



**UNION STEEL HOLDINGS LIMITED**  
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**For Immediate Release**

## **Union Steel turns around with a net profit of S\$4.0 million in FY 2010**

<b>Y/E 30 Jun (S\$ million)</b>	<b>4Q FY10</b>	<b>4Q FY09</b>	<b>YOY % Chg</b>	<b>FY2010</b>	<b>FY2009</b>	<b>YOY % Chg</b>
<b>Revenue</b>	<b>31.0</b>	<b>83.6</b>	<b>(62.9)</b>	<b>130.1</b>	<b>317.5</b>	<b>(59.0)</b>
<b>Cost of sales</b>	<b>(27.9)</b>	<b>(80.7)</b>	<b>(65.4)</b>	<b>(118.9)</b>	<b>(305.4)</b>	<b>(61.1)</b>
<b>Gross Profit</b>	<b>3.1</b>	<b>2.9</b>	<b>7.5</b>	<b>11.2</b>	<b>12.2</b>	<b>(7.8)</b>
<b>Gross Margin</b>	<b>10.1%</b>	<b>3.5%</b>	<b>6.6pp</b>	<b>8.6%</b>	<b>3.8%</b>	<b>4.8pp</b>
<b>Pretax Profit</b>	<b>0.9</b>	<b>0.6</b>	<b>53.8</b>	<b>4.0</b>	<b>(5.9)</b>	<b>n.m</b>
<b>Net Profit/ Loss</b>	<b>1.2</b>	<b>0.6</b>	<b>99.7</b>	<b>4.0</b>	<b>(6.0)</b>	<b>n.m.</b>
<b>Earnings Per Share<sup>+</sup> (cents)</b>				<b>1.15</b>	<b>(1.72)</b>	
<b>Fully Diluted Earnings Per Share* (cents)</b>				<b>1.14</b>	<b>(1.70)</b>	
<b>Net Asset Value Per Share<sup>#</sup> (cents)</b>				<b>16.81</b>	<b>15.66</b>	

<sup>+</sup> Based on weighted average number of 351,477,883 ordinary shares in issue for the financial year ended 30 June 2010 (30 June 2009: 350,296,750).

<sup>\*</sup> Based on adjusted weighted average number of 354,079,720 ordinary shares in issue for the financial year ended 30 June 2010 (30 June 2009: 353,882,630).

<sup>#</sup> Based on share capital of 351,480,250 ordinary shares (30 June 2010: 351,468,250)

**20 August 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 metal recycling companies in Singapore has reported a vastly improved performance for the financial year ended 30 June 2010; the Group achieved a net profit of S\$4.0 million, reversing the previous year's losses of S\$6.0 million.

**“Despite a difficult market, Union Steel has managed to improve its margins and bottom-line significantly as we had stayed vigilant in the management of costs and inventory.”**

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

### **FY2010 Performance**

Group revenue declined 59%, from S\$317.5 million to S\$130.1 million, on the back of lower exports of non-ferrous metals to China. In contrast, gross profit edged marginally lower to S\$11.2 million from S\$12.2 million previously. This was due to improved gross margins, up 4.8 percentage points, as a result of a higher-margin product mix and higher selling prices. Profit from operations was S\$5.1 million as the group kept a tight lid on costs and reduced foreign exchange losses. Finance costs also halved to S\$1.1 million due to lower interest rates. Consequently, pretax profit surged to \$4.0 million for the year ended 30 June 2010.

### **4QFY10 Performance**

4QFY10's revenue fell 62.9% to S\$31.0 million due to lower exports to China but gross profit rose marginally to S\$3.1 million as margins improved. Gross profit margin was up 6.6 percentage point to 10.1% due to a higher-margin product mix as well as higher selling prices. There was a reclassification of provisions for impairment in the value of inventories which offset a S\$1 million gain from the fair value of investment properties. As a result, profit from operations was S\$1.3 million while net profit was S\$1.2 million, compared to S\$1.0 million and S\$0.6 million respectively in the previous year.

### **Cashflow and Balance Sheet**

Net cash used in operating activities was S\$7.2 million as compared to net cash of S\$18.8 million generated from operating activities last year. This was primarily due to a higher inventory level, a decrease in trade receivables and payment of interest on borrowings. Net cash used in investing activities was S\$7.5 million mainly due to the construction of new premises for its subsidiary at Gul Road. Net cash generated from financing activities was S\$1.8 million, mainly from a net increase in bank loans.

Consequently, cash and cash equivalents as at 30 June 2010 stood at \$18.2 million. Total borrowings amounted to S\$46.6 million. Net gearing ratio was 0.5x.

Shareholders' fund grew from S\$55.1 million to S\$59.1 million in current financial year from the improvement in earnings. NAV per share rose from 15.7 cents to 16.8 cents.

**“Our operating environment will continue to be tough. In our recycling business, the demand for metals and selling prices for metals are likely to stay volatile. We also face intense competition and continued pressure on margins in our trading business. Notwithstanding, we will continue to do our best to manage these challenges and leverage on opportunities in the local construction activities.”**

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

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**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](http://www.unionsteel.com.sg)

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