Full 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 *	30-06-2005

HUP SENG HUAT CO. LTD
FULL YEAR 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)					
	1.5.05 - 30.6.05	1.5.04 - 31.7.04	% +/(-)	1.8.04 - 30.6.05	1.8.03 - 31.7.04	% +/(-)
Revenue	42,819	40,563	6%	197,819	106,984	85%
Cost of goods sold	(33,066)	(26,193)	26%	(151,686)	(73,445)	107%
Gross profit	9,753	14,370	-32%	46,133	33,539	38%
Other operating income	300	355	-15%	823	908	-9%
Staff costs	(1,712)	(4,083)	-58%	(10,489)	(9,712)	8%
Depreciation of property, plant and equipment	(206)	(440)	-53%	(1,130)	(1,375)	-18%
Other operating expenses	(170)	(1,919)	-91%	(5,453)	(4,987)	9%
Exceptional items	-	(231)	-100%	-	(231)	-100%
Profit from operations	7,965	8,052	-1%	29,884	18,142	65%
Finance cost - net	(1,777)	(163)	NM	(2,609)	(397)	557%
Profit before tax	6,188	7,889	-22%	27,275	17,745	54%
Income tax expense	(1,708)	(2,192)	-22%	(5,682)	(3,932)	45%
Profit from ordinary activities before minority interests	4,480	5,697	-21%	21,593	13,813	56%
Minority interests	25	(1)	NM	15	(7)	-314%
Net profit attributable to shareholders	4,505	5,696	-21%	21,608	13,806	57%

NM : Not meaningful

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

	GROUP (S$'000)			
	1.5.05-30.6.05	1.5.04-31.7.04	1.8.04-30.6.05	1.8.03-31.7.04
Investment income	240	273	565	559
Other income including interest income	62	82	253	332
Loss on disposal of motor vehicles to directors	-	-	(204)	-
(Loss) / Profit on sale of property, plant and equipment	(2)	-	5	17
Foreign exchange gain /(loss)	922	(35)	692	(315)
(Under)/over provision of tax in in respect of prior years	(119)	(65)	(119)	(65)
Interest on borrowings	(1,777)	(163)	(2,609)	(397)
Amortisation of goodwill	-	(331)	-	(331)
Allowance for trade receivables	(14)	(275)	11	(321)
Write-back of allowance for trade receivables	42	17	122	139
(Allowance) / write-back for slow and obsolete inventories	(1,009)	2	(1,168)	(106)
Bad trade receivables written off	(1)	(26)	(2)	(26)
Inventories written off	(55)	(197)	(72)	(279)
Exceptional items : -				
- Allowance for diminution in value of investments	-	-	-	(231)

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	
	30.06.2005	31.07.2004	30.06.200	31.07.2004
	S$'000	S$'000	S$'000	S$'000
Current Assets				
Cash and cash equivalents	19,413	14,226	7,443	2,992
Trade and other receivables	55,054	30,014	15,125	13,614
Inventories	67,466	34,133	38,899	21,968
Other current assets	341	273	84	87
Due from subsidiaries	-	-	10,400	5,006
	142,274	**78,646**	**71,951**	**43,667**
Non Current Assets				
Other receivables	26	20	13	-
Investments	9,465	9,490	17,853	16,677
Loan to a subsidary	-	-	34,626	30,650
Property, plant and equipment	33,826	34,876	8,625	9,116
Goodwill	4,630	4,630	-	-
Deferred income tax assets	172	131	139	105
	48,119	49,147	61,256	56,548
Total Assets	**190,393**	**127,793**	**133,207**	**100,215**
Current Liabilities				
Trade payables	2,768	3,482	1,199	715
Other payables and accruals	6,054	5,405	4,575	4,490
Current income tax liabilities	5,090	3,002	3,880	1,262
Borrowings	58,766	9,618	19,349	5,299
Due to subsidiaries - trade	-	-	5	6
	72,678	**21,507**	**29,008**	**11,772**
Non Current Liabilities				
Borrowings	1,349	7,857	-	-
Provision for directors' retirement gratuity	757	684	757	684
Deferred income tax liabilities	112	188	-	-
	2,218	8,729	757	684
Total Liabilities	**74,896**	**30,236**	**29,765**	**12,456**
Net Assets	**115,497**	**97,557**	**103,442**	**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	(540)	(507)	-	-
Retained earnings	57,163	39,173	42,695	27,056
Interests of shareholders of the Company	115,463	97,462	103,442	87,759
Minority interests	34	95	-	-
	115,497	**97,557**	**103,442**	**87,759**

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

Amount repayable in one year or less, or on demand ('000)

As at 30.6.2005		As at 31.7.2004	
Secured	Unsecured	Secured	Unsecured
10	58,756	68	9,550

Amount repayable after one year ('000)

As at 30.6.2005		As at 31.7.2004	
Secured	Unsecured	Secured	Unsecured
16	1,333	24	7,833

Details of any collateral

The secured group borrowings and debt securities refer to equipment bought under hire purchase.

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

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 (S$'000)			
	01.05.05 30.06.05	01.05.04 31.07.04	01.08.04 30.06.05	01.08.03 31.07.04
Cash flow from operating activities				
Profit before tax	6,188	7,889	27,275	17,745
Adjustments for:				
Exchange differences				
Goodwill amortisation	-	124	-	331
Provision for directors' retirement gratuity	10	28	73	74
Property, plant and equipment				
- depreciation	206	440	1,130	1,375
- loss/(profit) on disposal	1	-	(5)	(17)
- loss on disposal of Motor Vehicle to directors of the Company	-	-	204	-
- written off	(1)	-	-	-
Investments :				
- diminution in value	-	231	-	231
Allowance for :				
- doubtful trade receivables	36	275	11	321
- slow moving inventories	1,009	(2)	1,168	106
Inventories written off	55	197	72	279
Allowance for trade receivables written back	(42)	(17)	(122)	(139)
Trade receivables written off	1	26	2	26
Interest income	(48)	(62)	(199)	(229)
Interest expense	387	159	1,004	338
Dividend income	(209)	(214)	(392)	(370)
Operating cash flow before working capital changes	7,593	9,074	30,221	20,071
Changes in working capital:				
Inventories	(14,623)	1,790	(34,573)	1,532
Trade and other receivables	(744)	(708)	(24,945)	(17,856)
Other current assets	(35)	154	(68)	48
Trade payables	(1,234)	(133)	(714)	(1,105)
Other payables and accruals	149	2,704	341	3,187
Cash (used in)/generated from operations	(8,894)	12,881	(29,738)	5,877
Income taxes paid	(323)	(71)	(3,635)	(234)
Interest paid	(256)	(163)	(732)	(297)
Interest received	110	98	214	229
Net cash (used in)/generated from operating activities	(9,363)	12,745	(33,891)	5,575
Cash flows from investing activities				
Property, plant and equipment :				
- purchases	(247)	(1,892)	(709)	(3,031)
- proceeds from disposal	3	1,797	391	1,828
Repayment of staff loans	5	19	24	32
(Disbursement) of staff loans	(10)	(10)	(30)	(18)
Investments				
- purchases	(15)	-	(15)	(4)
- proceeds from disposal	1	-	40	-
Payment for direct costs of business acquisition	-	-	-	(212)
Purchase of business, net of cash acquired (note 1)	-	-	-	(7,452)
Dividend received				
- other quoted investments	209	214	392	370
Net cash (used in)/generated from investing activities	(54)	128	93	(8,487)
Cash flow from financing activities				
Net proceeds from issue of shares	(1)	-	44	113
Dividends paid to shareholders	-	-	(3,618)	(1,175)
Dividends paid to minority interest	-	-	(43)	-
Draw down of Bank borrowings	14,705	(9,012)	42,706	10,390
Increase in finance lease obligation	1	-	(47)	62
Payment under finance lease obligations	(5)	(12)	(21)	(37)
Net cash generated from financing activities	14,700	(9,024)	39,021	9,353
Net exchange differences arising from translation	(39)	(29)	(36)	79
Net increase in cash and cash equivalents	5,244	3,820	5,187	6,520
Cash and cash equivalents at beginning of period	14,169	10,406	14,226	7,706
Cash and cash equivalents at end of period	19,413	14,226	19,413	14,226

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

	Group $'000			
	1.5.05-30.6.05	1.5.04-31.7.04	1.8.04-30.6.05	1.8.03-31.7.04
Property, plant and equipment	-	-	-	448
Trade and other receivables	-	-	-	163
Inventories	-	-	-	16,056
Cash and bank balances	-	-	-	524
Other current assets	-	-	-	111
Total assets	-	-	-	17,302
Bank overdraft	-	-	-	1,677
Borrowings	-	-	-	5,852
Trade payables	-	-	-	3,308
Other payables and accruals	-	-	-	135
Current income tax liabilities	-	-	-	5
Deferred income tax liabilities	-	-	-	26
Total liabilities	-	-	-	11,003
Net assets purchased	-	-	-	6,299
Goodwill, net	-	-	-	4,500
Total cash consideration	-	-	-	10,799
Less : cash and cash equivalents acquired				
- cash and cash balances	-	-	-	(524)
bank overdraft	-	-	-	1,677
Deposit placed in prior year for acquisition	-	-	-	(4,500)
Net cash outflow from acquisition of business	-	-	-	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 August 2004	30,127	29,146	(477)	(507)	39,173	97,462
Currency translation differences	-	-	-	(33)	-	(33)
Net profit for the financial period	-	-	-	-	21,608	21,608
Issue of shares	27	17	-	-	-	44
Dividend	-	-	-	-	(3,618)	(3,618)
At 30 June 2005	**30,154**	**29,163**	**(477)**	**(540)**	**57,163**	**115,463**
Group						
At 1 August 2003	30,053	29,107	3,389	(513)	26,542	88,578
Currency translation differences	-	-	-	6	-	6
Impairment charge on property, plant and equipment	-	-	(3,866)	-	-	(3,866)
Net profit for the financial year	-	-	-	-	13,806	13,806
Issue of shares	74	39	-	-	-	113
Dividend	-	-	-	-	(1,175)	(1,175)
At 31 July 2004	30,127	29,146	(477)	(507)	39,173	97,462

	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
Net profit for the financial period	-	-	-	-	19,257	19,257
Issue of shares	27	17	-	-		44
Dividend	-	-	-	-	(3,618)	(3,618)
At 30 June 2005	**30,154**	**29,163**	**1,430**	**-**	**42,695**	**103,442**
Company						
At 1 Aug 2003	30,053	29,107	2,818	-	19,854	81,832
Impairment charge on property, plant and equipment	-	-	(1,388)	-	-	(1,388)
Net profit for the financial year	-	-	-	-	8,377	8,377
Issue of shares	74	39	-	-	-	113
Dividend paid	-	-	-	-	(1,175)	(1,175)
At 31 July 2004	30,127	29,146	1,430	-	27,056	87,759

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 year ended 30 June 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.

	30.06.05	31.07.04
	('000)	('000)
Number of shares that may be issued upon exercising all outstanding options	127	942

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 adopted the following new and revised FRS issued in July 2004 by the Council on Corporate Disclosure and Governance :

FRS 103	Business Combinations
Revised FRS 36	Impairment of assets
Revised FRS 38	Intangible Assets

Under these standards, goodwill can no longer be amortised and charged to the income statement. Instead, such goodwill will be tested for impairment in accordance with FRS 36.

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 4 and 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			
	2 months ended 30.06.05	3 months ended 31.07.04	11 months ended 30.06.05	12 months ended 31.07.04
Earnings per share based on profit attributable to shareholders:				
(a) Basic (cent)	1.49	1.89	7.17	4.58
(b) Diluted (cent)	1.49	1.89	7.17	4.58

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	
	30.06.05	31.07.04	30.06.05	31.07.04
Net Asset Value per ordinary share (cents)	38.30	32.38	34.30	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 JUNE 2005 vs QUARTER ENDED 31 JULY 2004

4QFY05

With effect from FY05, the Group changed its financial year end from 31 July to 30 June. As a result, 4QFY05 reflected the performance of the Group for only two months of operations, from May05 to Jun05, compared with three months in 4QFY04.

Despite having only two months of operations, Group turnover for the quarter ended 30 Jun 2005 (4QFY05) at S$42.8 million, was 6% higher compared with S$40.6 million for 4QFY04. The strong performance reflected continued buoyant demand from the Marine and Oil sectors that the Group serves.

With a higher inventory carrying cost compared to the previous corresponding period, 4QFY05 gross margin moderated to 22.7%, from a high 35.4% in 4QFY04.

Staff costs for 4QFY05 was $1.7 million compared with 4QFY04 of $4.1 million. The higher amount recorded for 4QFY04 was because provision for bonus and profit sharing were only accrued in the 2nd half of FY04 as a result of the significantly stronger performance of the Group in the 2nd half of FY04.

Other operating expenses of $170k was substantially lower than $1.9 million of the previous corresponding quarter due to a foreign exchange gain of $922k, a shorter quarter and lower allowance for doubtful receivables of 94k (4QFY04:$397k).

REVIEW OF RESULTS FOR ELEVEN MONTHS ENDED 30 JUNE 2005

Turnover

Despite only 11 months' operation for FY05, Group turnover increased 84.9% from $106.9 million in FY04 to $197.8 million for the financial period ended 30 June 2005. The increase was mainly attributed to continued strong demand, particularly from the booming Marine and Oil sectors.

Year-on-year comparison was also boosted by the first full year contribution by 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 period ended 30 June 2005 compared to the corresponding period of the previous financial year.

The increase in the turnover and higher steel prices resulted in FY05 cost of goods sold rising 106.5% from $73.4 million to $151.7 million for the period ended 30 June 2005. Nevertheless, the higher turnover and profitability for the enlarged Group underpinned gross profit growth of 37.6% to S$46.1 million for the 11 months ended 30 Jun 2005, up from S$33.5 million for FY04.

Staff costs, Depreciation, Other operating expenses and Finance cost

Staff costs rose 8.0% to $10.5 million compared with $9.7 million for the corresponding period due mainly to higher headcount for the enlarged group and provision for higher bonus on the back of FY05's strong financial performance.

Other operating expenses rose to $5.4 million from $5.0 million due to higher trading volume and full-year expenses for the integration of the steel plate business into the Group, for the financial period ended 30 June 2005.

Net finance cost of $2.6 million was mainly made up of trust receipts interests and unrealised foreign exchange loss incurred in the normal course of business compared to $0.4 million of the corresponding period. The increase in the balance of trust receipts was largely due to higher working capital funding required to support the increase in trading volume.

Profitability review

Profit before tax rose nearly 53.7% from $17.7 million to $27.3 million.

In view of the higher profit recorded, provision for tax also rose in tandem from $3.9 million to $5.7 million.

REVIEW OF FINANCIAL POSITION AS AT 30 JUNE 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 June 2005. Management has reviewed goodwill in accordance with FRS 103 and revised FRS 36 and concluded that no impairment to goodwill is necessary.

Current assets and current liabilities

The Group had a cash and cash equivalents of $19.4 million for the period ended 30 June 2005.

Trade and other receivables rose to $55.0 million from $30.0 million as a result of higher turnover reported for the period.

Inventories on hand also increased to $67.5 million from $34.1 million in order to fulfill secured orders and in view of the continued demand for steel products.

Trade payables decreased from $3.5 million to $2.8 million while other payables and accruals increased from $5.4 million to $6.1 million.

Increase in borrowings was made up of mainly trust receipts incurred during the ordinary course of business and short term bank borrowings. The increase to $58.8 million from $9.6 million was due largely to higher working capital funding to support the increase in trade volume.

Non current liabilities

Non current borrowings fell from $7.9 million to $1.3 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 June 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 experienced exceptional revenue growth in the last financial year due to strong demand and tight supply of steel products. The Group expects demand for its steel products to remain strong, especially from customers in the shipbuilding, rig building and related businesses in the oil & gas industries. The escalating demand for oil has caused oil prices to stay well above US$50 per barrel and will generate more oil exploration activities. This will translate into a greater need for oil rigs and boost down stream activities like oil refining and construction of more oil storage facilities which will in turn create demand for steel products. In addition mega-infrastructure projects such as the Integrated Resorts, Business and Financial Centre and the new downtown at Marina Bay will create further demand for the Group's products.

With the ability to offer a comprehensive range of steel products, the Group seeks to improve turnover by being a one-stop shop for its customers. The Group has expanded beyond its traditional stronghold in the carbon steel market, and started offering stainless steel products and will look into supplying higher quality materials in response to changing market requirements. The Group is also expanding its sales network to capitalize on the booming demand in countries like Indonesia and Malaysia, and looks to supplying to new markets in Indochina and the Middle East. Underlying demand is expected to remain firm due to strong order backlog for many of the Group's customers.

The supply for steel products has improved in recent months in response to the robust market demands. The price of certain categories of steel products has stabilised and the Group will leverage on its ability to secure bulk purchases from key suppliers to mitigate pressure on its margin. The Group foresees that customers would be more prudent with respect to the timing of placing their orders and hence expects turnover to be evenly spread in the coming quarters.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	First and final	Special
Dividend Type	Cash	Cash
Dividend Rate	5% per ordinary share	25% per ordinary share
Par value of shares	$0.10	$0.10
Tax Rate	20%	20%
Dividend amount per share (cents)	0.5	2.5

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	First and final	Special
Dividend Type	Cash	Cash
Dividend Rate	5% per ordinary share	10% per ordinary share
Par value of shares	$0.10	$0.10
Tax Rate	20%	20%
Dividend amount per share (cents)	0.5	1.0

(c) Date payable

To be advised.

(d) Books closure date

To be advised.

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

Not applicable.

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

2005	**Singapore**	**Malaysia**	**Total**
Revenue			
Segment revenue	197,164	14,819	211,983
Inter-Segment Elimination	(14,163)	(1)	(14,164)
External Sales	183,001	14,818	197,819
Segment Results	26,726	1,354	28,080
Interest Expenses			(1,004)
Interest Income			199
Income tax expense			(5,682)
Miniority Interest			15
Profit attributable to Shareholders			21,608

2004			
Revenue			
Segment revenue	104,842	7,378	112,220
Inter-Segment Elimination	(5,236)		(5,236)
External Sales	99,606	7,378	106,984
Segment Results	16,727	1,127	17,854
Interest Expenses			(338)
Interest Income			229
Income tax expense			(3,932)
Miniority Interest			(7)
Profit attributable to Shareholders			13,806

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

	Latest financial period for 1 August 2004 to 30 June 2005 Group $'000	Previous financial year Group $'000	% inc/(dec) Group
Sales reported in first half year	87,001	32,035	171.6
Profit/loss after tax and before minority interest	8,934	1,780	401.9
Sales reported in second half year	110,818	74,949	47.9
Profit/loss after tax and before minority interest	12,674	12,033	5.3

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

	Latest Full Year ($'000)	Previous Full Year ($'000)
Ordinary	7,237	3,618
Preference	0	0
Total:	7,237	3,618

BY ORDER OF THE BOARD
Julie Koh Ngin Joo
Secretary
24 August 2005