



HUPSteel

Co Reg No : 197301452D

News Release – Results for 1QFY10

- **Gross margins starting to recover 1QFY10 (15.9%) (4QFY09: 11.7%)**
- **Net profit after tax of \$1.9M for 1QFY10**
- **Strong cash balance of \$72.5M against borrowings of \$1.4M**

	1QFY10 \$M	1QFY09 \$M	Chg %	4QFY09 \$M
Revenue	36.9	111.7	-67%	67.5
Gross Profit	5.9	21.8	-73%	7.9
Net Profit After Tax (NPAT)	1.9	11.9	-84%	2.6
Gross Profit Margin	15.9%	19.6%		11.7%
Earnings per share (cts)	0.3	1.9	-84%	0.41
Net Asset Value per share (cts)	32.37	34.17	-5%	32.02

Singapore, 10 November 2009 - SGX Main Board-listed HUPSteel Limited (“HUPSteel” or “the Group”), today announced that the Group achieved revenue of \$36.9M (4QFY09: 67.5M;1QFY09: \$111.7M) for the quarter ended 30 June 2009 (‘1QFY10’) with net profit after tax of \$1.9M (4QFY09: \$2.6M;1QFY09: \$11.9M) amidst challenging economic conditions.

The Group maintained a strong cash position with cash and cash equivalents of \$72.5M at the end of 1QFY10 (4QFY09: \$53.5M) while the balance of trade and other receivables reduced to \$37.2M (4QFY09: \$62.5M). With reduced demand for its products, the Group slowed its purchasing activities resulting in a smaller inventory holding of \$59.2M (4QFY09: \$67.1M) and reduced borrowings of \$1.4M (4QFY09: \$4.2M).

Mr Lim Kim Thor, CEO of Hupsteel, commented, “As the global economy struggled to pull itself out of the recession, local demand for steel products did not register any improvement during the reporting quarter. This was the main reason for the low revenue generated”.

“Although volume is expected to remain soft in the coming months, selling prices are not expected to fall further. As such the Group expects margins to be fairly constant in the next few months. While the revenue is lower than last quarter, our gross margin has actually improved compared with 4QFY09 and net cash flow from operating activities in the last quarter of \$21.9M is 53% greater than the same quarter a year ago (1QFY09: \$14.3M). Today the Group is almost debt free. It has worked hard to deal with the economic downturn during the last year and we are now well placed for the recovery. Nevertheless, the Group will continue to manage its operating costs and inventory balances closely amidst the challenging market conditions. With the global economy already showing signs of recovery, the Group’s strong cash balances will enable it to seize opportunities as they arise during the eventual upturn” concluded Mr Lim.

End of release



HUPSteel

About HUPSteel

Established in 1945 as an industrial hardware company, SGX Main Board-listed HUPSteel Limited, formerly known as Hup Seng Huat Co. Ltd, provides an integrated range of steel products and services for the oil and gas, chemical and petrochemical, energy, infrastructure, marine and other industries across Asia Pacific. Serving more than 1,500 customers in over 15 countries, HUPSteel is one of the largest steel suppliers and stockists in Singapore. The Group distinguishes itself from other Singapore-based steel stockists in being able to provide value-added services such as logistics services that will enable it to expand across the horizontal supply chain and become a truly global total solutions provider for steel products and services. HUPSteel's value lies in its product knowledge, stock availability, competitive pricing, and comprehensive product range. This enables the Group to offer an indispensable inventory management service to source and supply clients' time-sensitive steel requirements.

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