HUPSteel Limited
3QFY10 FINANCIAL STATEMENT (UNAUDITED)

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

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

The following figures have not been audited.

	GROUP (S$'000)					
	3Q FY10	3Q FY09	% +/(-)	1.7.09 - 31.3.10	1.7.08 - 31.3.09	% +/(-)
Revenue	39,764	50,020	-21%	120,524	254,218	-53%
Changes in inventories	804	(36,737)	NM	(9,976)	(53,720)	-81%
Purchases of inventories	(35,399)	(11,233)	215%	(91,059)	(166,818)	-45%
Gross profit	5,169	2,050	152%	19,489	33,680	-42%
Other operating income	261	188	39%	839	1,129	-26%
Staff cost	(2,055)	(1,846)	11%	(6,178)	(7,930)	-22%
Depreciation of property, plant and equipment and investment properties	(406)	(421)	-4%	(1,243)	(1,265)	-2%
Other operating expenses	(1,624)	(1,550)	5%	(5,616)	(7,848)	-28%
Finance cost - net	59	(752)	NM	143	(3,861)	NM
Profit/(loss) before tax	1,404	(2,331)	NM	7,434	13,905	-47%
Income tax (expense)/credit	(239)	362	NM	(1,258)	(2,398)	-48%
Total profit/(loss)	1,165	(1,969)	NM	6,176	11,507	-46%
Other comprehensive income/(expenses) :						
Currency translation differences arising from consolidation	(114)	4	NM	(170)	(9)	1789%
Other comprehensive income/(expenses), net of tax	64	21	205%	595	(767)	NM
Total comprehensive income	1,115	(1,944)	NM	6,601	10,731	-38%
Profit/(loss) attributable to Equity holders of the Company	1,165	(1,969)	NM	6,176	11,507	-46%
Total comprehensive income/(expenses) attributable to :						
Equity holders of the Company	1,115	(1,944)	NM	6,601	10,731	-38%
Earnings per share based on profit attributable to equity shareholders:						
- Basic (cent)	0.19	(0.31)		0.99	1.83	
- Diluted (cent)	0.19	(0.31)		0.99	1.83	

Note : NM : not meaningful

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

	GROUP (S$'000)			
	3Q FY10	3Q FY09	1.7.09 - 31.3.10	1.7.08 - 31.3.09
Dividend income	38	112	229	267
Interest income	101	32	329	106
Profit on sale of property, plant and equipment - net	11	-	11	1
Foreign exchange gain/(loss)	255	54	(345)	827
Finance cost-net is made up of :				
Interest expense	(25)	(271)	(86)	(1,349)
Foreign exchange gain/(loss) arising from borrowings - trust receipts	84	(481)	229	(2,512)
Allowance for trade receivables	(138)	-	(138)	-
Write-back of allowance for trade receivables	-	14	-	39
Trade receivables written off	(1)	-	(1)	-
(Allowance for)/Write-back of inventory write-down	-	(3,333)	2,470	(15,529)
Impairment reversal/(loss) on available-for-sale financial assets	-	69	-	(427)

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	
	31.03.2010	30.06.2009	31.03.2010	30.06.2009
	$'000	$'000	$'000	$'000
Current Assets				
Cash and cash equivalents	70,495	53,567	51,259	26,746
Trade and other receivables	44,386	62,511	6,161	16,668
Inventories	57,163	67,137	34,430	41,481
Other current assets	430	255	138	60
Due from subsidiaries	-	-	7,197	21,353
	172,474	183,470	99,185	106,308
Non Current Assets				
Available-for-sale financial assets	8,894	8,158	8,894	8,158
Investment in club membership	58	58	-	-
Investment in subsidaries	-	-	9,457	9,457
Loan to a subsidiary	-	-	31,323	31,590
Property, plant and equipment	22,339	23,073	453	635
Investment properties	14,344	14,437	6,865	6,890
Goodwill	4,630	4,630	-	-
Deferred income tax assets	119	29	-	-
	50,384	50,385	56,992	56,730
Total Assets	**222,858**	**233,855**	**156,177**	**163,038**
Current Liabilities				
Trade and other payables	15,913	20,911	2,157	4,095
Derivative financial instruments	-	413	-	413
Current income tax liabilities	1,530	2,960	961	2,243
Borrowings	1,121	4,164	124	351
Due to subsidiaries - trade	-	-	3,819	3,453
	18,564	28,448	7,061	10,555
Non Current Liabilities				
Borrowings	1,973	2,722	-	-
Provision for directors' retirement gratuity	1,047	1,001	1,047	1,001
Deferred income tax liabilities	847	801	571	571
	3,867	4,524	1,618	1,572
Total Liabilities	**22,431**	**32,972**	**8,679**	**12,127**
Net Assets	**200,427**	**200,883**	**147,498**	**150,911**
Share capital and reserves				
Share capital	106,697	107,485	106,697	107,485
Capital reserves	(1,216)	(1,216)	707	707
Currency translation reserves	(944)	(774)	-	-
Fair value reserves	1,068	473	1,068	473
Retained earnings	94,822	94,915	39,026	42,246
	200,427	**200,883**	**147,498**	**150,911**

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 31.03.2010		As at 30.6.2009	
Secured	Unsecured	Secured	Unsecured
997	124	997	3,167

Amount repayable after one year ($'000)

As at 31.03.2010		As at 30.6.2009	
Secured	Unsecured	Secured	Unsecured
1,973	-	2,722	-

Details of any collateral

The secured group borrowings and debt securities refer to mortgage relating to bank loan.

The unsecured group borrowings and debt securities consist of mainly 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)			
	3Q FY10	3Q FY09	1.7.09 - 31.3.10	1.7.08 - 31.3.09
Cash flow from operating activities				
Total profit/(loss)	1,165	(1,969)	6,176	11,507
Adjustments for:				
-Income tax expense/(credit)	239	(362)	1,258	2,398
- Property, plant and equipment and investment properties				
- Depreciation	406	421	1,243	1,265
- Net gain on disposal	(11)	-	(11)	(1)
- Impairment (reversal)/loss on available-for-sale financial assets	-	(69)	-	427
- Interest income	(101)	(32)	(329)	(106)
- Interest expense	25	271	86	1,349
- Dividend income	(38)	(112)	(229)	(267)
	1,685	(1,852)	8,194	16,572
Change in working capital				
- Inventories	(806)	38,093	9,974	42,880
-Trade and other receivables	(1,807)	28,660	18,125	52,651
- Derivative financial instruments	-	-	(413)	-
-Trade and other payables	1,766	(11,250)	(4,952)	(32,586)
-Other current assets	(21)	(10)	(175)	(148)
Cash generated from operations	817	53,641	30,753	79,369
Income taxes paid	(970)	(3,577)	(2,732)	(8,844)
Interest received	101	32	329	106
Net cash (used in)/generated from operating activities	(52)	50,096	28,350	70,631
Cash flows from investing activities				
Property, plant & equipment :				
- Purchases	(415)	(10)	(416)	(705)
- Proceeds from disposal	11	-	11	61
Financial assets, available-for-sale				
- Purchases	-	(7)	(160)	(1,507)
- Proceeds from disposal	-	-	20	-
Dividends received	38	112	229	267
Net cash (used in)/from investing activities	(366)	95	(316)	(1,884)
Cash flows from financing activities				
Purchase of treasury shares	(358)	-	(788)	-
Proceeds from trust receipts	4,533	6,647	25,835	160,881
Repayment of trust receipts	(4,853)	(52,559)	(28,878)	(214,198)
Dividend paid to shareholders	-	-	(6,269)	(15,684)
Repayment of term loan	(248)	(247)	(749)	(760)
Repayment of finance lease obligations	-	(4)	-	(15)
Interest paid	(25)	(271)	(86)	(1,349)
Net cash used in financing activities	(951)	(46,434)	(10,935)	(71,125)
Net (decrease)/increase in cash and cash equivalents	(1,369)	3,757	17,099	(2,378)
Cash and cash equivalents at beginning of the financial period	71,979	21,294	53,567	27,442
Effects of currency translation on cash and cash equivalents	(115)	4	(171)	(9)
Cash and cash equivalents at end of the financial period	70,495	25,055	70,495	25,055

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 Equity
Group	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2009	107,485	(1,216)	(774)	473	94,915	200,883
Purchase of treasury shares	(788)	-	-	-	-	(788)
Dividend paid	-	-	-	-	(6,269)	(6,269)
Total comprehensive income	-	-	(170)	595	6,176	6,601
At 31 March 2010	**106,697**	**(1,216)**	**(944)**	**1,068**	**94,822**	**200,427**
Group						
At 1 July 2008	107,485	(1,259)	(728)	1,009	96,539	203,046
Dividend paid	-	-	-	-	(15,684)	(15,684)
Total comprehensive income	-	-	(9)	(767)	11,507	10,731
At 31 March 2009	**107,485**	**(1,259)**	**(737)**	**242**	**92,362**	**198,093**

	Share Capital	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Earnings	Total Equity
Company	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2009	107,485	707	-	473	42,246	150,911
Purchase of treasury shares	(788)	-	-	-	-	(788)
Dividend paid	-	-	-	-	(6,269)	(6,269)
Total comprehensive income	-	-	-	595	3,049	3,644
At 31 March 2010	**106,697**	**707**	**-**	**1,068**	**39,026**	**147,498**
Company						
At 1 July 2008	107,485	665	-	1,009	36,300	145,459
Dividend paid	-	-	-	-	(15,684)	(15,684)
Total comprehensive income	-	-	-	(767)	18,475	17,708
At 31 March 2009	**107,485**	**665**	**-**	**242**	**39,091**	**147,483**

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

Under the Share buyback mandate approved by shareholders at the AGM held on 29 Oct 09 and 29 Oct 08, the Company purchased a total of 2,803,000 shares for $788K by way of on market purchase on the Singapore Exchange Securities Trading Limited during the period.

Treasury Shares	No. of shares	$'000
Balance as at 30 Jun 2009	0	0
Purchases	2,803,000	788
Balance as at 31 March 2010	2,803,000	788

(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.

	31.03.10	30.06.09
Number of shares in issue	624,567,610	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.

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 as the figures have not been audited nor reviewed.

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 have been applied except as disclosed in Note 5.

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.

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 31.03.10 (note 1)	3 months ended 31.03.09	9 months ended 31.03.10 (note 1)	9 months ended 31.03.09
Earnings per share based on profit attributable to equity shareholders:				
(a) Basic (cent)	0.19	(0.31)	0.99	1.83
(b) Diluted (cent)	0.19	(0.31)	0.99	1.83

Note 1 : The basic and diluted earnings per share is calculated based on the weighted average number of ordinary shares of 626,323,947 (31.03.09: 627,370,610) in issue during the period.

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	
	31.03.10	30.06.09	31.03.10	30.06.09
Net Asset Value per ordinary share (cents)	32.09	32.02	23.62	24.05

The net asset value per ordinary share is calculated based on the number of ordinary shares in issue of 624,567,610 at the end of the period (30.06.09: 627,370,610).

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 31 MARCH 2010 ("3QFY10")

Revenue and Gross profit

			$'000		
	3QFY10	***2QFY10***	***3QFY09***	***9MFY10***	***9MFY09***
Revenue	39,764	43,843	50,020	120,524	254,218
Gross Profit	5,169	8,449	2,050	19,489	33,680
GP %	*13.0%*	*19.3%*	*4.1%*	*16.2%*	*13.2%*

Revenue for 3QFY10 declined slightly Q-on-Q to $39.8M from $43.8M (2QFY10) due to slower sales as a result of the Chinese New Year holidays during the quarter. Customers were also cautious in launching projects and waiting for clearer signals of a sustained recovery in the economy. This resulted in lower demand for the Group's structural steel products, pipes and fittings.

Compared with a year ago, quarterly revenue was much weaker ($39.8M 3QFY10 vs $50.0M 3QFY09) due to lower orders fulfilled during the quarter.

HUPSteel was able to position itself to take advantage of the reduced steel prices to improve its gross profit margin for the quarter (13.0% 3QFY10 vs. 4.1% 3QFY09) and for the 9 months (16.2% 9MFY10 vs. 13.2% 9MFY09). On a Q-on-Q basis the gross profit margin declined (13.0% 3QFY10 vs. 19.3% 2QFY10) principally as a result of a higher proportion of the sales being made up of the lower margin structural steel products and there was a write back from the provision in dimunition in inventory value of $1.5M in 2QFY10.

Staff costs, Depreciation, Other operating expenses and Finance cost

Staff costs for 3QFY10 rose slightly to $2.1M from $1.8M in 3QFY09 due to a reduction in the job credit received as the scheme began to wind down. The lower staff costs for 3QFY09 were also caused by a reversal of provisions in staff incentives made in the earlier quarters corresponding to the lower sales volume generated.

Other operating expenses for 3QFY10 remained fairly constant at $1.6M (3QFY09:$1.6M) as the Group continued to monitor its operation costs closely and was also helped by an foreign exchange gain of $255k ($54k in 3QFY09) as the Singapore dollar appreciated against the US dollar during the quarter.

Finance cost–net comprised interest expense of $25k (3QFY09 : $271k) and foreign exchange gain of $84k (3QFY09 : loss of $481k) arising from borrowings. With the strong cash position, the Group was

able to pay its purchases promptly and hence avoided incurring interests on bank borrowings. For purchases which were converted to US dollar denominated trust receipts, the Group also benefited from exchange gain on settlement as it weakened against the Singapore dollar during the quarter.

Profit attributable to equity holders of the Company

			$'000		
	3QFY10	2QFY10	3QFY09	9MFY10	9MFY09
Revenue	39,764	43,843	50,020	120,524	254,218
Gross Profit	5,169	8,449	2,050	19,489	33,680
Profit after tax	1,165	3,123	(1,969)	6,176	11,507

With the lower revenue and gross profit margin generated during the quarter, profit attributable to equity holders of the Company was lower at $1.2M compared with $3.1M in 2QFY10 which included a write back of $1.5M. Nevertheless, this was still a significant improvement over the loss of $1.9M reported a year ago.

Cash Flow

The Group continued to achieve a net cash inflow of $17.1M for the 9 months ended 31 March 2010 with a cash holding at $70.5M. This cash holding will provide the Group with a ready source of fund for its working capital purposes.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2010

Current assets and current liabilities

Trade and other receivables reduced to $44.4M from $62.5M as the Group continued with its effort in debt collection to minimise credit risk as the economy recovered.

The Group had been reducing its purchasing activities since the onset of the global economy meltdown in 2009. The Group had an inventory holding of $57.2M at the end of 3QFY10 compared to $67.1M in 4QFY09. The slower purchasing had helped to keep the Group borrowings at a very low level of $1.1M (4QFY09 : $4.2M).

Trade and other payables fell to $15.9M from $20.9M reflecting the Group's ability to generate cash to pay its liabilities when they fell due.

Non current assets and non current liabilities

The Group's available-for-sale financial assets of $8.9M (4QFY09 : $8.2M), marked to market as at 31 March 2010, were higher as stock market remained buoyant during the quarter.

Share capital and reserves

During the quarter, the Group continued to exercise its Share Buyback Mandate and purchased another 1,265,000 shares worth $359k from the open market. These are kept as treasury shares and reduce the amount of paid up share capital as at 31 March 2010.

Fair value reserves increased to $1.1M from $0.5M due to increases in the market values of the Group's available-for-sale financial assets as at 31 March 2010.

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

Although the general economy has shown signs of recovery recently, the level of activities by sectors like marine, oil & gas and construction has lagged behind those of the manufacturing sector . It is hoped that the continuing recovery in the economy will eventually translate to an anticipated increase in demand for structural steel products, pipes and fittings. However the recovery in global economy has been slow and appears fragile. Recent developments in the EU together with the trade and currency tensions between the US and China are potential hinderances to a more sustained and rapid recovery in the world economy.

As the local market has been consuming its existing inventory holdings without substantial replenishment over the last few quarters, there is a growing need to replace depleting inventory level to meet customers' requirements. The hikes in oil and iron ore prices are pushing production costs higher for steel products and mills are seeking to raise prices. This makes inventory replenishment decisions more complex in the light of rising costs and uncertainties in the pace of demand growth. The Group feels that this may hasten customers' decisions to increase their purchases in the near term to avoid paying higher prices later.

The Group believes that with its established relationships with its' suppliers and customers, it can source reasonably priced products to meet the customers' requirement on a timely basis. Its strong cash position and the healthy balance sheet will ensure that it can translate the present challenging conditions into opportunities for the Group going forward.

Barring unforeseen circumstances, the Board of Directors is optimistic that the Group will remain profitable for the year ending 30 June 2010.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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.

17. Interested Person Transactions

Not applicable.

BY ORDER OF THE BOARD
Tan Cher Liang
Company Secretary
6 May 2010

Confirmation by the Board

We, Lim Kim Thor and Lim Boh Chuan being two directors of HUPSteel Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 3QFY10 financial results to be false or misleading in any material aspects.

On behalf of the Board of Directors

Lim Kim Thor
CEO & Managing Director
6 May 2010

Lim Boh Chuan
Deputy MD