



UNION STEEL HOLDINGS LIMITED
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MEDIA RELEASE

Union Steel Reports Net Profit of \$0.9 million in 1HFY12

\$ million	6 months ended 31 December		Change (%)
	2011	2010	
Revenue	34.3	61.4	(44.1)
Cost of Sales	(30.5)	(54.8)	(44.4)
Gross Profit	3.8	6.5	(42.0)
Profit before Income Tax	1.0	7.4	(86.2)
Profit after Income Tax	0.9	7.3	(87.1)
Gross Profit Margin (%)	11.0	10.6	+0.4 pts
Earnings Per Share (cts)	0.24	2.08	

9 February 2012 – 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\$0.9 million for the first six months ended 31 December 2011 (1HFY12), compared to \$7.3 million a year ago. For the three months ended 31 December (2QFY12), Group revenue was \$19.7 million and net profit was \$0.6 million.

1HFY12 Performance

1HFY12 Group revenue decreased 44.1% to \$34.3 million due to a significant drop in export sales. Gross profit for the six months was \$3.8 million compared to \$6.5 million a year ago. Gross profit margin improved 0.4 percentage points to 11.0% due to a higher margin product mix. Other income decreased by 66.2% to \$3.7 million, mainly due to the absence of gains from sale of property (76 Joo Koon Circle was sold in 2QFY11) and also the absence of reversals for impairment in inventory. Consequently, operating profit decreased by 83.4% to \$1.3 million. Pretax profit decreased from \$7.4 million to \$1.0 million.

Cash Flow

Net cash flow used in operations was \$11.7 million, due mainly to lower profits, higher inventories and higher trade and other receivables. Net cash used in investing activities was \$5.6 million, due mainly to purchases of steel materials for rental. Net cash generated from financing activities was \$3.7 million due mainly to the increase in bills payables.

Financial Position

Union Steel’s financial position remains healthy; cash and cash equivalents as at 31 December 2011 were \$16.5 million while total bank borrowings stood at \$34.2 million. Gross gearing was 0.5 times. Shareholders’ equity was steady at \$73.2 million while Net Asset Value per share was 18.59 cents.

Outlook

Given the uncertain global economy, the Group expects price and demand volatility to persist throughout the year.

In the wake of weaker export sales, Union Steel is seeing more activities in domestic businesses in its revenue mix.

“We will continue to proactively respond to changing business conditions. Although trading conditions will remain challenging, we will strive to be innovative to enhance our competitiveness in the market. Going forward, we will also continue to develop new sources of income for growth.”

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

The Group is in the process of completing the acquisition of Hock Ann Metal Scaffolding Pte Ltd. Hock Ann is an established and profitable scaffolding provider to the local construction industry. The acquisition is part of a strategic drive to develop new growth businesses that can provide the Group with a more stable income stream.

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, 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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