



UNION STEEL HOLDINGS LIMITED
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For Immediate Release

Union Steel Q1FY09 net profit grew by 67% to S\$3.7 million

- Revenue rose by 95% on the back of higher exports
- Gross profit margin improved by about 2 percentage points

	3 Months Ended 30 September 2008		
	1QFY09 (S\$'000)	1QFY08 (S\$'000)	Change
Revenue	101,191	51,929	94.9%
Cost of sales	90,771	47,798	(89.9)%
Gross Profit	10,420	4,131	152.2%
Gross profit margin	10.3%	8.0%	2.3ppt
Profit before tax	4,242	2,727	55.6%
Net profit	3,733	2,237	66.9%
EPS* (cents)	1.04	0.64	0.4cts

**Based on profit attributable to shareholders of S\$3,733,000 (30 September 2007: S\$2,237,000) over adjusted weighted average number of 357,911,330 ordinary shares (30 September 2007: 347,105,250) in issue for the financial period ended 30 September 2008.*

13 November 2008 – SGX-ST Mainboard listed **Union Steel Holdings Limited**, 友联钢铁控股有限公司 (Union Steel), one of the largest local metal recycling companies, closed the financial period three months ended 30 September 2008 (Q1FY09) with commendable growth in both the top and bottom line. Revenue increased by 95% to S\$101.2 million compared to that of the same period in the previous year. The revenue growth was mainly contributed by higher export sales of ferrous and non-ferrous metals. Gross margin improved to 10.3% for Q1FY09 compared to 8% for Q1FY08 and gross profit grew 152% to S\$10.4 million compared to the same period in FY2008. Total operating expenses were higher in Q1FY09 due

to increased levels of business activities, rental costs incurred on lease back properties, foreign exchange loss and impairment of inventories. However, the jump in gross profit mitigated the rise in operating expenses resulting in a net profit growth of 67% to S\$3.7 million compared to S\$2.2 million for the same period in the year before.

With the slowdown in developed economies, such as US and Europe, market conditions are expected to get increasingly challenging. Supported by the local construction industry, demand for steel products will hold steady. However, global demand for steel and scrap metal is generally expected to be dampened in the next few months and may be throughout the next year.

The market will continue to face uncertainties such as unexpected steep declines in steel and scrap metal prices. Given the deterioration of the operating environment, it is likely that the Group will incur a loss for Q2FY09. “The global financial crisis and the volatility of metal prices will continue to impact our business. We have already taken steps to further manage our business and operating risk. We will also vigilantly put in place strategies to cope with the challenges ahead,” said Mr Ang Yu Seng (洪友成), Chief Executive Officer.

Union Steel will remain focused on its core business of metal recycling. It has built up a well diversified customer base across various geographical areas and industries; this key competitive strength will enable the company to adapt to changing market conditions. Going forward, the company will step up its efforts to manage risks and to improve cost and operational efficiency in order to reduce the adverse impact on its performance.

About Union Steel Holdings Limited

Founded in 1984 and listed on SGX-ST Mainboard in August 2005, Union Steel Holdings Limited is a one-stop supply centre for recycled metals. 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.

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

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