



Press Release – 1Q FY08 Results

HUPSTEEL POSTS 1QFY08 REVENUE OF \$71.7 MILLION ON CONTINUING GROWTH IN OIL & GAS, MARINE AND CONSTRUCTION SECTORS

- 1QFY08 net profit after tax of \$7.4 million represents a 7.2% increase over 1QFY07 after excluding non recurrent one-time special dividend income of \$0.9 million from early redemption of bond in 1QFY07
- In 1QFY08, the Company completed a share placement exercise involving 49.5 million new shares to 3 institutional funds
- Rights issue of 1 for 4 existing shares at \$0.10 per share and bonus dividend of \$0.025 net per share with the option for shareholders to subscribe for the rights share without further cash outlay to optimise usage of section 44A tax credits
- Outlook: Demand for steel products to remain firm across major customer segments of Oil & Gas, Marine and Construction given global step-up in oil and gas upstream activities and Singapore’s pipeline of mega infrastructural, leisure, industrial and petrochemical projects

S\$ million	1QFY08	1QFY07	Chg %
Revenue from Core Businesses	71.7	55.3	29.7%
Gross Profit	16.4	14.0	17.1%
Net Profit Attributable to Equityholders	7.4	7.8	(0.5)%
Net Profit Attributable to Equityholders Excluding One-time Special Dividend	7.4	6.9	7.2%
Earnings/Share (cents)	1.30 ⁽¹⁾	1.53 ⁽²⁾	

Note 1: 1QFY08 EPS based on weighted average no of shares of 567,483,383.

Note 2: 1QFY07 EPS based on weighted average no of shares of 424,469,548.

Singapore, 13 November 2007 - SGX Main Board-listed HUPSteel Limited (“HUPSteel” or “the Group”), amongst the largest metal stockists in South-east Asia and a total solutions provider for steel products and value-added services catering to the oil and gas, offshore and marine, engineering, petrochemical and construction sectors, today announced results for the first quarter ended 30 September 2007 (“1QFY08”) that Group revenue in 1QFY08 grew 29.7% to \$71.7 million from \$55.3 million recorded for the previous corresponding period, 1QFY07. This was attributed to broad based growth across the Group’s main product categories. In particular sales of structural steel



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products improved in line with the resurging construction sector. Gross profit rose 17% to \$16.4 million from \$14.0 million a year ago.

Average gross profit margin moderated to 22.8% from 25.4% in 1QFY07. This 2.6 percentage point decrease in average gross profit margin is in line with the sales mix for 1Q FY08, which comprised a higher proportion of structural steel products supplied to customers in tandem with the resurging construction industry in Singapore. Such structural steel products typically generate higher volume but a lower margin when compared to the Group's other products.

For 1QFY08, the Group recorded net profit attributable to equity holders of \$7.4 million. This is approximately 5% lower than the \$7.8 million recorded for 1QFY07, which had been boosted by a one-time special dividend of \$0.9 million received from an early redemption of a bond held by the Company. Excluding this dividend of \$0.9 million, HUPSteel in fact, achieved a higher net profit attributable to equity holders in 1QFY08 of \$7.4 million compared to \$6.9 million for 1QFY07, representing 7.2% year-on-year bottom-line growth.

Commenting on the Group's performance, Chief Executive Officer, Mr Lim Kim Thor, said, "We kicked off FY2008 with strong revenue growth all-round. Our initiatives which included adding a covered warehousing facility and intensifying marketing efforts to the construction sector have proceeded accordingly as planned. "

Added Mr Lim, "We continue to deliver on our commitments to shareholders. On 10 September, we announced a gross bonus dividend of \$0.03049 per share or \$0.025 net per share, cum another 1-for-4 rights issue at a subscription price of \$0.10 per rights share. Shareholders could opt to use bonus dividends to subscribe for the rights shares. This exercise will allow most of HupSteel's shareholders to enjoy the refund of the Section 44A tax credits if their individual tax rates are lower than the corporate income tax rate."

On outlook, the Group expects demand to remain firm in subsequent quarters of FY08 as HupSteel's three major customer segments are well-entrenched to harness the tremendous potential from the sustained momentum of Singapore's economic prosperity.

"Our prospects are strongly underpinned by sound demand fundamentals globally and domestically. Oil and gas activities remaining strong due to record breaking oil prices and construction activities like the Integrated Resorts, new Marina Business & Financial Centre, petrochemical projects on Jurong Island etc will maintain strong demand for structural steel products as well as other steel products. Despite the tight market supply of steel products, we have maintained healthy levels of inventories to meet our customers' needs," opined Mr Lim.



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The Group's balance sheet continued to reflect strong fundamentals with very little debt. As at 30 September 2007, borrowings were reduced from \$43.2 million to \$26.9 million. Cash and cash equivalents have risen substantially to \$27.2 million mainly due to the net proceeds of \$27.0 million from a placement exercise of 49,500,000 new ordinary shares, which raised the total number of ordinary shares in issue from 452,396,488 to 501,896,488.

End of release

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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.