



UNION STEEL HOLDINGS LIMITED
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For Immediate Release

Union Steel reports Q1FY10 net profit of S\$2.1 million

- Q1FY10 revenue fell on sharply lower demand and selling prices compared to a year ago
- Profitability cushioned by lower costs, lower foreign exchange losses and lower provisions
- Outlook remains clouded by weak demand and volatile prices

Y/E 30 Jun (S\$ million)	Q1FY10	Q1FY09	YOY % Chg
Revenue	38.4	101.2	(62.0)
Cost of sales	(35.1)	(90.8)	(61.3)
Gross Profit/Loss	3.3	10.4	(68.3)
Gross Margin	8.6%	10.3%	
Pretax Profit/Loss	2.2	4.2	(49.1)
Net Profit/ Loss	2.1	3.7	(42.5)
Earnings Per Share (cents)*	0.61	1.07	
Fully Diluted Earnings Per Share (cents)*	0.61	1.04	
Net Asset Value per Share (cents)	16.17	15.66	

+ Based on weighted average number of 351,478,000 ordinary shares in issue for the financial period ended 30 September 2009 (30 September 2008: 347,976,000).

* Based on adjusted weighted average number of 353,423,000 ordinary shares in issue for the financial period ended 30 September 2009 (30 September 2008: 357,911,000).

13 November 09 – 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 its financial results for the three months ended 30 September 2009 (Q1FY10).

Q1FY10 Group revenue was down 62.0% to S\$ 38.4 million due to lower demand and selling prices for ferrous and non-ferrous metals as compared to a year ago when demand was strong and selling prices were at their peaks. Net profit declined 42.5% to

S\$2.1 million in Q1FY10 but was cushioned by lower costs, lower foreign exchange losses and lower allowance for impairment losses in inventories.

Q1FY10 gross profit slipped 68.3% to S\$3.3 million, from S\$10.4 million in Q1FY09. Gross profit margin weakened to 8.6% from 10.3% previously due to lower selling prices. Pre-tax profit was lower at S\$2.2 million due mainly to lower costs relating to lower sales volume as well as better management of other operating costs (Q1FY09: \$4.2 million). Other operating income rose by 41.2% to S\$3.6 million, boosted by the sale of the industrial property at No. 4 Pioneer Sector 1 and the recognition of deferred gains from sale-and-leaseback of industrial properties. Distribution expenses fell by 80.8% to S\$0.3 million due to lower sales volume in the first quarter of this year compared to a year ago.

Administrative expenses declined 26.6% to S\$2.0 million due to lower staff cost and lower sales related expenses in Q1FY10. Other operating expenses also decreased by 43.6% to S\$2.2 million due to lower foreign exchange losses of S\$0.8 million in Q1FY10 compared to S\$1.9 million in Q1FY09 and lower provision for impairment losses of inventories of S\$0.2 million compared to S\$0.8 million a year ago.

Despite the lower profitability, the group generated a positive net cash inflow from operating activities of S\$7.0 million in Q1FY10 compared to a net cash outflow of S\$8.5 million in Q1FY09. The improved liquidity was due to the continuing positive impact of our working capital management practices which resulted in lower inventory and outstanding receivables levels. Consequently, the Group's cash and cash equivalents stood at S\$25.0 million as at 30 September 2009 while bank borrowings stood at S\$32.9 million, down from S\$43.8 million. As a result, gearing ratio has improved from 0.81 as at 30 June 2009 to 0.59 as at 30 September 2009.

The business and trading environment remain difficult due to price volatility and weak demand for metal products. The low demand visibility in the metals market and competitive conditions in the local recycling market and steel market are likely to persist.

"We will continue to keep a close watch on our costs as we steer the company through these difficult times. "

- 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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