



UNION STEEL HOLDINGS LIMITED

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MEDIA RELEASE

Union Steel's 1Q2012 Dampened by Volatility in Metals Prices

Y/E 30 June (S\$ million)	1Q2012	1Q2011	YOY % Chg
Revenue	14.6	31.7	(53.9)
Gross Profit	2.0	3.9	(49.9)
Gross Margin	13.4%	12.3%	1.1pp
Pretax Profit	0.3	2.1	(84.5)
Attributable Net Profit	0.3	2.0	(84.9)
+ Earnings per share (cts)	0.08	0.57	

+ Based on weighted average number of 393,781,089 ordinary shares in issue for the financial period ended 30 Sep 2011 (30 Sep 2010: 351,499,582).

10 November 2011 – SGX-ST Mainboard listed **Union Steel Holdings Limited**, 友联钢铁控股有限公司 (“Union Steel” or “the Group”), one of the largest metal recycling companies in Singapore, has reported a net profit of S\$0.3 million for the first three months ended 30 September 2011 (1Q2012), compared to \$2.0 million a year ago.

1Q2012 Performance

1Q2012 Group revenue decreased 53.9% to \$14.6 million due to a significant drop in export sales, precipitated by the volatility in metal prices. Gross profit for the quarter was \$2.0 million compared to \$3.9 million a year ago. Gross profit margin increased 1.1 percentage points to 13.4% due to tighter inventory cost controls, a higher margin product mix and better product pricing. Operating profit decreased by 80.5% to \$0.5 million, mainly due to lower rental income and a higher net foreign exchange loss. Consequently, pretax profit decreased from \$2.1 million to \$0.3 million.

Cash Flow

Net cash flow used in operations was \$6.4 million, due mainly to lower profits, higher inventories and a reduction in trade and other payables. Net cash generated from investing activities declined 76.3% to \$0.5 million, due mainly to foreign exchange losses. Net cash used in financing activities was \$1.5 million due mainly to the repayment of bank borrowings.

Financial Position

Union Steel's financial position remains healthy. Cash and cash equivalents as at 30 September 2011 were \$22.8 million while total bank borrowings stood at \$27.9 million. Gross gearing was 0.4 times.

Shareholders' equity was steady at \$73.8 million while Net Asset Value per share was 18.7 cents.

Outlook

The global economy is facing strong headwinds in the form of slower growth, fiscal uncertainties and volatile financial and foreign exchange markets. Amidst the deteriorating environment, metal prices have continued to be volatile. Given the keener competition in the global recycling market and its steel products trading business, the Group expects pricing and margin pressures to persist.

The Group will continue to diversify its business risks through acquiring new and strategic businesses that can provide the group with more stable income streams and access to new markets.

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, sheet piles and beams. 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 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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