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MEDIA RELEASE

Union Steel's 1H2013 Net Profit up 28.1% to \$1.2 million, Revenue rose 20.9% to \$41.4 million

(\$ million)	1H2013	1H2012	YOY Chg
Revenue	41.4	34.3	+20.9%
Gross Profit	6.1	3.8	+62.8%
Gross Margin	14.8%	11.0%	+3.8 ppts
Operating Profit	2.9	1.3	+121.4%
Pretax Profit	2.6	1.0	+151.8%
Net Profit Attributable to Equity Holders	1.2	0.9	+28.1%
Earnings per share (cts)*	0.3	0.2	+28.0%

**Based on 393,781,089 ordinary shares in issue for the financial period ended 31 Dec 2012 (31 Dec 2011: 393,781,089).*

14 February 2013 – 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 20.9% rise in Group revenue to \$41.4 million and a 115.0% rise in net profit after tax of \$2.0 million for the first six months ended 31 December 2012 (“1H2013”), compared to \$0.9 million a year ago. Net Profit attributable to equity holders was \$1.2 million for the period, an increase of 28.1%.

1H2013 Performance

Growth in Group revenue was mainly due to sales at its scaffolding services business as well as higher business volume at its recycling and trading businesses. Overall gross margin improved by 3.8 percent points to 14.8%, primarily due to the higher-margin contribution from the scaffolding services business. Gross margin from the trading businesses were lower as a result of lower selling prices. Overall, gross profit rose by 62.8% from \$3.8 million to \$6.1 million. 1H2013 operating profit more than doubled from \$1.3 million to \$2.9 million mainly attributed by its scaffolding services business and higher other income which increased 16.9% from \$3.7 million to \$4.3 million.

Pretax profit jumped 151.8% to \$2.6 million while net profit for the period rose 115.0% to \$2.0 million.

2Q2013 Performance

For the three months ended 31 December 2012 ("2Q2013"), Group revenue rose 15.5% to \$22.7 million on the back of higher contributions from the scaffolding services business while revenue from the recycling and trading business declined slightly by \$0.5 million. As a result of the higher-margin contribution from the scaffolding services business, gross profit margin improved significantly from 9.3% to 17.0%, offsetting the lower margins at its trading business. Gross profit rose 112.3%, from \$1.8 million to \$3.9 million. In view of the above, operating profit rose 136% to \$2.0 million. Pretax profit jumped 163.0% to \$1.8 million while net profit after tax was up 115.4% to \$1.4 million. After accounting for minority interests, 2Q2013 net profit attributable to equity holders was \$0.8 million, an increase of 20.8%.

Cash Flows

Net cash flows generated from operations for 1H2013 were \$1.3 million, compared to an outflow of \$11.7 million in the previous corresponding period. This was mainly due to the improved financial performance, better working capital management which resulted in improved collections of accounts receivables. Net cash used in investing activities of \$15,000 was due to the proceeds from the disposal of property, plant and equipment which offset purchases of the property, plant and equipment. Net cash used in financing activities was \$1.1 million, due mainly to the acquisition of new bank loans of \$13.9 million which offset the repayment of bank borrowings and bills payables.

As a result, there was a net increase in cash and cash equivalents of \$2.3 million in 1H 2013. This brings the Group's cash and cash equivalents position to \$25.6 million as at 31 December 2012.

Financial Position

Union Steel's financial position has strengthened further. With total bank borrowings of \$46.0 million as at end 2012, net gearing remained a low 0.3 times.

Shareholders' equity was steady at \$76.2 million while Net Asset Value per share was 19.4 cents (30 Jun 2012: 19.3 cents).

Outlook

The lingering uncertainties of the Eurozone sovereign debt situation and the US economy, coupled with the tightening of the supply of foreign labour in Singapore continue to weigh on the Group's operating environment. The slowdown in demand has also exacerbated the current excess inventory situation in the metals supply chain, putting further pressure on selling prices as competition intensifies.

The Group remains cautious and vigilant on its business outlook and will continue to seek ways to improve productivity.

The Group expects to complete the acquisition of the second tranche of another 20% stake of its 60%-owned subsidiary Hock Ann Metal Scaffolding Pte Ltd by 30 April 2013 and the last tranche of the remaining 20% in FY2014.

“The Group recognises the need to look beyond its core business for long term sustainability. The acquisition of Hock Ann is part of our strategic plan to diversify our business and broaden our sources of income. We continue to seek out complementary businesses that can add value to the Group, to spur our future growth 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

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