



HUPSteel

News Release – Results for 2Q09

	2QFY09 \$M	2QFY08 \$M	Chg %	1HFY09 \$M	1HFY08 \$M	Chg %
Revenue	92.5	100.0	- 8	204.2	171.7	19
Gross Profit	15.5	17.1	- 9	43.8	33.4	31
Net Profit After Tax(NPAT)	1.5	8.3	- 81	13.5	15.6	-14
Gross Profit Margin	16.75%	17.05%		21.46%	19.48%	
Earnings per share (cts)	0.24	1.41	46.2	2.15	2.67	-19.5
Net Asset Value per share (cts)	31.88	30.95	5.6	31.88	30.95	5.6

- **Inventory down to \$132.9m, AR turnaround at a low 76 days and cash balances of \$21.3m**
- **Net gearing ratio down to 0.2**
- **Revenue for second quarter declined slightly by 8% but first half revenue was 19% better than the previous period**
- **Profit before tax and before provisions for the second quarter slipped 21% to \$8.0 million compared with \$10.1 million for the previous period**

Singapore, 11 February 2009 - SGX Main Board-listed HUPSteel Limited (“HUPSteel” or “the Group”), today announced that its revenue for the second quarter ended 31 December 2008 (“2QFY09”) declined slightly by 8% to \$92.5 million from \$100.0 million when compared with the corresponding quarter (“2QFY08”). Revenue for the first half ended 31 December 2008 however was 19% better at \$204.2M when compared to \$171.7M for the corresponding period (six months ended 31 December 2007).

During the period under review, gross profit margin remained steady at 16.75% compared with 17.05% achieved in 2QFY08. Gross profit for 2QFY09 was \$15.5M, a 9% decline compared with the \$17.1M reported in 2QFY08.

As a result of the deteriorating economic conditions and the resulting price correction of steel products, the Group has had to make an additional provision of \$5.7M for diminution in value of inventory. The Group has also made a provision for impairment loss on its available-for-sale financial assets of \$0.5M to reflect the fair value of the underlying assets.

Profit before tax and before provisions slipped 21% to \$8.0M compared with the \$10.1 million for the previous period. Taking into account of the provisions, net profit after tax



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attributable to equity holders for 2QFY09 slipped to \$1.5 million compared with \$8.3 million achieved in 2QFY08.

Commenting on the Group's results, CEO Lim Kim Thor, said, "Global market conditions deteriorated significantly during the last quarter and prices for steel products experienced a larger than expected correction resulting in a further need for an additional provision in the diminution in value of inventory."

Looking ahead, he added, "Whilst there is a risk that demand continues to soften in the next quarter and remains so until confidence returns to global financial markets, we have a diversified customer base and the local economy is likely to benefit from projects that have been announced during the recent 2009 government budget," continued Mr Lim.

"Given this scenario, we will continue to pay down debt and strengthen our cash position by improving receivables collection. We believe that the low gearing of the Group gives much confidence to our bankers and that our extensive experience, strong cash position and prudence in inventory management will enable the Group to meet the challenges ahead," concluded Mr Lim.

End of release

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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