Third Quarter * 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
Date & Time of Broadcast	14-Jun-2005 19:50:55
Announcement No.	00123

Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-04-2005

HUP SENG HUAT CO. LTD
3Q05 FINANCIAL STATEMENT (UNAUDITED)

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

1(a) Group income statement and comparative statement for the corresponding period of the immediately preceding financial year

The following figures have not been audited.

	GROUP (S$'000)					
	1.2.05 - 30.4.05	1.2.04 - 30.4.04	% +/(-)	1.8.04 - 30.4.05	1.8.03 - 30.4.04	% +/(-)
Revenue	67,999	34,386	98%	155,000	66,421	133%
Cost of goods sold	(54,669)	(22,280)	145%	(118,620)	(47,252)	151%
Gross profit	13,330	12,106	10%	36,380	19,169	90%
Other operating income	81	255	-68%	365	553	-34%
Staff cost	(2,442)	(2,911)	-16%	(8,573)	(5,629)	52%
Depreciation of property, plant & equipment	(311)	(303)	3%	(924)	(935)	-1%
Other operating expenses	(999)	(1,248)	-20%	(5,695)	(3,088)	84%
Profit from operations	9,659	7,899	22%	21,553	10,070	114%
Finance cost - net	(342)	(217)	58%	(466)	(214)	118%
Profit before tax	9,317	7,682	21%	21,087	9,856	114%
Tax	(2,138)	(1,346)	59%	(3,974)	(1,740)	128%
Profit from ordinary activities before minority interests	7,179	6,336	13%	17,113	8,116	111%
Minority interests	(1)	(5)	-80%	(10)	(6)	67%
Net profit attributable to shareholders	7,178	6,331	13%	17,103	8,110	111%

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

	GROUP (S$'000)			
	1.2.05-30.4.05	1.2.04-30.4.04	1.8.04-30.4.05	1.8.03-30.4.04
Other income including interest income	86	126	374	406
Property, plant & equipment (written off)	1	-	(1)	-
Profit / (Loss) on sale of property, plant & equipment	1	6	(198)	17
Finance charges	(62)	(14)	(236)	(35)
Foreign exchange gain /(loss)	(294)	(140)	(445)	(336)
Write back/(Provision) for trade receivables	15	27	105	76
Allowance for obsolete & slow moving inventories	(19)	11	(159)	(108)
Interest on borrowings	(395)	(116)	(617)	(179)
Bad debts written off	(1)	-	(1)	-
Stock written off	(11)	80	(17)	-

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	
	30.04.2005	31.07.2004	30.04.2005	31.07.2004
	S$'000	S$'000	S$'000	S$'000
Current Assets				
Cash and cash equivalents	14,169	14,226	4,052	2,992
Trade and other receivables	54,395	30,014	14,648	13,614
Inventories	53,907	34,133	31,354	21,968
Other current assets	306	273	111	87
Due from subsidiaries	-	-	7,716	5,006
Non Current Assets				
Other receivables	23	20	8	-
Investments	9,448	9,490	16,638	16,677
Loan to a subsidary	-	-	34,695	30,650
Property, plant & equipment	33,737	34,876	8,482	9,116
Goodwill	4,630	4,630	-	-
Deferred tax assets	131	131	105	105
Total Assets	170,746	127,793	117,809	100,215
Current Liabilities				
Trade payables	4,002	3,482	2,228	715
Other payables and accruals	5,775	5,405	2,867	4,490
Current tax liabilities	3,689	3,002	2,104	1,262
Borrowings	43,734	9,618	10,717	5,299
Due to subsidiaries - trade	-	-	13	6
Non Current Liabilities				
Borrowings	1,679	7,857	-	-
Provision for directors' retirement gratuity	747	684	747	684
Deferred tax liabilities	188	188	-	-
Total Liabilities	60,814	30,236	19,676	12,456
Net Assets	110,932	97,557	99,133	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	(623)	(507)	-	-
Retained earnings	52,658	39,173	38,386	27,056
Interests of shareholders of the Company	110,875	97,462	99,133	87,759
Minority interests	57	95	-	-
	110,932	97,557	99,133	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 30.4.2005		As at 31.7.2004	
Secured	Unsecured	Secured	Unsecured
17	43,717	68	9,550

Amount repayable after one year

As at 30.4.2005		As at 31.7.2004	
Secured	Unsecured	Secured	Unsecured
12	1,667	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 ($'000)			
	01.02.05 30.04.05	01.02.04 30.04.04	01.08.04 30.04.05	01.08.03 30.04.04
Cash flow from operating activities	9,317	7,682	21,087	9,856
Profit before tax				
Adjustments for:				
Exchange differences				
Goodwill amortisation	-	124	-	207
Provision for directors' retirement gratuity	17	16	63	46
Property, plant & equipment				
- depreciation	311	303	924	935
- (profit)/loss on disposal	(1)	(6)	198	(17)
- written off	(1)	-	1	-
Allowance for :				
- doubtful trade receivables	65	95	(25)	46
- slow moving inventories	19	(11)	159	108
Stocks written off	11	2	17	82
Allowance for trade receivables written back	(80)	(122)	(80)	(122)
Trade receivables written off	1	-	1	-
Interest income	(53)	(64)	(151)	(167)
Interest expense	395	116	617	179
Dividend income	(3)	-	(183)	(156)
Operating cash flow before working capital changes	9,998	8,135	22,628	10,997
Changes in working capital:				
Inventories	(2,135)	(3,484)	(19,950)	(258)
Trade and other receivables	(6,837)	(10,049)	(24,234)	(17,254)
Trade payables	(839)	(2,371)	520	(972)
Other payables and accruals	53	904	192	483
Cash (used in)/generated from operations	240	(6,865)	(20,844)	(7,004)
Income taxes paid	(1,233)	(65)	(3,312)	(163)
Interest paid	(324)	(92)	(476)	(134)
Interest received	6	1	104	131
Net cash (used in)/generated from operating activities	(1,311)	(7,021)	(24,528)	(7,170)
Cash flows from investing activities				
Property, plant & equipment :				
- purchases	(81)	(716)	(462)	(1,139)
- proceeds from disposal	-	7	388	31
Repayment/(Disbursement) of staff loans	7	5	(1)	5
Investments				
- purchases				(4)
- proceeds from disposal	-	-	39	-
Purchase of business, net of cash acquired (note 1)	-	-	-	(7,452)
Payment made for direct costs of business acquisition	-	(212)	-	(212)
Dividend received				
- other quoted investments	3	-	183	156
Net cash (used in)/generated from investing activities	(71)	(916)	147	(8,615)
Cash flow from financing activities				
Net proceeds from issue of shares	-	15	45	113
Dividends paid	(43)	-	(3,661)	(1,175)
Draw down of Bank borrowings	6,695	5,836	28,001	19,402
Payment under finance lease obligations	(4)	75	(64)	37
Net cash generated from financing activities	6,648	5,926	24,321	18,377
Net exchange differences arising from translation	(25)	107	3	108
Net increase/(decrease) in cash and cash equivalents	5,241	(1,904)	(57)	2,700
Cash and cash equivalents at beginning of period	8,928	12,310	14,226	7,706
Cash and cash equivalents at end of period	14,169	10,406	14,169	10,406

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

	Group $'000			
	1.2.05-30.4.05	1.2.04-30.4.04	1.8.04-30.4.05	1.8.03-30.4.04
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					4,407	4,407
Dividend paid					(3,618)	(3,618)
At 31 January 2005	30,154	29,163	(477)	(610)	45,480	103,710
Currency translation adjustment				(13)	-	(13)
Net profit for 3rd quarter					7,178	7,178
At 30 April 2005	30,154	29,163	(477)	(623)	52,658	110,875
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
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
Currency translation adjustment				10		10
Issuance of new shares	11	4				15
Net profit for 3rd quarter					6,331	6,331
At 30 April 2004	30,127	29,146	3,389	(494)	33,477	95,645

	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
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
Net profit for 3rd quarter					7,830	7,830
At 30 April 2005	30,154	29,163	1,430	-	38,386	99,133

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
Issuance of new shares	11	4				15
Net profit for 3rd quarter					3,757	3,757
At 30 April 2004	30,127	29,146	2,818	-	22,507	84,598

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 3rd quarter ended 30 April 2005, the company issued 276,000 shares at $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.

	30.04.05	30.04.04
	('000)	('000)
Number of shares that may be issued upon exercising all outstanding options	127	1,538

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 for the adoption of FRS 103 on Business Combination and as indicated 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 30.04.05	3 months ended 30.04.04	9 months ended 30.04.05	9 months ended 30.04.04
Earnings per share based on profit attributable to shareholders:				
(a) Basic (cent)	2.38	2.10	5.68	2.69
(b) Diluted (cent)	2.38	2.10	5.68	2.69

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	
	30.04.05	31.07.04	30.04.05	31.07.04
Net Asset Value per ordinary share (cents)	36.77	32.35	32.87	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 QUARTER ENDED 30 APRIL 2005 vs QUARTER ENDED 30 APRIL 2004

3QFY05

Group turnover grew 98% year-on-year (y-o-y) to $68.0 million for the quarter ended 30 April 2005, reflecting the strong demand arising from the marine and oil sector that the Group serves. The Group was able to secure more orders from leading shipyards to supply their requirements for new ship building, repair and maintenance projects.

With a higher inventory carrying cost compared to the previous corresponding period, gross margin for the quarter ended 30 April 2005 had moderated from a high 35% in 3QFY04, to a sustainable level of about 20% in 3QFY05, which was in line with the gross margin achieved in 2QFY05. Nonetheless, the higher trading volume enabled the Group to record a 10% y-o-y improvement in gross profit to $13.3 million.

Total operating expenses declined 16% y-o-y to $3.8 million in 3QFY05. Continued efforts by management to rationalize the operations of the Group led to lower staff cost and other operating expenses.

The higher effective tax rate at 22.9% was attributed to underprovision in the previous quarter.

3QFY05 net profit increased 13% over the same period last year.

Nine months ended Apr 2005

Turnover

Group turnover jumped a hefty 133% from $66.4 million to $155.0 million for the 9 months ended 30 April 2005. The increase was attributed to continued strong demand, particularly from the booming Marine and Oil sectors. Demand was especially strong in the quarter ended 30 April 2005.

Year-on-year comparison was also boosted by the first full 9 months of contribution by its wholly owned subsidiary, Hoe Seng Huat Pte Ltd, which was acquired in January 2004. This effect had also contributed to the higher expenses incurred in the current period ended 30 April 2005 compared to the corresponding period of the previous financial year.

The increase in the turnover and higher steel prices resulted in the cost of goods sold rising 151% from $47.3 million to $118.6 million for the 9 months ended 30 April 2005. Correspondingly, gross profit grew 90% from $19.2 million to $36.4 million y-o-y for the 9 months ended 30 April 2005.

Staff cost, Depreciation, Other operating expenses & Finance cost

Staff cost rose 52% to $8.6 million compared with $5.6 million of the corresponding period due to higher headcount arising from the enlarged Group and provision for bonus in the light of the better results. Nevertheless, staff cost reduced from $2.9 million in 3QFY04 to $2.4 million in 3QFY05 due to continued effort to rationalise operations of the Group.

Net finance cost of $466,000 were mainly made up of trust receipts interests incurred in the normal course of business compared to $214,000 of the corresponding period. The increase was largely due to higher working capital funding to support the increase in trading volume.

Other operating expenses rose to $5.7 million from $3.1 million due to higher trading volume and accounting for expenses of the new business for the full 9 months for the financial period ended 30 April 2005.

Profitability review

Profit before tax rose nearly 114% to $21.1 million from $9.8 million.

In view of the higher profit recorded, provision for tax also rose in tandem from $1.7 million to $4.0 million.

REVIEW OF FINANCIAL POSITION AS AT 30 APRIL 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 30 April 2005. No impairment in value was made during the period as the business, from which the goodwill arises, was expected to remain profitable.

Current assets and current liabilities

The Group had a cash and cash equivalents of $14.2 million for the quarter ended 30 April 2005.

Trade and other receivables rose to $54.4 million from $30.0 million as a result of higher turnover reported for the period.

Inventories on hand also increased to $53.9 million from $34.1 million in order to fulfill secured orders and in view of the continued demand for steel products.

In line with the higher volume recorded, trade payables increased from $3.5 million to $4.0 million while other payables and accruals increased from $5.4 million to $5.8 million.

Increase in borrowings was substantially made up of trust receipts incurred during the ordinary course of business and short term bank borrowings. The increase to $43.7 million from $9.7 million was due largely to higher working capital funding to support the increase in trading volume.

Non current liabilities

Non current borrowings fell from $7.9 million to $1.7 million due to repayment of bank loan.

Share capital and reserves

Share capital increased by $27k due to the issuance of ordinary shares pursuant to the exercise of the employees' stock options during the year. As a result, share premium account also increased by $17k for the period ended 30 April 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

According to the April industrial growth report by the Straits Times, dated 27 May 2005, there were vigorous activities in the ship repair/building and oil rig fabrication. Hence, the Group expects demand from the Marine and Oil sectors to remain strong. With steel prices expected to remain stable and its abilities to supply structural steel, pipe and fittings' products as a one-stop shop to meet the requirements of the customers, the Group expects to benefit from these opportunities.

The Board of Directors has decided to change the financial year end from July to June with effect from the current financial year. Hence the current financial year will end on 30 June 2005 with 11 months' results.

The Board is pleased to highlight that the results for the last 9 months ended 30 April 2005 had already surpassed 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
14 June 2005