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UNION STEEL HOLDINGS LIMITED
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For Immediate Release

Union Steel reports a net profit of S\$2.2 million in first half of FY2010

Year End 30 June (S\$ million)	Six months ending 31 Dec		
	1H FY2010	1H FY2009	Change
Revenue	66.3	155.1	- 57.3 %
Cost of sales	(61.5)	(146.6)	- 58.0%
Gross Profit	4.7	8.5	- 44.4%
Gross profit margin	7.1%	5.5%	
Profit/(Loss) before tax	2.4	(2.7)	+190.0%
Net Profit/(Loss)	2.2	(2.9)	+175.7%
EPS* (cents)	0.62	(2.81)	
Fully Diluted EPS (cents)#	0.62	(3.10)	

**Based on weighted average number of 351,478,000 ordinary shares (31 Dec 2008: 350,296,751) in issue during the financial period*

#Based on weighted average number of 353,678,000 ordinary shares (31 Dec 2008: 317,767,730) in issue during the financial period

11 February 2010 – 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, reported a net profit of S\$2.2 million for the six months ended 31 December 2009, compared to a loss of \$2.9 million in corresponding period a year ago. The profit turnaround was achieved despite difficult trading conditions in the metal recycling and metals markets and was attributed to management's focused efforts to ensure the group's profitability through operational workflow improvement, active management of inventory and prudent working capital management.

The Group recorded lower revenue at S\$66.3 million in 1HFY2010 because of lower demand for metals as restocking activities waned in the second half of 2009 and high price volatility affected trading market conditions. Gross profit margin in 1HFY2010 improved slightly to 7.1% from 5.5% when compared to the corresponding period. 1H FY2010 gross profit however fell 44.4% to S\$4.7 million from \$8.5 million, on lower sales volume.

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Profit before tax rebounded from a loss of S\$2.7 million to a gain of S\$2.4 million in the period under review as a result of lower operating, distribution and administration costs. Other operating expenses were reduced by 67% to S\$3.0 million in 1H FY2010 from S\$9.1 million with lower foreign exchange losses and lower impairment losses in inventories and investments. Distribution costs fell by 71.1% from S\$2.3 million to S\$0.7 million, due to lower sales volume. Administrative expenses were also lower by 12% to S\$4.1 million as a result of lower property taxes and lower sales-related costs.

Union Steel's balance sheet remains healthy. As at 31 Dec 2009, the Group has cash and cash equivalents of S\$20.1 million. With continued active management of working capital needs, gearing ratio stood at 0.67.

Notwithstanding a global economic recovery that is already underway, we expect the metal recycling and metals market to stay difficult as demand remains uncertain. The local recycling market will continue to remain very competitive particularly in sourcing. Local steel trading market conditions and demand visibility will also be impacted by the slower activities forecasted for the construction industry. The operating environment will remain challenging.

“Although the worst is over, the strength of the global economic recovery remains uncertain. We remain cautious and will continue to keep costs down while keeping a look out for business opportunities.”

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

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.

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