UNION STEEL HOLDINGS LIMITED
33 Pioneer Road North
Singapore 628474
http://www.unionsteel.com.sg

MEDIA RELEASE

Union Steel FY2013 net profit up 88.8% on better margins, proposes first and final dividend of 0.25 cents per share

Y/E 30 June (S$ million)	4Q2013	4Q2012	*YOY % Chg*	FY2013	FY2012	*YOY % Chg*
Revenue	**25.8**	**24.5**	***5.6***	**91.0**	**85.1**	***7.0***
Cost of sales	**(20.3)**	**(21.8)**	***(6.9)***	**(76.2)**	**(76.6)**	***(0.5)***
Gross Profit	**5.6**	**2.7**	***106.4***	**14.8**	**8.5**	***73.9***
Gross Margin	**21.6%**	**11.0%**	***+10.6pps***	**16.2%**	**10.0%**	***+6.2 pps***
Profit Before Tax	**5.4**	**2.9**	***87.9***	**9.7**	**5.8**	***67.5***
Net Profit	**4.2**	**1.2**	***247.2***	**7.7**	**4.1**	***88.8***
Attributable Net Profit	**3.8**	**0.9**	***331.8***	**6.3**	**3.7**	***68.6***
Earnings Per Share (cents)*				**1.60**	**0.95**	
Net Asset Value Per Share (cents)^				**21.27**	**19.30**	

**Based on 393,781,089 ordinary shares in issue for the financial period ended 30 June 2013 (30 June 2012: 393,781,089).*
^Based on profit attributable to shareholders.

22 August 2013 – SGX-ST Mainboard listed **Union Steel Holdings Limited, 友联钢铁控股有限公司** ("Union Steel"), one of the largest metal recycling companies in Singapore, has reported net profit of $4.2 million for 4Q2013, more than double the net profit of $1.2 million in 4Q2012. For the full year ended 30 June 2013 ("FY2013"), net profit was $7.7 million, an increase of 88.8% over the full year profit of $4.1 million for FY2012. The Board of Directors has recommended a one-tier tax-exempt dividend of 0.25 cents per share (FY2012: 0.25 cents per share).

4Q2013 Performance

Revenue for the quarter was $25.8 million, 5.6% higher than 4Q2012, mainly due to higher revenue from the Group's recycling and scaffolding services business segments. Gross profit approximately doubled from $2.7 million in 4Q2012 to $5.6 million in 4Q2013. This was mainly attributable to lower cost of sales in line with reduced trading business activities, as well as contributions from the scaffolding services business segment, and better gross profit margins from the recycling business segment.

Other income increased from $3.9 million to $4.6 million in 4Q2013 mainly due to a gain from revaluation of an investment property and higher rental income, despite the absence of a one-off gain from disposal of financial assets compared to 4Q2012.

Distribution and marketing expenses increased by $0.1 million due to higher expenses associated with scaffolding services, and freight and handling charges to support increased export sales for the recycling business segment. Administrative expenses increased from $1.9 million to $2.4 million mainly due to increased business activities as well as provisions for directors' profit sharing. Other operating expenses increased by $0.5 million due to provision for bad debts, and increased amortisation of intangible assets.

Net profit after tax rose by a substantial 247.2% from $1.2 million in 4Q2012 to $4.2 million in 4Q2013 on the back of increased revenue and higher gross profit margins.

FY2013 Performance

Group revenue increased 7.0% to S$91.0 million, mainly due to contributions from both recycling and scaffolding services business segments, which the Group started to acquire only in the final quarter of FY2012. Gross profit was 73.9% higher at $14.8 million compared to $8.5 million in FY2012, and consequently, net profit increased 88.8% to $7.7 million.

Financial Position

Shareholders' equity rose from $76.0 million as at 30 June 2012 to S$83.8 million as at 30 June 2013. The increase was attributable to improved financial performance in FY2013, higher inventories and cash reserves, and increased value of the Group's investment property. Total liabilities increased from $57.0 million to $64.7 million, mainly due to higher bills payables for new inventory purchases and loans undertaken for working capital purposes as well as for the additional acquisition stake of a subsidiary. As at 30 June 2013, net gearing was 0.26, and net asset value per share was 21.27 cents.

Cash Flow

The Group had cash and cash equivalents of $28.2 million as at 30 June 2013, an increase of $5.0 million from 30 June 2012. Net cash from operating activities was $2.9 million for FY2013 due to improved financial performance and better management of working capital. Net cash used in investing activities was $3.8 million, substantially lower than $17.1 million in FY2012, due to the costs associated with the acquisition of a subsidiary incurred in FY2012, as well as increased proceeds from disposal of fixed assets in FY2013. Net cash used in financing activities was $5.8 million, compared to $12.8 million in FY2012, mainly due to the increase in bills payable for stock purchases.

Outlook

The global economic environment is expected to stay subdued, leading to persistently challenging market conditions which will continue to put pressure on margins. The Group expects growth in Asia to be moderate, with a conservative outlook for the Singapore economy due to labour issues and high operating costs.

The Group continues to exercise financial prudence while exploring strategic opportunities for growth. On 18 June 2013, the Group entered into a non-binding term sheet for the acquisition of assets from a Malaysian metal recycling business, Chye Hup Heng Sdn Bhd.

"Our operating environment continues to be challenging, but we are still actively looking to deploy our capital in a meaningful but conservative manner, to increase shareholder value. In this financial year we have seen contributions from Hock Ann, our scaffolding services subsidiary which we started acquiring in the last quarter of FY2012. We will continue to explore other strategic acquisitions for the Group, as seen in our recent move with Chye Hup Heng. At the same time, we also intend to reward shareholders with a proposed dividend of 0.25 cents per share."

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

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About Union Steel Holdings Limited (www.unionsteel.com.sg)

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.

Media/IR Contacts:

Koh Bee Ann, NRA Capital
Tel: 6236 6878
Email: beeann.koh@nracapital.com

Evan Ong, NRA Capital
Tel: 6236 6894, 9756 9798
Email: evan.ong@nracapital.com