



UNION STEEL HOLDINGS LIMITED
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MEDIA RELEASE

Union Steel reports 2Q 2015 net profit of \$0.7 million, HY 2015 net profit of \$1.5 million; declares interim dividend of 0.05 cents

Y/E 30 June (S\$ million)	2Q 2015	2Q 2014	YOY % Chg	HY 2015	HY 2014	YOY % Chg
Revenue	31.7	39.6	(19.9)	74.9	63.7	17.6
Cost of sales	(28.4)	(34.7)	(18.3)	(67.7)	(56.7)	19.4
Gross Profit	3.3	4.8	(31.7)	7.2	7.0	3.0
Gross Margin	10.4%	12.2%	-1.8ppts	9.6%	10.9%	-1.3 ppts
Profit Before Tax	0.8	2.0	(61.1)	1.8	2.3	(21.2)
Net Profit	0.7	1.5	(53.8)	1.5	1.7	(13.0)
Attributable Net Profit	0.7	1.3	(46.0)	1.5	1.4	10.5
Earnings Per Share (cents)*				0.39	0.35	

*Based on 393,781,089 ordinary shares in issue for the financial period ended 31 Dec 2014 (31 Dec 2013: 393,781,089).

12 February 2015 – 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 revenue of \$74.9 million and net profit of \$1.5 million for the six months ended 31 December 2014 (“HY 2015”). Compared to HY 2014, this was an increase of 17.6% and 10.5% respectively. A dividend of 0.05 cents per ordinary share has been declared for this financial period.

2Q 2015 Performance

Revenue declined 19.9% compared to 2Q 2014, mainly due to decreased revenue from the Group’s recycling and trading business segments, and decreased revenue from the Malaysia entity. Gross profit reduced in tandem, from \$4.8 million in 2Q 2014 to \$3.3 million in 2Q 2015. Gross profit margin declined from 12.2% to 10.4%. Net profit attributable to equity holders was \$0.7 million, compared to \$1.3 million in 2Q 2014.

HY 2015 Performance

Revenue increased by 17.6% compared to HY 2014, driven mainly by contributions from the Malaysia entity. Correspondingly, cost of sales increased from \$56.7 million to \$67.7 million, and gross profit improved by \$0.2 million to \$7.2 million. Gross profit margin declined from 10.9% in HY 2014 to 9.6% in HY 2015.

In line with the increased business activities, particularly in Malaysia, distribution expenses increased by approximately \$0.5 million and administrative expenses by approximately \$0.2 million. Other operating expenses fell by \$1.0 million due to a reduction in rental expenses due to property leases expiring. Attributable net profit for the period was \$1.5 million, compared to \$1.4 million in HY 2014.

Cash Flows

Net cash generated from operating activities for HY 2015 was \$12.1 million, mainly due to profitable operations in the recycling and scaffolding business segments. Net cash used in investing activities was \$1.8 million, mainly for the purchase of equipment, steel, and scaffolding rental materials. The Group used \$13.6 million net cash for financing activities, mainly for the repayment of bills payable and bank borrowings. Consequently, cash and cash equivalents declined from \$33.7 million as at 30 June 2014 to \$29.4 million as at 31 Dec 2014.

Financial Position

The Group's current assets decreased by \$15.3 million due to a decrease in cash and cash equivalents, improved collection of trade and other receivables, and a decrease in inventories due to support of higher sales orders in HY 2015. However, with the repayment of bank loans, the Group's current liabilities registered a corresponding decrease from \$57.5 million to \$44.0 million, and non-current liabilities decreased by approximately \$3.5 million to \$17.2 million.

As at 31 December 2014, shareholders' equity was \$90.6 million and net asset value per share was 23.02 cents.

Outlook

The overall industry outlook is expected to be challenging given muted steel prices and lacklustre market conditions. The continued depression in steel prices, along with the strengthening of the US Dollar, has increased the volatility and uncertainty in the market. Under these circumstances, the Group will stay vigilant in managing the stock level and stay prudent in its capital management and expenditure.

"The Group's overall financial position is sound, and given that we have a healthy cash balance, we have paid off some of our borrowings to reduce our gearing level, and we have also declared an interim dividend to our shareholders."

- **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 hundreds of suppliers and customers, in countries such as India, Indonesia, Korea, Malaysia,

Singapore, Japan and China. The Group further seeks potential acquisitions and joint venture opportunities for strategic expansion.

For more information, please log on to www.unionsteel.com.sg

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