



UNION STEEL HOLDINGS LIMITED

33 Pioneer Road North

Singapore 628474

<http://www.unionsteel.com.sg>

Co. Reg. No: 200410181W

MEDIA RELEASE

Union Steel's 1Q2013 Revenue up 28.1% to \$18.7 million

(\$ million)	1Q2013	1Q2012	YOY Chg
Revenue	18.7	14.6	+28.1%
Gross Profit	2.3	2.0	+16.7%
Gross Margin	12.2%	13.4%	-1.2ppts
Operating Profit	0.9	0.5	+94.6%
Pretax Profit	0.7	0.3	+127.6%
Net Profit Attributable to Equity Holders	0.4	0.3	+43.3%
Earnings per share (cts)	0.11	0.08	

+ Based on 393,781,089 ordinary shares in issue for the financial period ended 30 Sep 2012 (30 Sep 2011: 393,781,089).

8 November 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 revenue of \$18.7 million and a net profit attributable to equity holders of \$437,000 for the first three months ended 30 September 2012 ("1Q2013"), compared to \$305,000 a year ago.

Group revenue increased 28.1% from \$14.6 million to S\$18.7 million on the back of contribution from 60%-owned subsidiary Hock Ann Metal Scaffolding Pte Ltd ("Hock Ann") as well as slightly higher scrap sales. However, gross margin was slightly lower at 12.2%, from 13.4% previously. Gross profit rose by 16.7% from \$2.0 million to \$2.3 million.

Operating profit almost doubled from \$467,000 to \$909,000, due mainly to lower marketing and distribution expenses and lower exchange loss.

Pretax profit jumped 127.6% to \$733,000 while net profit attributable to equity holders rose 43.3% to \$437,000.

Cash Flows

Net cash flows generated from operations were \$3.9 million, compared to an outflow of \$6.4 million in the previous corresponding period. This was due mainly to the higher profits, improved collections of accounts receivables and an increase trade and other payables. Net cash generated from investing activities of \$380,000 was due to the disposal of property, plant and equipment. Net cash used in financing activities was \$7.3 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 2012 were \$20.2 million while total bank borrowings stood at \$36.7 million. Net gearing was 0.2 times.

Shareholders' equity was steady at \$76.4 million while Net Asset Value per share was 19.4 cents (30 Jun 2012: 19.3 cents).

Outlook

The prolonged Eurozone crisis and significant global economic slowdown have a dampening effect on Singapore economy. We are cautious about business outlook in the next few months. The Group also faces additional constraints in the form of rising labour costs due to the tight labour supply market in Singapore.

"In light of the difficult operating environment, the Group will strive to preserve its profitability by improving productivity and efficiency in our operations and staying vigilant in managing our working capital needs. We are pleased that the investment in Hock Ann has added value to the Group and will seek out similar value accretive businesses in the metals – related sector to augment the growth of the Group and to enhance shareholder value."

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

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 believes that it is currently one of the largest metals recycling companies in Singapore in terms of volume of metals recycled. The Group is principally engaged in (i) the recycling of ferrous and non-ferrous scrap metals, (ii) the trading of steel products and non-ferrous metal products, (iii) the rental of sheet piles, steel plates and beams and (iv) the provision of scaffolding materials and services, and related consultancy services.

The Group delivers high quality products and reliable customer service to a global network that spans over hundreds of suppliers and customers, in countries such as Korea, India, Pakistan, Malaysia, Singapore and the United Arab Emirates. It 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

Media/IR Contact:

Juliet Ang, NRA Capital
Tel: 6236 6895; 9839 9016 Email: juliet.ang@nracapital.com