



UNION STEEL HOLDINGS LIMITED

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For Immediate Release

Union Steel 9M FY10 net profit up more than 10X to S\$3.8 million

Y/E 30 June (S\$ million)	3QFY10	3QFY09	YOY % Chg	9MFY10	9MFY09	YOY % Chg
Revenue	32.8	78.9	(58.4)	99.1	234.0	(57.7)
Cost of sales	(29.4)	(78.1)	(62.4)	(91.0)	(224.7)	(59.5)
Gross Profit	3.3	0.7	355.6	8.1	9.2	(12.6)
Gross Margin	10.1%	0.9%	9.2pp	8.2%	3.9%	4.3pp
Pretax Profit	1.6	3.2	(49.6)	4.0	0.5	779.7
Attributable Net Profit	1.6	3.2	(49.6)	3.8	0.3	991.9
Earnings Per Share+ (cents)				1.07	0.10	
Fully Diluted Earnings Per Share* (cents)				1.07	0.10	
Net Asset Value Per Share (cents)				16.47	15.66	

+ Based on weighted average number of 351,478,000 ordinary shares in issue for the financial period ended 31 March 2010 (31 Mar 2009: 350,296,750).

* Based on adjusted weighted average number of 354,030,000 ordinary shares in issue for the financial period ended 31 March 2010 (31 Mar 2009: 333,176,210).

13 May 2010 – 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 reported a sharp improvement in earnings for the first nine months ended 31 March 2010. The Group reported net profit of S\$3.8 million compared to a mere S\$0.3 million in the same period a year ago.

Group revenue fell 57.7% to S\$99.1 million due to the lower sales volume in the past three quarters. However gross profit fell a lower 12.6% from \$9.2 million to \$8.1 million mainly due to a higher-margin product mix. Other operating income fell from \$12.7 million to \$7.4 million, or 41.5% mainly due to more properties being sold during the same period last year and less rental income collected this year. Distribution costs fell in tandem with lower sales volume from \$4 million in 3QFY2009 to \$1 million in 3QFY2010. Other operating expenses declined 64.1% to \$3.3 million, mainly due to sharply lower net foreign exchange loss of \$0.5 million (9MFY10 forex loss: S\$2.9 million) and a reversal of allowance for impairment of inventories of \$1.7 million. Pretax profit surged 779.7% from S\$0.5 million to S\$4.0 million. Net profit was up more than 10X from S\$0.3 million to S\$3.8 million.

3Q FY10 Performance

3Q FY10 revenue fell by 58.4% or \$46.1 million to \$32.8 million compared to a year ago due to lower sales volume for the trading of non-ferrous metals exported to China. However, gross profit surged 355.6% from \$0.7 million to \$3.3 million due to a higher-margin product mix and higher selling prices. Other operating income fell 77.6% to \$1.5 million due mainly to the absence of gain on sale of property a year ago. Distribution costs decreased 79% to \$0.4 million due to lower freight and handling cost on the back of the lower trading volume. Consequently, net profit fell 49.6% to \$1.6 million compared to \$3.2 million previously.

Financial Position

Union Steel's balance sheet remains healthy. Total borrowings decreased from S\$44.6 million to S\$36.0 million and net gearing ratio is a low of 0.3. Its net asset value per share was 16.47 cents as at 31 March 2010.

Outlook

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 market.

“Our operating environment remains challenging but our key priorities remain the same – to keep costs low, to actively manage our inventory and working capital well. We will stay prudent while continuing to seek out new growth opportunities.”

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

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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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