



UNION STEEL HOLDINGS LIMITED
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For Immediate Release

Union Steel reports net profit of S\$0.6m for 4QFY09

Y/E 30 Jun (S\$ million)	4QFY09	4QFY08	YOY % Chg	FY2009	FY2008	YOY % Chg
Revenue	83.6	98.1	(14.8)	317.5	302.7	4.9
Cost of sales	(80.7)	(85.6)	(5.8)	305.4	271.2	12.6
Gross Profit/ Loss	2.9	12.4	(76.6)	12.2	31.5	(61.4)
Gross Margin	3.5%	12.7%		3.8%	10.4%	
Pretax Profit/ Loss	0.6	8.2	(92.5)	(5.9)	29.4	(120.1)
Net Profit/ Loss	0.6	5.8	(89.5)	(6.0)	25.1	(124.0)
Earnings Per Share* (cents)				(1.72)	7.24	(123.8)
Fully Diluted Earnings Per Share* (cents)				(1.70)	6.74	(125.2)
Net Asset Value Per Share (cents)				15.66	19.68	(20.4)

+ Based on weighted average number of 350,296,750 ordinary shares in issue for the financial period ended 30 June 2009 (30 June 2008: 347,122,000).

* Based on adjusted weighted average number of 353,882,630 ordinary shares in issue for the financial period ended 30 June 2009 (30 June 2008: 372,673,000).

20 August 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 metal recycling companies in Singapore has reported Group net profit of S\$0.6 million and Group revenue of S\$83.6 million for the three months ended 30 June 2009 (4QFY09).

For the year ended 30 June 2009, Group revenue rose 4.9% to S\$317.5 million due to an increase in the recycling of non-ferrous metals and the consolidation of a full year's results of its 65%-owned subsidiary, Lim Asia Steel Pte Ltd ('Lim Asia'). Lim Asia was acquired on 1st March 2008. The Group reported a net loss of \$6.0 million in FY2009.

Group profitability was adversely impacted by the global economic crisis. Gross profit margin weakened from 10.4% in FY2008 to 3.8% in FY2009 due to lower average selling prices and weaker demand for ferrous metals. As a result, gross profit declined 61.4% to S\$12.2 million in FY2009 as compared to S\$31.5 million in FY2008. The group suffered a pretax loss of \$5.9 million due to lower gains from sale of industrial property (down 34.6%), forex losses of S\$4.1 million due to a stronger US dollar against the Singapore dollar, and provisions for impairment losses of S\$9.1 million on quoted shares investments and inventories.

Despite the unfavourable market conditions, the Group reported a marked improvement in net cash flow generated from operations of S\$16.9 million in FY2009 as compared to a net cash outflow of S\$10.8 million in FY2008. This can be attributed to management's quick response to the deteriorating operating environment; inventories and trade receivables were sharply reduced, cost containment activities undertaken and these actions led to improved liquidity. The Group has cash and cash equivalents of S\$32.0 million and total borrowings of S\$44.6 million as at 30 June 2009.

“The global financial and credit crisis led to an unprecedented plunge in metal prices and demand shrank sharply on the back of a worldwide recession. Metals prices have since recovered from their lows in March 2009. However we expect any recovery in market demand to be tentative and accompanied by price volatility and intense price competition. It will be another challenging year ahead but we will strive to perform better in FY2010. We will continue to press forward to further strengthen our operations and have in place prudent measures to manage our business; ensuring that we remain competitive and financially strong”

- Mr. Ang Yu Seng (洪友成), Executive Chairman and Chief Executive Officer

About Union Steel Holdings Limited (Bloomberg: USH SP)

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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