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For Immediate Release

Union Steel returns to the black in 3QFY09 with a net profit of $3.2 million

- **9M FY09 revenue up 14.4% to $234 million but group reported net losses of $6.6 million due to collapsing demand and prices**
- **Outlook remains challenging**

Y/E 31 Mar (S$ million)	2QFY09	3QFY09	QOQ %Chg	3QFY08	YOY % Chg	9MFY09	9MFY08	YOY % Chg
Revenue	53.9	78.9	46.2	92.2	(14.5)	234.0	204.6	14.4
Cost of sales	(55.8)	(78.1)	39.9	(82.2)	(5.0)	(224.7)	(185.6)	21.1
Gross Profit/ Loss	(1.9)	0.7	n.m	10.0	(92.6)	9.2	19.0	(51.4)
Gross Margin	- 3.5%	0.9%		10.8%		4.0%	9.3%	
Pretax Profit/ Loss	(13.9)	3.2	n.m	7.1	(55.1)	(6.5)	21.3	(130.7)
Attributable Net Profit/ Loss	(13.6)	3.2	n.m	6.1	(48.2)	(6.6)	19.3	(134.4)
Earnings Per Share+ (cents)						(1.88)	5.56	(133.8)
Fully Diluted Earnings Per Share* (cents)						(1.98)	5.56	(135.6)
Net Asset Value Per Share (cents)						15.48	18.27	(15.3)

+ Based on weighted average number of 350,296,750 ordinary shares in issue for the financial period ended 31March 2009 (31 Mar 2008: 347,105,250).
** Based on adjusted weighted average number of 333,176,210 ordinary shares in issue for the financial period ended 31March 2009 (31 Mar 2008: 347,105,250).*

14 May 2009 – 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, has staged a return to profitability in the three months ended 31 March 2009 (3QFY09) following losses in the previous quarter. Revenue for 3QFY09 rose 46.2% quarter-on-quarter (qoq) to $78.9 million, boosted by a slight recovery in demand and scrap metal prices. As a result, gross profit was $0.7 million, a marked improvement from the loss of $1.9 million in 2QFY09. Net profit attributable to shareholders rebounded from a loss of $13.6 million to a profit of $3.2 million, mainly due to the absence of S$11.1 million in impairment losses on inventories and shares investments provided for in 2QFY09.

Compared to a year ago, 3QFY09 revenue fell 14.5% on lower demand and lower market prices for metals. As a result, gross profit fell 92.6% as margins collapsed from 10.8% to 0.9%. Other operating income rose 131.4% to $6.6 million, boosted by a gain from the sale of an industrial property and recognition of deferred gains. However, distribution costs rose 78.4% to $1.7 million due to an increase in freight and handling costs from a higher trading volume of non-ferrous metals. Consequently, net profit fell 48.2% to $3.2million compared to $6.1 million previously.

For the nine months ended 31 March 2009 (9MFY09), group revenue increased by 14.4% or S$29.4 million to S$234 million compared to the same period ended 31 March 2008. This was mainly attributed to higher selling prices in the first three months of the current financial year (July to September 2008).

Gross profit however fell 51.4% to $9.2 million on the back of the precipitous plunge in world metal prices, particularly in October to December 2008 (2QFY09). As a result, gross margin fell to 4.0% compared to 9.3% previously. Other operating income decreased 25.9% to $12.7 million mainly due to more properties being 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 however rose to $16.1 million and these included net foreign exchange losses of $2.9 m, write-down in fair value of shares investments of $7 million and impairment losses in inventories of $2.4 million. Consequently, the group registered a loss after tax attributable to shareholders of $6.6 million for 9MFY09 as compared to a net profit after tax of S$19.3 million for the same period last year.

"Since the lows seen in October 2008, world metal prices have stabilised and recovered somewhat but they are still a far cry from the average seen in the last year. 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. With major economies still in recession, demand for metals is expected to remain muted for the rest of the year. Steel prices and trading margins will also remain under pressure due to intense competition and price volatility, Against this challenging operating environment, we will continue to focus on optimising our core business and strive to improve cost efficiencies while looking out for new opportunities, " said Mr. Ang Yu Seng (洪友成), Executive Chairman and Chief Executive Officer.

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

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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