)
Allowance for doubtful debts	(110)	(70)	57.1
Bad debt (written off)/ recovered	(5)	57	(108.8)
Interest expenses	(722)	(1,644)	(56.1)
Net foreign exchange loss	(528)	(2,902)	(81.8)
Allowance for impairment loss in value of inventories	-	(2,365)	(100.0)
Gain on disposal of property, plant and equipment	3,332	5,505	(39.5)
Reversal of allowance for impairment of inventories	1,694	-	n.m.
Impairment for goodwill	(1,000)	-	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.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 10	30 Jun 09	31 Mar 10	30 Jun 09
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	20,438	32,032	9,254	6,194
Trade receivables	10,980	15,224	-	898
Other receivables & prepayments	755	1,216	4,943	165
Inventories	60,669	49,297	-	-
	92,842	97,769	14,197	7,257
Non-current assets classified as held-for-sale	-	750	-	-
	92,842	98,519	14,197	7,257
Non-current assets				
Goodwill	1,237	2,237	-	-
Properties, plant & equipments	23,462	19,327	114	164
Investments in subsidiaries	-	-	17,961	17,961
Golf club membership	159	159	159	159
Financial assets, available-for-sale	1,376	2,331	1,376	2,331
	26,234	24,054	19,610	20,615
Total assets	119,076	122,573	33,807	27,872
Current liabilities				
Trade payables	14,887	10,395	-	-
Other payables	1,782	2,278	533	491
Bank loans and bills payable	24,074	41,060	1,301	-
Obligations under hire purchase contracts	122	751	-	39
Deferred gain on sale of properties	2,074	2,074	-	-
Current income tax liabilities	-	192	-	-
	42,939	56,750	1,834	530
Non-current liabilities				
Bank loans	11,834	2,756	3,642	-
Obligations under hire purchase contracts	-	34	-	-
Deferred gain on sale of properties	5,531	7,086	-	-
Deferred income tax liabilities	895	895	-	-
	18,260	10,771	3,642	-
Total liabilities	61,199	67,521	5,476	530
Net assets	57,877	55,052	28,331	27,342
Equity attributable to equity holders of the parent				
Share capital	30,258	30,256	30,258	30,256
Capital reserve	1,914	1,914	1,914	1,914
Retained earnings	25,705	22,882	(3,841)	(4,828)
	57,877	55,052	28,331	27,342
Minority interests	-	-	-	-
Total equity	57,877	55,052	28,331	27,342

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.

Amount repayable in one year or less, or on demand

As at 31 March 2010		As at 30 June 2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,843	22,353	2,606	39,205

Amount repayable after one year

As at 31 March 2010		As at 30 June 2009	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,193	5,641	2,790	-

Details of any collateral:

Borrowings of S\$7.91 million is secured by mortgages over the properties of the Company's subsidiaries and the balance of S\$0.12 million relates to hire purchase financing of plant and machinery.

The unsecured amount consists of trust receipts and term loans held by the Company's subsidiaries arising from the ordinary course of business and bank borrowings. Certain Group borrowings are covered by corporate guarantees.

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

STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 31 MARCH 2010

	Group 9 Months Ended	
	31 Mar 10 S\$'000	31 Mar 09 S\$'000
Cash flows from operating activities:		
Profit before income tax	4,038	459
Adjustments for:		
Depreciation of property, plant and equipment	3,239	3,665
Gain on disposal of property, plant and equipment	(1,776)	(3,950)
Amortisation of deferred gain on sale of properties	(1,556)	(1,555)
Property, plant and equipment written off	-	35
Interest expense	722	1,644
Interest income	(84)	(140)
Allowance for doubtful trade debts	110	70
(Reversal)/allowance for impairment loss in value of inventories	(1,694)	2,365
Amortisation of goodwill	1,000	-
Operating profit before working capital changes	3,999	2,593
Changes in working capital:		
Inventories	(9,677)	19,897
Trade receivables and prepayments	4,595	(10,837)
Trade and other payables	3,995	(10,978)
Cash generated from operating activities	2,912	675
Income tax paid	(601)	(3,940)
Income tax refund	150	-
Interest paid	(722)	(1,644)
Interest income received	84	140
Net cash generated from/ (used in) operating activities	1,823	(4,769)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(7,332)	(3,378)
Proceeds from disposal of property, plant and equipment	2,673	6,698
Purchase of financial asset available for sale	-	-
Acquisition of subsidiary	-	-
Net cash (used in)/ generated from investing activities	(4,659)	3,320
Cash flows from financing activities:		
Proceeds from issuance of ordinary shares	2	487
Proceeds from issue of shares by a subsidiary to minority shareholders	-	245
Funds from bank loans	25,254	19,498
Decrease in bills payable	(18,806)	(6,736)
Repayment of bank loans	(14,356)	(12,067)
Repayment of hire purchase contracts	(852)	(159)
Dividend paid	-	(10,544)
Net cash used in financing activities	(8,758)	(9,276)
Net decrease in cash and cash equivalents	(11,594)	(10,725)
Cash and cash equivalents at beginning of the financial year	32,032	28,775
Cash and cash equivalents at end of the period	20,438	18,050
Cash and cash equivalents at end of the period includes the following:		
Cash and bank balances	16,415	14,040
Fixed deposits	4,023	4,010
Cash and cash equivalents at end of the period	20,438	18,050

- 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	Capital reserve S\$' 000	Fair Value reserve S\$' 000	Retained earnings S\$' 000	Attributable to equity holders of the Company S\$' 000	Minority Interests S\$' 000	Total equity S\$' 000
<i>Balance as at 1 July 2009</i>	30,256	1,914	-	22,882	55,052	-	55,052
Profit for the period				2,823	2,823	-	2,823
Total recognised income and expense for the period	-	-	-	2,823	2,823	-	2,823
Issue of new shares on conversion of warrants	2	-	-	-	2		2
<i>Balance at 31 March 2010</i>	<u>30,258</u>	<u>1,914</u>	<u>-</u>	<u>25,705</u>	<u>57,877</u>	<u>-</u>	<u>57,877</u>
<i>Balance as at 1 July 2008</i>	29,612	2,080	(2,589)	39,210	68,313	-	68,313
Fair value adjustment of financial assets, available-for-sale	-	-	2,589	-	2,589	-	2,589
Loss for the year				(6,639)	(6,639)	-	(6,639)
Total recognised income and expense for the year	-	-	2,589	(6,639)	(4,050)	-	(4,050)
Issue of shares to minority shareholders	-	-	-	-	-	245	245
Issue of new shares on conversion of warrants	644	(157)	-	-	487	-	487
Dividend paid	-	-	-	(10,545)	(10,545)	-	(10,545)
Minority interest share of losses				245	245	(245)	-
<i>Balance at 31 March 2009</i>	<u>30,256</u>	<u>1,923</u>	<u>-</u>	<u>22,271</u>	<u>54,450</u>	<u>-</u>	<u>54,450</u>

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Share capital S\$' 000	Capital reserve S\$' 000	Fair Value reserve S\$' 000	Retained earnings S\$' 000	Total S\$' 000
<i>Balance as at 1 July 2009</i>	30,256	1,914	-	(4,828)	27,342
Profit for the period	-	-	-	987	987
Issue of new shares on conversion of warrants	2	-	-	-	2
<i>Balance at 31 March 2010</i>	<u>30,258</u>	<u>1,914</u>	<u>-</u>	<u>(3,841)</u>	<u>28,331</u>
<i>Balance as at 1 July 2008</i>	29,612	2,080	(2,589)	12,303	41,406
Loss for the year	-	-	-	(6,691)	(6,691)
Dividend paid				(10,545)	(10,545)
Fair value adjustment of financial assets, available-for-sale	-	-	2,589	-	2,589
Issue of new shares on conversion of warrants	644	(157)	-	-	487
<i>Balance at 31 March 2009</i>	<u>30,256</u>	<u>1,923</u>	<u>-</u>	<u>(4,933)</u>	<u>27,246</u>

- 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

In April 2008, the Company issued and allotted 69,421,050 warrants on the basis of one warrant for every five existing ordinary shares which carry the right to subscribe for one ordinary share of the Company with the exercise price of \$0.12 per ordinary share and with exercise dates up to 14 April 2011.

As at 31 March 2010, the total number of shares issued upon the exercise of warrants is 4,375,000 ordinary shares (31 March 2009: 4,363,000).

There were 65,046,050 and 65,058,050 outstanding warrants as at 31 March 2010 and 31 March 2009 respectively.

- 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 2010, the share capital of the Company was 351,480,250 ordinary shares (30 June 2009: 351,468,250 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.

Except as disclosed under item 5 below, 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 2009.

The Group adopted FRS1 (revised 2008) which was effective for the financial period beginning 1st January 2009.

- 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 Group adopted all the applicable new and revised Singapore Financial Reporting Standards ("FRS") including related Interpretations ("INT FRS") promulgated by the Accounting Standards Council, which became effective for the financial statements of the Group and of the Company for the financial year ended 31 December 2009. The adoption of FRS1 (revised 2008) does not have any impact on the Group's financial position or results.

- 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 (cents)	31 Mar 10	31 Mar 09
(i) Based on weighted average number of ordinary shares in issue	1.07	0.10
(ii) On a fully diluted basis	1.07	0.10

The earnings per share for the period ended 31 March 2010 is calculated by dividing the profit attributable to shareholders of \$3,778,000 (31 March 2009: \$346,000) by the weighted average number of ordinary shares of 351,478,000 (31 March 2009: 350,296,750) in issue during the financial period.

The diluted earnings per share for the period ended 31 March 2010 is calculated by dividing the profit attributable to shareholders of \$3,778,000 (31 March 2009: \$346,000) by the adjusted weighted average number of ordinary shares of 354,030,000 (31 March 2009: 333,176,210) in issue during the financial period.

- 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 10	30 Jun 09	31 Mar 10	30 Jun 09
Net asset value per ordinary share based on issued shares capital as at the end of the period reported on	16.47 cents	15.66 cents	8.06 cents	7.78 cents

The net asset value per share of the Group has been calculated based on equity attributable to shareholders of S\$57,877,000 (30 June 2009: S\$55,052,000) and share capital of 351,480,250 (30 June 2009: 351,468,250) ordinary shares.

The net asset value per share of the Company has been calculated based on equity attributable to shareholders of S\$28,331,000 (30 June 2009: S\$27,342,000) and share capital of 351,480,250 (30 June 2009: 351,468,250) 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.

INCOME STATEMENT REVIEW

Review for the three months ended 31 March 2010

The Group's revenue decreased by 58.4% or \$46.1 million to \$32.8 million for the three months ended 31 March 2010 compared to the corresponding period in FY2009. The lower revenue was mainly due to the lower sales volume for the trading of non-ferrous metals exported to China in the first three months of 2010 compared to the same period in 2009. The higher gross profit was due to a higher-margin products mix as well as higher selling prices. As a result, gross profit increased by 355.6% from \$0.7 million to \$3.3 million.

Other operating income decreased by 77.6% or \$5.1 million to \$1.5 million. The decrease was mainly due to lower gain on sale of property and reduction of rental income. Distribution costs decreased by 79% to \$0.4 million due to decrease in freight and handling cost associated with lower trading volume. Consequently, net profit fell 49.6% to \$1.6 million compared to \$3.2 million previously.

S\$'000	3Q FY2010	3Q FY2009	% Growth	YTD Mar 10	YTD Mar 09	% Growth
Turnover	32,786	78,851	(58.4%)	99,052	233,983	(57.7%)
Gross Profit	3,344	734	355.6%	8,076	9,237	(12.6%)
Net Profit	1,598	3,171	(49.6%)	3,778	346	991.9%
Net margin as % of turnover	4.9%	4.0%	0.9%	3.8%	0.1%	3.7%

The Group has provided additional impairment loss of \$0.6 million for its Indonesia quoted shares investment to reflect its current fair value.

Review for the 9 months ended 31 March 2010

For the nine months ended 31 March 2010, group revenue decreased by 57.7% or \$135 million to \$99 million compared to the same period ended 31 March 2009. This was mainly attributed to the lower sales volume in all 3 quarters of this financial year.

Gross profit however fell only slightly 12.6% from \$9.2 million to \$8.1 million with the support of the higher gross margin. Other operating income decreased 41.5% to \$7.4 million mainly due to more properties sold during the same period last year and reduction in rental income.

Distribution costs reduced 74.4% from \$4 million in 3Q FY2009 to \$1 million in 3Q FY2010, which was in line with lower sales volume.

Administrative expenses declined 4.9% to \$6.5 million due to lower property depreciation and lower sales related expenses in 3Q FY2010.

Other operating expenses decreased 64.1% from \$9.1 million in 3Q FY2009 to \$3.3 million in 3Q FY2010. This decrease was due mainly to a reduction in both net foreign exchange loss and impairment loss in inventories.

Consequently, profit from operations improved by \$2.7 million or 126.3% to \$4.8 million (3Q FY2009 \$2.1 million).

Finance costs in 3Q FY2010 decreased by 56.1% or \$0.9 million to \$0.7 million (3Q FY2009: \$1.6 million). This was due to a reduction in total bank borrowings and lower interest rate.

STATEMENT OF FINANCIAL POSITION REVIEW

The net assets and shareholders' fund of the Group was \$57.9 million as at 31 March 2010. The Group increased its inventory levels from \$49.3 million as at 30 June 2009 to \$60.7 million as at 31 March 2010. Both trade and other receivables decreased by \$4.2 million and \$0.4 million respectively.

The goodwill reduced to \$1.2 million as at 31 March 2010 compared to \$2.2 million as at 30 June 2009. Total borrowings decreased by \$8.6 million from \$44.6 million as at 30 June 2009 to \$36.0 million as at 31 March 2010.

STATEMENT OF CASH FLOW REVIEW

Net cash generated from operating activities in 9 months ended 31 March 2010 was \$1.8 million compared to the net cash used of \$4.8 million in the same period a year ago. This was primarily due to higher pretax profit, decreased in both trade receivables and trade payables, lower income tax and interest paid.

Net cash used in investing activities of \$4.7 million was mainly due to the construction cost of new premises at Gul Road that belongs to our subsidiary.

Net cash used in financing activities was \$8.8 million which was mainly for repayment of bills payable and repayment of bank loans.

Consequently, cash and cash equivalents balance was \$20.4 million as at 31 March 2010 compared to \$18.1 million as at 31 March 2009.

- 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.

Despite the global economic recovery that is already underway, the metals recycling and metals markets have remained difficult. The slowing growth in China, its new measures to cool the property sector and the ongoing debt crisis in Europe will create further uncertainty in the markets.

Amidst these challenges in our operating environment, our key priorities remain - to keep costs low, to actively manage our inventory and working capital well. We are committed to maintaining our prudent business practices and to actively seek out new growth opportunities.

- 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/recommendeded, a statement to that effect

Not applicable

BY ORDER OF THE BOARD

ANG YU SENG
CEO/ EXECUTIVE DIRECTOR
13th May 2010

UNION STEEL HOLDINGS LIMITED

(Company Registration No. 200410181W)

Confirmation by Directors pursuant to Rule 705(5) 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 2010 to be false or misleading.

On behalf of the Board of Directors

ANG YU SENG

CEO/ EXECUTIVE DIRECTOR DIRECTOR

ANG YEW LAI

13th May 2010