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Miscellaneous

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>> Announcement Details

The details of the announcement start here ...

Announcement Title * Press Release - 9 Month Net Profit Surges 122% to $20.6 Million

Description Please see attached.

Attachments: PressRelease_9_Month_Net_Profit_Surges.pdf

Total size = **43K**
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PRESS RELEASE

HUPSteel 9-Month Net Profit Surges 122% To $20.6 Million

- **3QFY07 net profit leapt 87% to $5.9 million as revenue jumped 75% to $76.9 million on higher demand and improved margins from sales of structural steel products**
- **9MFY07 revenue of 197.3M & net profit after tax of $20.6M surpassed the whole of FY2006**
- **Directors expect FY2007 to be a record year; recommend 2nd interim dividend of 0.5 cent/share**

S$ million	3QFY07	3QFY06	Chg	9MFY07	9MFY06	Chg
Revenue	**76.9**	**44.0**	**75%**	**197.3**	**134.5**	**47%**
Gross Profit	**13.9**	**7.6**	**82%**	**42.7**	**24.5**	**75%**
Net Profit After Tax	**5.9**	**3.1**	**87%**	**20.6**	**9.3**	**122%**
Earnings/Share *(3Q07: 452.4m; 3Q06: 361.9m)*	**1.29 cents**	**0.87 cent**	**48.3%**	**4.55 cents**	**2.57 cents**	**77.0%**

Singapore, 7 May 2007 - SGX Main Board-listed HUPSteel Limited ("HUPSteel" or "The Group"), a homegrown total solutions provider for a wide range of steel products and value-added services focusing on the oil and gas ("O&G"), offshore and marine engineering, petrochemical and construction sectors, announced sterling results for its January-March 2007 third quarter ("3QFY07") and record earnings for the nine months ended 31 March 2007 ("9MFY07").

Revenue for 3QFY07 jumped 75% to $76.9 million from $43.9 million for 3QFY06, mainly due to higher sales volume and better margins from sales of structural steel products. The higher sales volume was due to continued strong demand from the oil & gas and marine sectors, augmented by a pick up in demand from the recovering construction sector.

These two factors boosted gross profit for 3QFY07 to $13.9 million, 82% higher than that recorded for the corresponding period a year earlier, while gross margin climbed to 18.1% for 3QFY07 from 17.4% for 3QFY06.

Total operating costs for 3QFY07 grew 58% to $6.8 million from $4.3 million for 3QFY06. The increase in costs was largely attributed to higher headcount, higher provision for performance incentives to staff and directors and higher freight and selling expenses.

With gross profit increasing faster than expenses, the Group's net profit attributable to shareholders leapt 87% to $5.9 million for 3QFY07 from $3.1 million for 3QFY06. Net profit margin also improved to 7.6% for 3QFY07 from 7.1% for 3QFY06.

As a result of continued strong year-on-year growth, 9MFY07 revenue expanded 47% to a record $197.3 million, surpassing total revenue of $186.2 million for the financial year ended 30 June 2006 ("FY2006"). 9MFY07 net profit attributable to shareholders grew at an even faster rate of 122% to a record $20.6 million, over 31% more than the $15.7 million for FY2006.

Following the completion of the rights issue in December 2006 which enlarged HUPSteel's share base by approximately 25%, the Group recorded basic earnings per share of 1.29 cents for 3QFY07 compared to 0.87 cent for 3QFY06, and 4.55 cents for 9MFY07 compared to 2.57 cents for 9MFY06.

HUPSteel also continued to maintain a healthy balance sheet with a strong current ratio and very low net gearing. The Group increased its inventories to $61.0 million as at 31 March 2007 from $44.4 million as at 30 June 2006 reflecting the Group's increasing revenue and planned accumulation of stocks towards meeting the continuing strong market demand for steel products. To meet the expected higher demand, the Group's existing 30,000 square metres of warehousing space at its Neythal Road premises has been further boosted by a new 5,000 square metres covered warehousing facility.

"We are extremely pleased that our year-to-date performance has been excellent, with both revenue and net profit exceeding the levels recorded for the whole of financial year 2006," said Mr Lim Kim Thor, Chief Executive Officer of HUPSteel. "With continued strong, stable demand from the oil & gas and marine sectors and increased business from the construction sector, HUPSteel is well-poised to continue benefiting from higher demand for steel products."

The stable, strong demand for the Group's products during 3QFY07 from customers in the oil & gas and marine sectors is expected to continue through to 4QFY07. At the same time, demand from the construction sector is showing clear signs of stepping up. This is in line with the recovery in Singapore's construction industry as a result of surges in property development and government infrastructural projects. The benefits arising from these projects will only be felt in the coming quarters and depend largely on when they are awarded to the selected contractors.

"Despite the tight supply of steel products, the outlook for 4QFY07 remains consistent with the Group's overall positive expectations reported in the first half of financial year 2007" concluded Mr Lim.

Overall, with the Group having achieved strong revenue and net profit for 9MFY07, HUPSteel's Board of Directors expects the current financial year to be another record year for the Group since its listing on the SGX in 1994. To mark such an achievement, the Board of Directors is recommending a 2nd interim dividend of 0.5 cent/share to be paid as a token of appreciation for its shareholders' support.

End of release

About HUPSteel Limited

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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