Half Year * Financial Statement And Dividend Announcement

Name of Announcer *	HUP SENG HUAT CO LTD
Company Registration No.	197301452D
Announcement submitted on behalf of	HUP SENG HUAT CO LTD
Announcement is submitted with respect to *	HUP SENG HUAT CO LTD
Announcement is submitted by *	Julie Koh Ngin Joo
Designation *	Company Secretary
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Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-01-2005

HUP SENG HUAT CO. LTD
HALF YEAR FINANCIAL STATEMENT (UNAUDITED)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

The following figures have not been audited.

	GROUP (S$'000)					
	1.11.04-31.1.05	1.11.03-31.1.04	% +/(-)	1.8.04-31.1.05	1.8.03-31.1.04	% +/(-)
Revenue	52,157	22,290	134	87,001	32,035	172
Cost of goods sold	(41,676)	(17,468)	139	(63,951)	(24,972)	146
Gross profit	10,481	4,822	117	23,050	7,063	226
Other operating income	199	158	26	284	358	-21
Staff costs	(3,462)	(1,624)	113	(6,131)	(2,718)	126
Depreciation of property, plant & equipment	(309)	(333)	-7	(613)	(632)	-3
Other operating expenses	(2,975)	(1,260)	136	(5,696)	(1,813)	214
Profit from operations	3,934	1,763	123	10,894	2,258	382
Finance costs - net	(111)	(21)	428	(124)	(84)	48
Profit before tax	3,823	1,742	119	10,770	2,174	395
Tax	(416)	(373)	12	(1,836)	(394)	366
Profit from ordinary activities before minority interests	3,407	1,369	149	8,934	1,780	402
Minority interests	-	(1)	100	(9)	(1)	800
Net Profit attributable to shareholders	3,407	1,368	149	8,925	1,779	402

Net profit attributable to shareholders is arrived at after (charging) / crediting the following:

	GROUP (S$'000)			
	1.11.04-31.1.05	**1.11.03-31.1.04**	**1.8.04-31.1.05**	**1.8.03-31.1.04**
Investment income	47	19	94	67
Other income including interest income	203	176	288	280
Property, plant & equipment (written off)	-	-	(2)	-
Profit / (Loss) on sale of property, plant & equipment	(2)	8	(199)	11
Inventories written off	(4)	(80)	(6)	(80)
Foreign exchange gain /loss	(11)	(114)	(151)	(196)
Write back/(Provision) for trade receivables	22	(16)	90	48
Allowance for obsolete & slow moving inventories	(14)	(23)	(140)	(119)
Interest on borrowings	(162)	(55)	(222)	(63)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	GROUP		COMPANY	
	31.01.2005	31.07.2004	31.01.2005	31.07.2004
	S$'000	S$'000	S$'000	S$'000
Current Assets				
Cash and cash equivalents	8,928	14,226	3,631	2,992
Trade and other receivables	47,257	30,014	11,837	13,614
Inventories	51,802	34,133	28,478	21,968
Other current assets	583	273	221	87
Due from subsidiaries	-	-	6,837	5,006
Non Current Assets				
Other receivables	21	20	-	-
Investments	9,448	9,490	16,638	16,677
Loan to a subsidary	-	-	29,636	30,650
Property, plant & equipment	33,965	34,876	8,538	9,116
Goodwill	4,630	4,630	-	-
Deferred tax assets	131	131	105	105
Total Assets	156,765	127,793	105,921	100,215
Current Liabilities				
Trade payables	4,841	3,482	2,900	715
Other payables and accruals	6,651	5,405	4,240	4,490
Current tax liabilities	2,824	3,002	1,603	1,262
Borrowings	35,539	9,618	5,140	5,299
Due to subsidiaries - trade	-	-	5	6
Non Current Liabilities				
Borrowings	3,183	7,857	-	-
Provision for directors' retirement gratuity	730	684	730	684
Deferred tax liabilities	188	188	-	-
Total Liabilities	53,956	30,236	14,618	12,456
Net Assets	102,809	97,557	91,303	87,759
Share capital and reserves				
Share capital	30,154	30,127	30,154	30,127
Share premium	29,163	29,146	29,163	29,146
Capital reserves	(477)	(477)	1,430	1,430
Foreign currency translation reserve	(610)	(507)	-	-
Retained earnings	44,480	39,173	30,556	27,056
Interests of shareholders of the Company	102,710	97,462	91,303	87,759
Minority interests	99	95	-	-
	102,809	97,557	91,303	87,759

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31.1.2005		As at 31.7.2004	
Secured	Unsecured	Secured	Unsecured
17	35,522	68	9,550

Amount repayable after one year

As at 31.1.2005		As at 31.7.2004	
Secured	Unsecured	Secured	Unsecured
16	3,167	24	7,833

Details of any collateral

The secured group borrowings and debt securities refer to a motor vehicle bought under hire purchase.

The unsecured group borrowings and debt securities consist of trust receipts of the Company arising from the ordinary course of business and bank borrowings. Certain Group borrowings are covered by corporate guarantee.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP			
	1.10.04 31.1.05 S$'000	1.10.03 to 31.1.04 S$'000	1.8.04 to 31.1.05 S$'000	1.8.03 to 31.1.04 S$'000
Cash flows from operating activities				
Profit before tax	3,823	1,742	10,770	2,174
Adjustments for:				
Exchange differences	11	(5)	28	1
Goodwill amortisation	-	83	-	83
Provision for directors' retirement gratuity	21	15	46	30
Property, plant & equipment :				
- depreciation	309	333	613	632
- (profit) / loss on disposal	2	(8)	199	(11)
- written off	2	-	2	-
Allowance for :				
- doubtful trade receivables	(22)	16	-	17
- slow moving inventories	11	23	140	119
Stocks written off	4	80	6	80
Allowance for trade receivables written back	-	-	(90)	(66)
Interest income	(50)	(34)	(98)	(103)
Interest expense	162	55	222	63
Dividend income	(150)	(124)	(180)	(156)
Operating cash flow before working capital changes	4,123	2,176	11,658	2,863
Changes in working capital :				
Inventories	(16,954)	2,220	(17,815)	3,226
Trade and other receivables	(19,541)	(9,552)	(17,397)	(7,205)
Trade payables	1,466	1,782	1,359	1,399

Other payables and accruals	(923)	(671)	1,139	(421)
Cash (used in)/generated from operations	(31,829)	(4,045)	(21,056)	(138)
Income taxes paid	(1,492)	(42)	(2,079)	(98)
Interest paid	(71)	(36)	(152)	(42)
Interest received	97	116	98	130
Net cash (used in)/generated from operating activities	(33,295)	(4,007)	(23,189)	(148)
Cash flows from investing activities				
Property, plant & equipment :				
- purchases	(353)	(174)	(381)	(423)
- proceeds from disposal	2	7	388	24
Repayment of staff loans	(10)	(1)	(8)	-
Investments				
- purchases	-	(4)	-	(4)
- proceeds from disposal	(2)	-	39	-
Purchase of business, net of cash acquired (note 1)	-	(7,452)	-	(7,452)
Dividends received :				
- other quoted investments	150	124	180	156
Net cash (used in)/generated from investing activities	(213)	(7,500)	218	(7,699)
Cash flows from financing activities				
Net proceeds from issue of shares	-	-	45	98
Dividends paid	(3,618)	(1,175)	(3,618)	(1,175)
Draw down of Bank borrowings	32,797	13,672	21,306	13,566
Payment under finance lease obligations	(5)	(32)	(59)	(37)
Interest paid on finance lease obligations	-	-	(1)	(1)
Net cash generated financing activities	29,174	12,465	17,673	12,451
Net increase / (decrease) in cash and cash equivalents	(4,334)	958	(5,298)	4,604
Cash and cash equivalents at beginning of period	13,262	11,352	14,226	7,706
Cash and cash equivalents at end of period	8,928	12,310	8,928	12,310

Note 1 : Purchase of business, net of cash acquired is arrived as follow.

	Group $'000			
	1.10.04 to 31.1.05	1.10.03 to 31.1.04	1.8.04 to 31.1.05	1.8.03 to 31.1.04
Property, plant & equipment	-	448	-	448
Trade and other receivables		163	-	163
Inventories	-	16,056	-	16,056
Cash and bank balances	-	524	-	524
Other current assets	-	111	-	111
Total assets	-	17,302	-	17,302
Bank overdraft	-	1,677	-	1,677
Borrowings	-	5,852	-	5,852
Trade payables	-	3,308	-	3,308

Other payables and accruals	-	135	-	135
Current tax liabilities	-	5	-	5
Deferred tax liabilities	-	26	-	26
Total liabilities	-	11,003	-	11,003
Net assets purchased	-	6,299	-	6,299
Goodwill, net	-	4,500	-	4,500
Total cash consideration	-	10,799	-	10,799
Less : cash and cash equivalents acquired				
- cash and cash balances	-	(524)	-	(524)
bank overdraft	-	1,677	-	1,677
Deposit placed in prior year for acquisition	-	(4,500)	-	(4,500)
Net cash outflow from acquisition of business	-	7,452	-	7,452

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Share Premium	Revaluation Reserves	Translation Reserve	Retained profits	Total
Group	$'000	$'000	$'000	$'000	$'000	$'000
At 1 Aug 2004	30,127	29,146	(477)	(507)	39,173	97,462
Currency translation adjustment				(75)		(75)
Issuance of new shares	27	17				44
Net profit for 1st quarter					5,518	5,518
Dividend paid					-	-
At 31 October 2004	30,154	29,163	(477)	(582)	44,691	102,949
Currency translation adjustment				(28)		(28)
Issuance of new shares						-
Net profit for 2nd quarter					3,407	3,407
Dividend paid					(3,618)	(3,618)
At 31 January 2005	30,154	29,163	(477)	(610)	44,480	102,710
Group						
At 1 Aug 2003	30,053	29,107	3,389	(513)	26,542	88,578
Currency translation adjustment				6		6
Issuance of new shares	63	35				98
Net profit for 1st quarter					411	411
Dividend paid					-	-
At 31 October 2003	30,116	29,142	3,389	(507)	26,953	89,093
Currency translation adjustment				3		3
Net profit for 2nd						

quarter					1,368	1,368
Dividend paid					(1,175)	(1,175)
At 31 January 2004	30,116	29,142	3,389	(504)	27,146	89,289

	Share Capital	Share Premium	Revaluation Reserves	Translation Reserve	Retained profits	Total
Company	$'000	$'000	$'000	$'000	$'000	$'000
At 1 Aug 2004	30,127	29,146	1,430	-	27,056	87,759
Issuance of new shares	27	17				44
Net profit for 1st quarter					6,321	6,321
At 31 October 2004	30,154	29,163	1,430	-	33,377	94,124
Issuance of new shares						-
Net profit for 2nd quarter					797	797
Dividend paid					(3,618)	(3,618)
At 31 January2005	30,154	29,163	1,430	-	30,556	91,303
Company						
At 1 Aug 2003	30,053	29,107	2,818	-	19,854	81,832
Issuance of new shares	63	35				98
Net loss for 1st quarter					(43)	(43)
Dividend paid					-	-
At 31 October 2003	30,116	29,142	2,818	-	19,811	81,887
Net profit for 2nd quarter					114	114
Dividend paid					(1,175)	(1,175)
At 31 January2004	30,116	29,142	2,818	-	18,750	80,826

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

During the half year ended 31 January 2005, the company issued 276,000 shares at S$0.10 each upon the exercise of 198,000 and 78,000 share options at the exercise price of $0.177 per share and $0.13 per share respectively.

	31.01.05	31.01.04
	('000)	('000)
Number of shares that may be issued upon exercising all outstanding options	139	1,647

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group and the Company have adopted the same accounting policies and methods of computation for the current financial period as those applied in the financial year ended 31 July 2004 except as disclosed in note 8.

The presentation and classification of certain items in the financial statements have been changed to conform with changes made in the current year.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

See note 8.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	GROUP			
	3 months ended 31.01.05	3 months ended 31.01.04	6 months ended 31.01.05	6 months ended 31.01.04
Earnings per share based on profit attributable to shareholders:				
(a) Basic (cent)	1.13	0.45	2.96	0.59
(b) Diluted (cent)	1.13	0.45	2.96	0.59

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	GROUP		COMPANY	
	31.01.05	31.07.04	31.01.05	31.07.04
Net Asset Value per ordinary share (cents)	34.09	32.38	30.28	29.13

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

REVIEW OF OPERATING PERFORMANCE FOR THE HALF YEAR ENDED 31 JANUARY 2005 vs HALF YEAR ENDED 31 JANUARY 2004

Turnover

The turnover of the group increased by 172% from $32.0 million to $87.0 million for the half year ended 31 January 2005.

Gross profit which grew by 226% from $7.1 million to $23.1 million over the corresponding period was primarily due to higher volume and improved margin.

The higher volume was partly due to the first full 6 months of contribution by its wholly owned subsidiary, Hoe Seng Huat Pte Ltd, which acquisition (the "acquisition" or "new business") was only completed in January 2004. This effect had also contributed to the higher expenses incurred in the current period ended 31 January 2005 compared to the corresponding period of the previous financial year.

Staff costs, Depreciation, Other operating expenses & Finance costs

Staff costs rose 126% to $6.1 million compared with $2.7 million of the corresponding period due to higher headcount arising from the acquisition of the new business and provision for bonus in the light of the better results.

Net finance costs of $124K were mainly made up of trust receipts interests incurred in the normal course of business compared to $84K of the corresponding period.

Other operating expenses rose to $5.7 million from $1.8 million due to higher volume and accounting for expenses of the new business for the full 6 months for the financial period ended 31 January 2005.

Profitability review

Profit before tax rose nearly 395% to $10.8 million from $2.2 million. Higher profit was achieved as a result of increased volume and better margin for the half year ended 31 January 2005 compared to the corresponding period. In view of the higher profit recorded, provision for tax also rose in tandem from $394K to $1.8 million.

REVIEW OF FINANCIAL POSITION AS AT 31 JANUARY 2005

Non current assets

In accordance with the revised accounting standard FRS 103 on Business Combination, no amortisation of goodwill has been taken up for the period ended 31 January 2005. No impairment in value was expected as the business, from which the goodwill arises, had remained profitable during the period.

Current assets and current liabilities

Cash and cash equivalents stood at $8.9 million compared to $14.2 million at the end of the last financial year. The lower balance was attributed to the payment of dividends of $3.6 million, staff bonuses and profit sharing in the period ended 31 January 2005.

Trade and other receivables rose to $47.3 million from $30.0 million as a result of higher turnover reported for the period.

Inventories on hand also increased to $51.8 million from $34.1 million in order to fulfill secured orders and in view of the continued robust demand for steel products.

In line with the higher volume recorded, trade payables increased from $3.5 million to $4.8 million while other payables and accruals increased to $6.7 million from $5.4 million.

Borrowings increased to $35.5 million from $9.6 million were substantially made up of trust receipts incurred during the ordinary course of business.

Non current liabilities

Non current borrowings fell from $7.9 million to $3.2 million due to repayment of bank loan.

Share capital and reserves

Share capital increased by $27k due to the issuance of 270k ordinary shares pursuant to the exercise of the employees' stock option during the year. As a result, share premium account also increased by $17k for the period ended 31 January 2005.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or a prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group expects demand from the shipbuilding and oil sectors will continue to be strong while steel prices will remain stable. Demand for pipes and fittings is expected to remain strong in the second half of the financial year ending 31 July 2005 as order books of the shipbuilding sector are filled up till 2006. However, the Directors are of the opinion that margin may be eroded as result of keen competition, rising oil and transport costs.

With most of the regional countries having recently elected their new government, it is expected that stalled projects will be revived and new ones to be proposed. These demand will likely to come from the infrastructure and shipbuilding sectors and the Group with its healthy holding of inventories will be ready to supply.

The Board of Directors is cautiously optimistic that the results of the Group for the financial year ending 31 July 2005, barring unforeseen circumstances, are likely to exceed those of the last financial year ended 31 July 2004.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared or recommended for the current period reported on.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. A breakdown of sales

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

BY ORDER OF THE BOARD
Julie Koh Ngin Joo
Secretary
9 March 2005