

HUPSteel Limited
HALF 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)					
	2Q FY07	2Q FY06	% + / (-)	1H FY07	1H FY06	% + / (-)
Revenue	65,107	45,991	42%	120,396	90,513	33%
Changes in inventories	1,400	(15,631)	NM	9,091	(15,968)	NM
Purchases of inventories	(51,728)	(21,906)	136%	(100,671)	(57,720)	74%
Gross profit	14,779	8,454	75%	28,816	16,825	71%
Other operating income	854	561	52%	2,175	793	174%
Staff costs	(2,832)	(1,941)	46%	(5,325)	(3,953)	35%
Depreciation of property, plant and equipment	(336)	(325)	3%	(659)	(647)	2%
Other operating expenses	(3,301)	(2,557)	29%	(5,823)	(4,124)	41%
Finance cost - net	(500)	(408)	23%	(731)	(805)	-9%
Profit before tax	8,664	3,784	129%	18,453	8,089	128%
Income tax expense	(1,705)	(1,069)	59%	(3,710)	(1,933)	92%
Total profit	6,959	2,715	156%	14,743	6,156	139%
Attributable to:						
Equity holders of the Company	6,959	2,715	156%	14,743	6,156	139%
Earnings per share based on profit attributable to equity shareholders:						
- Basic (cent)	1.54	0.75		3.26	1.70	
- Diluted (cent)	1.54	0.75		3.26	1.70	

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

	GROUP (S\$'000)			
	2Q FY07	2Q FY06	1H FY07	1H FY06
Investment income	211	229	1,140	305
Other income including interest income	206	332	562	488
Loss on sale of property, plant and equipment	4	-	(20)	-
Foreign exchange gain /(loss)	(105)	(184)	344	(156)
Finance cost-net is made up of :				
Interest expense	(370)	(502)	(682)	(562)
Foreign exchange gain /(loss) - net	(130)	94	(49)	(243)
Allowance for trade receivables	(1)	(137)	(103)	(153)
Write-back of allowance for trade receivables	(5)	(22)	-	3
Write-back/(Allowance) for slow and obsolete inventories	-	32	1	454
Inventories written off	(2)	(2)	(2)	(10)

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	
	31.12.2006 \$'000	30.06.2006 \$'000	31.12.2006 \$'000	30.06.2006 \$'000
Current Assets				
Cash and cash equivalents	19,661	11,200	7,023	4,135
Trade and other receivables	62,276	53,629	18,748	19,815
Inventories	55,007	44,425	37,993	32,767
Other current assets	843	214	402	77
Due from subsidiaries	-	-	2,878	2,853
	137,787	109,468	67,044	59,647
Non Current Assets				
Other receivables	3	6	-	-
Available-for-sale financial assets	8,103	11,362	7,432	9,930
Club membership	60	60	-	-
Investment in subsidiaries	-	-	9,457	9,457
Loan to a subsidiary	-	-	35,758	34,258
Property, plant and equipment	33,458	32,949	7,891	8,391
Goodwill	4,630	4,630	-	-
Deferred tax assets	38	38	-	-
	46,292	49,045	60,538	62,036
Total Assets	184,079	158,513	127,582	121,683
Current Liabilities				
Trade and other payables	14,058	10,240	7,371	5,197
Current tax liabilities	5,185	3,803	3,308	2,844
Borrowings	29,753	17,669	4,941	2,963
Due to subsidiaries - trade	-	-	-	301
	48,996	31,712	15,620	11,305
Non Current Liabilities				
Borrowings	26	33	-	-
Provision for directors' retirement gratuity	849	818	849	818
Deferred tax liabilities	136	135	27	27
	1,011	986	876	845
Total Liabilities	50,007	32,698	16,496	12,150
Net Assets	134,072	125,815	111,086	109,533
Share capital and reserves				
Share capital	68,370	59,317	68,370	59,317
Capital reserves	(477)	(477)	1,430	1,430
Foreign currency translation reserve	(638)	(598)	-	-
Fair value reserve	1,256	1,917	1,029	1,526
Retained earnings	65,561	65,656	40,257	47,260
	134,072	125,815	111,086	109,533

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 31.12.2006		As at 30.6.2006	
Secured	Unsecured	Secured	Unsecured
17	29,736	19	17,650

Amount repayable after one year ('000)

As at 31.12.2006		As at 30.6.2006	
Secured	Unsecured	Secured	Unsecured
26	-	33	-

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 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)			
	2Q FY07	2Q FY06	1H FY07	1H FY06
Cash flow from operating activities				
Profit before tax	8,664	3,784	18,453	8,089
Adjustments for:				
Exchange differences	-	-	-	-
Provision for directors' retirement gratuity	15	15	32	31
Property, plant and equipment:				
- depreciation	336	325	659	647
- loss on disposal	(4)	-	20	-
Investments				
- gain on disposal	(473)	-	(473)	-
Allowance for/(write-back) of:				
- doubtful trade receivables	1	137	103	153
- slow moving inventories	2	(32)	1	(454)
Inventories written off	2	2	2	10
Allowance for trade receivables written back	5	22	-	(3)
Interest income	(59)	(57)	(112)	(116)
Interest expense	370	60	682	562
Dividend income	(165)	(181)	(1,094)	(211)
Operating cash flow before working capital changes	8,694	4,075	18,273	8,708
Changes in working capital:				
Inventories	(2,677)	13,322	(10,585)	16,391
Trade and other receivables	(7,168)	(269)	(9,216)	9,971
Other current assets	24	(35)	(399)	113
Trade payables	377	(627)	1,209	1,436
Other payables and accruals	1,476	389	2,682	162
Cash generated from operations	726	16,855	1,964	36,781
Income taxes paid	(1,329)	(1,688)	(2,328)	(3,359)
Interest paid	(318)	(216)	(608)	(815)
Interest received	63	104	112	117
Net cash (used in)/generated from operating activities	(858)	15,055	(860)	32,724
Cash flows from investing activities				
Property, plant and equipment:				
- purchases	(868)	(55)	(1,216)	(349)
- proceeds from disposal	4	-	28	-
Repayment of staff loans	(13)	24	9	29
Investments				
- proceeds from disposal	1,071	-	3,071	-
Dividend received				
- other quoted investments	165	181	1,094	211
Net cash generated from/(used in) investing activities	359	150	2,986	(109)
Cash flow from financing activities				
Net proceeds from issue of shares	-	-	-	-
Draw down/(repayment) of Bank borrowings	8,004	(3,206)	12,086	(32,641)
Increase in finance lease obligation	-	-	-	-
Payment under finance lease obligations	(5)	(3)	(9)	(9)
Dividends paid	(5,785)	(7,236)	(5,785)	(7,236)
Net cash generated from/(used in) financing activities	2,214	(10,445)	6,292	(39,886)
Net exchange differences arising from translation	48	(31)	43	4
Net increase/(decrease) in cash and cash equivalents	1,763	4,729	8,461	(7,267)
Cash and cash equivalents at beginning of period	17,898	7,417	11,200	19,413
Cash and cash equivalents at end of period	19,661	12,146	19,661	12,146

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	Fair Value Reserve	Retained Profits	Minority Interest	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2006	59,317	-	(477)	(598)	1,917	65,656	-	125,815
Currency translation differences	-	-	-	(5)	-	-	-	(5)
Fair value gains on available-for-sale financial assets	-	-	-	-	(499)	-	-	(499)
Net profit for 1 st quarter	-	-	-	-	-	7,784	-	7,784
At 30 September 2006	59,317	-	(477)	(603)	1,418	73,440	-	133,095
Currency translation differences	-	-	-	(35)	-	-	-	(35)
Fair value gains on available-for-sale financial assets	-	-	-	-	(162)	-	-	(162)
Bonus issue	9,053	-	-	-	-	(9,053)	-	-
Net profit for 2 nd quarter	-	-	-	-	-	6,959	-	6,959
Dividend paid	-	-	-	-	-	(5,785)	-	(5,785)
At 31 December 2006	68,370	-	(477)	(638)	1,256	65,561	-	134,072
Group								
At 1 July 2005	30,154	29,163	(477)	(540)	1,247	57,163	34	116,744
Currency translation differences	-	-	-	35	-	-	-	35
Fair value gains on available-for-sale financial assets	-	-	-	-	375	-	-	375
Net profit for 1 st quarter	-	-	-	-	-	3,441	-	3,441
At 30 September 2005	30,154	29,163	(477)	(505)	1,622	60,604	34	120,595
Currency translation differences	-	-	-	4	-	-	-	4
Liquidation of subsidiary	-	-	-	-	-	-	(34)	(34)
Fair value gains on available-for-sale financial assets	-	-	-	-	(147)	-	-	(147)
Net profit for 2 nd quarter	-	-	-	-	-	2,715	-	2,715
Dividend paid	-	-	-	-	-	(7,236)	-	(7,236)
At 31 December 2005	30,154	29,163	(477)	(501)	1,475	56,083	-	115,897

	Share Capital	Share Premium	Revaluation Reserves	Translation Reserve	Fair Value Reserve	Retained profits	Total
Company	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2006	59,317	-	1,430	-	1,526	47,260	109,533
Fair value gains on available-for-sale financial assets	-	-	-	-	(578)	-	(578)
Net profit for 1 st quarter	-	-	-	-	-	3,608	3,607
At 30 September 2006	59,317	-	1,430	-	948	50,868	112,563
Fair value gains on available-for-sale financial assets	-	-	-	-	81	-	81
Bonus issue	9,053	-	-	-	-	(9,053)	-
Net profit for 2 nd quarter	-	-	-	-	-	4,227	4,227
Dividend paid	-	-	-	-	-	(5,785)	(5,785)
At 31 December 2006	68,370	-	1,430	-	1,029	40,257	111,086
Company							
At 1 July 2005	30,154	29,163	1,430	-	1,044	-	104,486
Fair value gains on available-for-sale financial assets	-	-	-	-	266	-	266
Net profit for 1 st quarter	-	-	-	-	-	2,917	2,917
At 30 September 2005	30,154	29,163	1,430	-	1,310	45,612	107,669
Fair value gains on available-for-sale financial assets	-	-	-	-	(141)	-	(141)
Net profit for 2 nd quarter	-	-	-	-	-	3,944	3,944
Dividend paid	-	-	-	-	-	(7,236)	(7,236)
At 31 December 2005	30,154	29,163	1,430	-	1,169	42,320	104,236

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

	31.12.06	30.06.06
	('000)	('000)
Number of shares that may be issued upon exercising all outstanding options	-	72

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 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

In 2006, the Group and the Company adopted the amendments to the Financial Reporting Standards (FRS) below.

FRS 19	Employee Benefits
FRS 21	Effects of changes in Foreign Exchange Rates
FRS 32	Financial Instruments : Disclosure and Presentation
FRS 39	Financial Instruments : Recognition and Measurement

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 31.12.06	3 months ended 31.12.05	6 months ended 31.12.06	6 months ended 31.12.05
Earnings per share based on profit attributable to equity shareholders:				
(a) Basic (cent)	1.54	0.75	3.26	1.70
(b) Diluted (cent)	1.54	0.75	3.26	1.70

The EPS for 31.12.06 is calculated based on 452,396,488 shares where as EPS for 31.12.05 is calculated based on 361,858,790 shares.

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	
	31.12.06	30.06.06	31.12.06	30.06.06
Net Asset Value per ordinary share (cents)	29.64	34.77	24.56	30.27

The NAV for 31.12.06 is calculated based on 452,396,488 shares where as NAV for 30.06.06 is calculated based on 361,858,790 shares.

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 DECEMBER 2006 vs QUARTER ENDED 31 DECEMBER 2005

REVIEW OF RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2006

Turnover and Gross profit

Turnover for the quarter ended 31 December 2006 ("2QFY07") expanded a strong 42% to \$65.1M from \$46.0M for the corresponding quarter a year earlier ("2QFY06") as a result of better selling prices of plates and higher demand for all categories of the Group's products in view of the good local economy.

The higher turnover, due to both higher volume and better prices, resulted in gross profit for 2QFY07 rising 75% to \$14.8M from \$8.5M for 2QFY06 while gross profit margin rising to 22.7% for 2QFY07 from 18.4% for 2QFY06.

As a result of the two quarters of strong quarterly sales, turnover of \$120.4M for the half year ended 31 December 2006 ("1HFY07") was a robust 33% more than the \$90.5M recorded for the corresponding half year ended a year earlier ("1HFY06"). Similarly, gross profit for 1HFY07 rose 71% to \$28.8M from \$16.8M recorded for 1HFY06.

Staff costs, Other operating expenses and Finance cost

Staff costs for 2QFY07 rose 46% to \$2.8M from \$1.9M for the corresponding quarter a year ago due to higher provision for performance incentives and an increase in the number of staff to handle the higher volume of sales.

Other operating expenses rose 29% to \$3.3M for 2QFY07 from \$2.5M for 2QFY06 due to the higher turnover achieved and expenses incurred for the rights issue completed in the quarter under review.

Finance cost increased 23% to \$0.5M for 2QFY07 from \$0.4M for 2QFY06 due to higher borrowings incurred for the purchase of inventories.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company for 2QFY07 rose 156% to \$6.9M from \$2.7M for 2QFY06 reflecting the strong turnover and better gross profit achieved for the quarter under review.

Correspondingly, profit attributable to equity holders of the Company of \$14.7M for 1HFY07 was 139% higher than the \$6.2M recorded for 1HFY06.

REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2006

Current assets and current liabilities

Cash and cash equivalents increased to \$19.7M from \$11.2M as at 30 June 2006 due to the Group's continued efforts to diligently collect its debts as they matured.

Trade and other receivables rose to \$62.2M from \$53.6M as at 30 June 2006 in line with the higher turnover registered for 2QFY07 and some deliveries being made nearer the end of the quarter under review.

Inventories rose to \$55.0M from \$44.4M as at 30 June 2006 due to higher purchasing activities in line with higher turnover and a build-up of stocks for the coming quarters.

Non current assets

Available for sale financial assets declined to \$8.1M from \$11.4M as at 30 June 2006 due to the redemption of a bond held by the Company and the disposal of certain equity shares held by the Group.

Share capital and reserves

Share capital increased to \$68.4M from \$59.3M as at 30 June 2006 following the successful completion of the rights issue of 1 for every 4 existing shares held by shareholders at a subscription price of \$0.10 per share. A total of 90,482,698 shares were allotted, listed and quoted on the Official List of the Singapore Exchange Securities Trading Limited on 7 December 2006.

The balance of fair value reserve was lowered to \$1.2M from \$1.9M as at 30 June 2006 mainly due to the redemption of a bond held by the Company and the disposal of certain equity shares held by the Group.

Cash flow

The Group used \$0.8M of cash in operating activities for the half year ended 31 December 2006, mainly due to the build-up of stocks for the coming quarters and the increase in trade and other receivables as described above.

Changes in the Group's cash flow from financing activities was in line with the amount of dividends paid and the change in the level of short-term unsecured bank borrowings as explained in Note 1(b)(ii).

Overall, the Group had positive cash inflow of \$8.5M for the half year ended 31 December 2006, which raised its cash and cash equivalents balance to \$19.7M from \$11.2M as at 30 June 2006.

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

Demand for the Group's products is expected to remain stable in the coming quarters as the local economy is expected to continue growing in calendar year 2007. Ongoing oil-related projects, rig and ship building projects are expected to continue providing stable demand for the Group's structural steel, pipe and fitting products.

The pick up in the construction and property sectors coupled with the impending construction of the Integrated Resorts and Business Financial Centre are likely to fuel demand for the Group's structural steel products. The recent ban on the sale of Indonesian sand to Singapore is likely to push developers to use steel in place of concrete which will further increase demand for structural steel products. As such, sales to the construction sector is expected to rise in the coming quarters and is expected to become another growth driver for the Group.

The Group expects gross margins in the coming quarters for its structural steel, pipe and fitting products to remain relatively constant.

As the Group's purchases are mostly denominated in US Dollars while its sales are quoted in Singapore Dollars, the Group may stand to benefit if the US Dollar continues to weaken for the rest of the year.

The Group also expects to realise additional efficiencies when its nearly completed warehouse extension is opened, and from its implementation of a new IT system which has recently come online.

With net profit attributable to equity holders of the Company for 1HFY07 already having achieved over 93% of that recorded for the financial year ended 30 June 2006 ("FY2006"), and a positive outlook for the coming quarters, the Board of Directors expect the revenue and net profit for FY2007, barring unforeseen circumstances, to be significantly better than that achieved for FY2006.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share	1 cent per ordinary share
Tax Rate	20%

Balance of Section 44A tax credit as at 31 Dec 2006 stood as \$7.1M.

(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

28 March 2007

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of HUPSteel Limited (the "Company") will be closed on 15 March 2007 to determine shareholders' entitlement to the interim dividend of 1.0 cent less income tax of 20% and for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 8 Cross Street #11-00, PWC Building, Singapore 048424 up to 5.00 p.m. on 14 March 2007 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 14 March 2007 will be entitled to the proposed dividends.

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.

BY ORDER OF THE BOARD

Julie Koh Ngin Joo

Secretary

14th February 2007

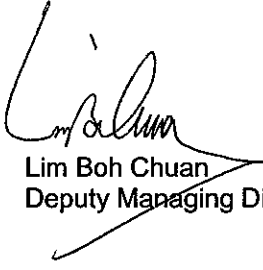
Confirmation by the Board

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 material has come to the attention of the Board of Directors of the Company which may render the 2Q07 financial results ended 31 December 2006 to be false or misleading.

On behalf of the Board of Directors



Lim Kim Thor
CEO
14 February 2007



Lim Boh Chuan
Deputy Managing Director