



UNION STEEL HOLDINGS LIMITED

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MEDIA RELEASE

Union Steel's 3Q FY12 revenue increased 20.9% to S\$26.3 million

(S\$ million)	3QFY12	3QFY11	YOY % Chg	9MFY12	9MFY11	YOY % Chg
Revenue	26.3	21.8	20.9	60.6	83.1	(27.1)
Cost of sales	(24.3)	(18.1)	34.4	(54.8)	(72.9)	(24.8)
Gross Profit	2.0	3.7	(45.1)	5.8	10.2	(43.2)
Gross Margin	7.7%	16.9%		9.6%	12.3%	
Profit Before Tax	1.9	2.3	(15.9)	2.9	9.6	(69.6)
Profit After Tax	1.9	2.3	(17.2)	2.9	9.6	(70.3)
Earnings Per Share (cents)				0.73	2.74	
Net Asset Value Per Share (cents)				19.08	19.48	

10 May 2012 – 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 20.9% increase in revenue to S\$26.3 million for the three months ended 31 March 2012 (3QFY12). Profit after tax however declined from S\$2.3 million to S\$1.9 million.

3QFY12 Performance

The rise in revenue was attributed mainly to higher sales to the local market. As a result of a lower margin product mix, gross profit decreased 45.1% from S\$3.7 million to \$2.0 million. Profit before tax however decreased a lower 15.9% to S\$1.9 million, mainly attributed to lower distribution and marketing costs due to lower export sales, lower manpower costs and the absence of fair value loss on investment properties.

9MFY12 Performance

Group revenue declined 27.1% to S\$60.6 million on the back of lower export sales for the period. Consequently, gross profit declined 43.2% from S\$10.2 million to S\$5.8 million. Profit before tax however declined by a larger 69.6%, mainly due to the absence of gains from sale of property and the absence of reversals on impairment in inventory. As a result, profit after tax fell from S\$9.6 million to S\$2.9 million.

Cash Flow

For the nine months ended 31 March 2012, net cash used in operations was \$11.9 million, due mainly to lower profits and the reduction in trade and other payables. Net cash used in investing activities was \$7.5 million, due mainly to purchases of steel materials for rental. Net cash generated from financing activities was \$11.3 million due mainly to the increase in bills payables. Consequently, cash and cash equivalents balance decreased from S\$30.2 million from the beginning of the year to S\$22.1 million presently.

Financial Position

Total borrowings increased from S\$29.3 million to S\$41.8 million, resulting in a net gearing of 0.3 times. Shareholders' equity rose slightly from \$73.5 million to S\$75.1 million in the first nine months of the financial year and Net Asset Value per share was 19.1 cents.

Outlook

Although the threat of a sharp global slowdown has eased somewhat with improved economic activity in the United States and actions to manage the Euro debt crisis, the recovery of the major advanced economies is still fragile. Given this economic backdrop, demand and prices of metals will remain volatile and this is likely to further dampen our export sales.

As such, we will be focusing more on the domestic market, which is experiencing a buoyant level of activity.

“We are acutely aware of the tough operating conditions and so we need to maintain a flexible organisation so that we can respond to changes quickly. At the same time, we are seeking out new and complementary businesses to augment future growth.”

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

The acquisition of Tranche 1 (60%) of Hock Ann Metal Scaffolding Pte Ltd was completed on 2 April 2012. Hock Ann is an established and profitable scaffolding provider to the local construction industry.

Barring unforeseen circumstances, the Group expects to remain profitable in FY2012 although the level of profitability will be significantly lower than the previous year.

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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