HUPSteel Limited
4Q09 & FULL YEAR FINANCIAL STATEMENTS (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)					
	3 months ended 30.6.09	3 months ended 30.6.08	% +/-	12 months ended 30.6.09	12 months ended 30.6.08	% +/-
Revenue	67,514	141,889	-52%	321,732	433,689	-26%
Changes in inventories	(16,863)	11,798	NM	(70,583)	57,778	NM
Purchases of inventories	(42,762)	(119,854)	-64%	(209,580)	(404,183)	-48%
Gross profit	7,889	33,833	-77%	41,569	87,284	-52%
Other operating income	44	587	-93%	1,173	1,272	-8%
Staff cost	(1,940)	(4,758)	-59%	(9,870)	(13,926)	-29%
Depreciation of property, plant & equipment	(418)	(413)	1%	(1,683)	(1,574)	7%
Other operating expenses	(2,779)	(5,337)	-48%	(10,627)	(18,155)	-41%
Finance (cost)/gain - net	221	(747)	NM	(3,640)	173	NM
Profit before tax	3,017	23,165	-87%	16,922	55,074	-69%
Income tax expense	(464)	(4,463)	-90%	(2,862)	(9,968)	-71%
Total profit	2,553	18,702	-86%	14,060	45,106	-69%
Attributable to:						
Equity holders of the Company	2,553	18,702	-86%	14,060	45,106	-69%
Earnings per share based on profit attributable to equity shareholders:						
- Basic (cent)	0.41	3.04		2.24	7.33	
- Diluted (cent)	0.41	3.04		2.24	7.33	

Note : NM : not meaningful

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

	GROUP (S$'000)	
	12 months ended 30.6.09	12 months ended 30.6.08
Dividend income	422	346
Other income including interest income	189	208
Gain on disposal of available-for-sale financial assets	-	32
Profit on sale of property, plant & equipment – net	1	164
Foreign exchange gain / (loss)	784	(1,900)
Adjustments for under provision of tax in respect of prior years	(161)	(10)
Write back of / (allowance for) trade receivables	27	(189)
Allowance for inventory write-down	(4,444)	(392)
Finance cost-net is made up of :		
Interest expense	(1,413)	(2,597)
Foreign exchange (loss) / gain arising from borrowings (trust receipts)	(2,227)	2,770
Bad debts written off	-	(129)
Inventories written back	-	1
Impairment reversal/(loss) on available-for-sale financial assets	(188)	-
Impairment loss on property, plant & equipment	(354)	-

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	
	30.06.2009 $'000	30.06.2008 $'000	30.06.2009 $'000	30.06.2008 $'000
Current Assets				
Cash and cash equivalents	53,566	27,442	26,746	5,347
Trade and other receivables	62,511	109,045	16,668	19,967
Inventories	67,139	137,722	41,481	61,770
Other current assets	254	267	60	65
Due from subsidiaries	-	-	21,353	24,393
	183,470	274,476	106,308	111,542
Non Current Assets				
Available-for-sale financial assets	8,158	7,375	8,158	7,375
Investment in club membership	58	58	-	-
Investment in subsidaries	-	-	9,457	9,457
Loan to a subsidiary	-	-	31,590	32,964
Property, plant and equipment	23,073	24,279	635	877
Investment properties	14,437	14,563	6,890	6,925
Goodwill	4,630	4,630	-	-
Deferred income tax assets	113	80	-	-
	50,469	50,985	56,730	57,598
Total Assets	**233,939**	**325,461**	**163,038**	**169,140**
Current Liabilities				
Trade and other payables	20,910	42,731	4,095	13,534
Derivative financial instruments	413	-	413	-
Current income tax liabilities	2,960	9,501	2,256	3,504
Borrowings	4,164	64,669	351	3,674
Due to subsidiaries - trade	-	-	3,453	1,330
	28,447	116,901	10,568	22,042
Non Current Liabilities				
Borrowings	2,722	3,712	-	-
Provision for directors' retirement gratuity	1,001	940	1,001	940
Deferred income tax liabilities	885	862	571	699
	4,608	5,514	1,572	1,639
Total Liabilities	**33,055**	**122,415**	**12,140**	**23,681**
Net Assets	**200,884**	**203,046**	**150,898**	**145,459**
Share capital and reserves				
Share capital	107,485	107,485	107,485	107,485
Capital reserves	(1,216)	(1,259)	707	665
Currency translation reserves	(774)	(728)	-	-
Fair value reserves	474	1,009	474	1,009
Retained earnings	94,915	96,539	42,232	36,300
	200,884	**203,046**	**150,898**	**145,459**

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

Amount repayable in one year or less, or on demand

As at 30.6.2009 ('000)		As at 30.6.2008 ($'000)	
Secured	Unsecured	Secured	Unsecured
997	3,167	1,023	63,646

Amount repayable after one year

As at 30.6.2009 ('000)		As at 30.6.2008 ('000)	
Secured	Unsecured	Secured	Unsecured
2,722	-	3,712	-

Details of any collateral

The secured amount refers to equipment bought under hire purchase and includes a legal mortgage secured on a subsidiary's leasehold property.

The unsecured amount consists 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 (S$'000)	
	12 months	12 months
	ended 30.06.09	ended 30.06.08
Cash flow from operating activities		
Net profit	14,060	45,106
Adjustments for:		
-Tax	2,862	9,968
- Property, plant & equipment		
- depreciation	1,683	1,574
- profit on disposal	(1)	(164)
- written off	-	3
- impairment	354	-
- Profit on disposal of available-for-sale financial assets	-	(32)
- Impairment loss on available-for-sale financial assets	188	-
- Interest income	(189)	(208)
- Interest expense	1,413	2,597
- Dividend income	(422)	(346)
Operating cash flow before working capital changes	19,948	58,498
Change in operating assets and liabilities		
- Inventories	70,583	(57,778)
-Trade and other receivables	46,534	(28,504)
- Derivative financial instruments	413	-
-Trade and other payables	(21,821)	11,980
- Provision for directors retirement gratuity	61	61
-Other current assets	13	(17)
Cash generated from/(used in) operations	115,731	(15,760)
Income taxes paid	(9,413)	(6,644)
Interest received	189	208
Net cash generated from/(used in) operating activities	106,507	(22,196)
Cash flows from investing activities		
Property, plant & equipment :		
- purchases	(791)	(6,139)
- proceeds from disposal	68	164
Investments		
- purchases	(1,507)	(1)
- proceeds from disposal	-	71
Dividend received	422	346
Net cash used in investing activities	(1,808)	(5,559)
Cash flow from financing activities		
Proceeds from issue of shares	-	26,993
Proceeds from right issue	-	12,547
Share issue expense	-	(212)
Proceeds from trust receipts	172,090	286,014
Payment under trust receipts	(232,569)	(265,512)
Dividend paid to shareholders	(15,684)	(24,995)
Proceeds from term loan	-	4,950
Payment under term loan	(1,001)	(248)
Payment under finance lease obligations	(15)	(19)
Interest paid	(1,413)	(2,432)
Net cash (used in)/from financing activities	(78,592)	37,086
Net increase in cash and cash equivalents	26,107	9,331
Cash and cash equivalents at beginning of year	27,442	18,217
Effects of currency translation on cash and cash equivalents	17	(106)
Cash and cash equivalents at end of year	53,566	27,442

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	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Earnings	Total
Group	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2008	107,485	(1,259)	(728)	1,009	96,539	203,046
Currency translation differences	-	-	(46)	-	-	(46)
Fair value losses on available-for-sale financial assets	-	-	-	(535)	-	(535)
Net deferred tax impact on previously revalued properties	-	43	-	-	-	43
Net losses recognised directly in equity	**-**	**43**	**(46)**	**(535)**	**-**	**(538)**
Net profit for the financial year	-	-	-	-	14,060	14,060
Total recognised gains/(losses)	**-**	**43**	**(46)**	**(535)**	**14,060**	**13,522**
Dividend paid	-	-	-	-	(15,684)	(15,684)
At 30 June 2009	**107,485**	**(1,216)**	**(774)**	**474**	**94,915**	**200,884**
Group						
At 1 July 2007	68,157	(477)	(506)	1,526	76,428	145,128
Currency translation differences	-	-	(222)	-	-	(222)
Fair value losses on available-for-sale financial assets	-	-	-	(517)	-	(517)
Net deferred tax impact on previously revalued properties	-	(782)	-	-	-	(782)
Net losses recognised directly in equity	**-**	**(782)**	**(222)**	**(517)**	**-**	**(1,521)**
Net profit for the financial year	-	-	-	-	45,106	45,106
Total recognised (losses)/gains	**-**	**(782)**	**(222)**	**(517)**	**45,106**	**43,585**
Proceeds from shares placement	26,993	-	-	-	-	26,993
Rights issue	12,547	-	-	-	-	12,547
Share issue expenses	(212)	-	-	-	-	(212)
Dividend paid	-	-	-	-	(24,995)	(24,995)
At 30 June 2008	**107,485**	**(1,259)**	**(728)**	**1,009**	**96,539**	**203,046**

	Share Capital	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Earnings	Total
Company	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2008	107,485	665	-	1,009	36,300	145,459
Fair value losses on available-for-sale financial assets	-	-	-	(535)	-	(535)
Net deferred tax impact on previously revalued properties	-	42	-	-	-	42
Net losses recognised directly in equity	**-**	**42**	**-**	**(535)**	**-**	**(493)**
Net profit for the financial year	-	-	-	-	21,616	21,616
Total recognised (losses)/gains	**-**	**42**	**-**	**(535)**	**21,616**	**21,123**
Dividend paid	-	-	-	-	(15,684)	(15,684)
At 30 June 2009	**107,485**	**707**	**-**	**474**	**42,232**	**150,898**
Company						
At 1 July 2007	68,157	1,430	-	1,526	43,080	114,193
Fair value losses on available-for-sale financial assets	-	-	-	(517)	-	(517)
Net deferred tax impact on previously revalued properties	-	(765)	-	-	-	(765)
Net losses recognised directly in equity	**-**	**(765)**	**-**	**(517)**	**-**	**(1,282)**
Net profit for the financial year	-	-	-	-	18,215	18,215
Total recognised (losses)/gains	**-**	**(765)**	**-**	**(517)**	**18,215**	**16,933**
Proceeds from shares placement	26,993	-	-	-	-	26,993
Rights issue	12,547	-	-	-	-	12,547
Share issue expenses	(212)	-	-	-	-	(212)
Dividend paid	-	-	-	-	(24,995)	(24,995)
At 30 June 2008	**107,485**	**665**	**-**	**1,009**	**36,300**	**145,459**

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 well as the number of shares held as treasury shares, if any, 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.

Not applicable. None of the above occurred since the end of the previous period reported on.

(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.06.09	30.06.08
Number of shares in issue	627,370,610	627,370,610

(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the end of the current financial period reported on.

Not applicable. None of the above occurred since the end of the previous period reported on.

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 same accounting policies and methods of computation as in the most recently audited financial statements.

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

Not applicable, there were no such changes.

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 30.06.09	3 months ended 30.06.08 (note 1)	12 months ended 30.06.09	12 months ended 30.06.08 (note 1)
Earnings per share based on profit attributable to equity shareholders:				
(a) Basic (cent)	0.41	3.04	2.24	7.33
(b) Diluted (cent)	0.41	3.04	2.24	7.33

Note 1 : On 11 July 2007 and 10 Sept 2007, the Company announced a private placement of 49.5 million shares and a rights issue of 1 share for every 4 existing shares respectively. The basic and diluted earnings per share is calculated based on the weighted average number of ordinary shares during the period of 615,679,316 which includes the notional bonus element from the rights issue.

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	
	30.06.09	30.06.08	30.06.09	30.06.08
Net Asset Value per ordinary share (cents)	32.02	32.36	24.05	23.19

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

Turnover & margin

Revenue for the 4th quarter ended 30 June 2009 ('4QFY09) declined 52% to $67.5M from $141.9M reported for the 4th quarter ended 30 June 2008 ('4QFY08) due to falling selling prices of structural steel products and pipes. The decline in revenue was also caused by the slump in demand for steel products as a result of the global recession.

As a result of this global economic downturn, the Group reported a lower revenue of $321.7M for the year ended 30 June 2009 ('FY09') compared with $433.7M reported for a year ago ('FY08').

Consequently, gross profit margin for 4QFY09 fell to 11.7% compared with 23.8% achieved for 4QFY08. The depressed gross profit margin was mainly caused by the steep correction in the selling prices of structural steel products in FY09. Allowance for the diminution in value for certain group of inventories had been made as selling prices fell below the holding costs.

Other operating income

Other operating income for 4QFY09 fell 93% to $44K from $587K in 4QFY08 mainly due to lower dividend income received in the reporting quarter.

Expenses

Staff cost, Depreciation, Other operating expenses & Finance cost

Staff cost in 4QFY09 decreased 59% to $1.9M from $4.8M in 4QFY08 due mainly to lower headcount, reduction in salaries as part of cost cutting measures implemented in FY09 and lower provision of bonuses as a result of lower profits. Receipts from the government job credit scheme also contributed to the reduced staff cost.

During this period, depreciation rose slightly to $418k from $413k as a full year of depreciation charge was taken in FY09 for the warehouse that was purchased in February 2008.

Other operating expenses fell to $2.8M in 4QFY09 from $5.3M in 4QFY08 mainly due to lower volume of sales following the slump in the global economy. Various cost cutting measures implemented in the second half of FY09 had also contributed to the lower expenses.

There was a net finance gain in 4QFY09 of $221k compared to an expense of $747k in 4QFY08 due to the weakening of the US dollars during the quarter reported. For the full year, net finance cost was $3.6M comprising trust receipts' interest expense of $1.4M (FY08:$2.6M) and exchange loss arising from trust receipts of $2.2M (FY08: gain of $2.8M) compared to a net finance gain of $173k in FY08. The exchange loss was mainly incurred in the first half of FY09 when the US dollar strengthened against the Singapore dollar and a higher outstanding balance of trust receipts.

Tax expense for 4QFY09 was $0.5M (4QFY08 : $4.5M) while the tax expense for FY09 was $2.8M (FY08:$9.9M) after adjusting for interest income taxed at concessionary rates, non taxable receipts from job credit scheme and other adjustments.

Profitability review

With a lower revenue reported for 4QFY09, profit after tax declined 86% to $2.6M from $18.7M for 4QFY08. The sharp correction in selling prices brought on by the global recession led to profit after tax for FY09 falling 69% to $14.1M from $45.1M reported for the preceding financial year.

REVIEW OF FINANCIAL POSITION AS AT 30 JUNE 2009

Non current assets & non current liabilities

Balance for Available-for-sale financial assets was higher due to an investment in interest bearing preference shares issued by a local bank during the year. Although equity market has been improving recently, it has not recovered to the level a year ago and hence accounted for the smaller balance in the Fair Value Reserve account.

Current assets and current liabilities

Trade and other receivables declined to $62.5M from $109.0M reflecting the Group's emphasis in debt collection amidst the economic downturn. This collection allowed the Group to repay its liabilities faster resulting in the Group's borrowings falling sharply to $4.2M from $64.7M and trade and other payables to $20.9M from $42.7M. In addition, holding of cash and cash equivalent also rose almost twofold to $53.5M from $27.4M.

During the year, the Group also decided to run down its inventories due to falling sales prices and lower demand. Together with a slower purchasing programme, the balance of inventories reduced from $137.7M to $67.1M at the end of the financial year.

With the lower profit after tax reported for FY09, current income tax liabilities fell correspondingly to $2.9M from $9.5M.

Cash flow

The Group generated an operating cash inflow of $106.6M compared to an utilisation of $22.2M in the previous year which was a result of faster debt collection and a reduced purchasing programme pursued during the financial year. This enlarged stream of cash inflow hence allowed the Group to pay down its borrowings which were mainly in the form of trust receipts and thereby reducing its gearing to 0.02 at the end of FY09.

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

Prices for most of the structural steel products had risen by about 20% since March 2009 but market demand for these products remains soft. Demand is not likely to pick up significantly unless government infrastructure projects move into the construction phase which probably will happen in the next 6 months. Meanwhile, the Group expects shipbuilders to continue purchasing stocks on a when-needed basis.

The slump in economic activities is exerting downward pressure on the selling prices for the Group's pipes and fittings products and margins are expected to be affected. Likewise, the Group expects demand for these products will remain soft. However, higher oil prices may spur increase in activities in the oil and gas sector which in turn may drive demand up for these products in the coming quarters.

Although it is generally believed that the global economy has bottomed out, recovery is likely to be muted and prolonged. As such, the Group does not expect the local economy to expand quickly and hence demand for its products will remain stagnant in the near term. The Group, however, expects selling prices to remain stable and margins firmer.

In the last 2 quarters, the Group had taken strategic actions in reducing its inventory holding, stepping up its debts collection and pay down its borrowings. The combined results of these actions were an increase in cash holdings and a significant reduction in its borrowings. These had served to strengthen banks' confidence in the Group and would position it well in seizing opportunities in its stock replenishment programme eventually. In addition, it will also provide the Group with the necessary resources to participate in any merger and acquisition activities that may arise.

Business conditions ahead will remain challenging for the Group but it will have sufficient reserves to weather the downturn. The Board of Directors expect market sentiment to improve only in the second half of the new financial year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend Tax exempt (one-tier)	Final
Dividend Type	Cash
Dividend Amount per share	1.0 cent

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Bonus (note 1)	Interim (note 1)	Final	Special
Dividend Type	Cash	Cash	Cash	Cash
Dividend Amount per share	3.049 cent	1.0 cent	1.0 cent	1.5 cent
Tax Rate	18%	Tax exempt (one-tier)	Tax exempt (one-tier)	Tax exempt (one-tier)

Note 1: Declared and paid during the financial year ended 30 June 2008.

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

(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.

13. Interested Person Transactions

Not applicable.

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

14. 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

Primary reporting – Geographical Segment

2009	**Singapore**	**Malaysia**	**Total**
Revenue			
Segment revenue	319,735	5,820	325,555
Inter-Segment Elimination	(3,823)	-	(3,823)
External Sales	315,912	5,820	321,732
Segment Results	19,470	481	19,951
Interest Expenses			(3,640)
Interest Income			189
Dividend Income			422
Income tax expense			(2,862)
Total profit			14,060

2008			
Revenue			
Segment revenue	431,997	3,722	435,719
Inter-Segment Elimination	(2,029)	(1)	(2,030)
External Sales	429,968	3,721	433,689
Segment Results	56,951	135	57,086
Interest Expenses			(2,598)
Interest Income			208
Dividend Income			346
Gain on Disposal of Available-For-Sale Financial Assets			32
Income tax expense			(9,968)
Total profit			45,106

Secondary reporting – Business Segment

2009 Revenue	Hardware	Property investment	Sand-blasting	Total
External Sales	318,760	993	1,979	321,732
Total assets	217,332	14,879	1,728	233,939
Capital expenditure	772	-	19	791
2008 Revenue				
External Sales	430,496	852	2,341	433,689
Total assets	287,583	34,501	3,377	325,461
Capital expenditure	371	5,760	8	6,139

15. 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.

16. A breakdown of sales

	Current financial year Group $'000	Previous financial year Group $'000	% increase/ (decrease) Group
Sales reported in first half year	204,198	171,742	19%
Total profit	13,476	15,619	(14%)
Sales reported in second half year	117,534	261,947	(55%)
Total profit	584	29,487	(98%)

17. 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) (note 1)
Ordinary	6,274	24,995
Preference	0	0
Total:	6,274	24,995

Note 1: Included in the total annual dividend is bonus dividend of $12.5M).

BY ORDER OF THE BOARD
Tan Cher Liang
Company Secretary
27 August 2009