

HUPSteel Limited
3QFY08 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)					
	3Q FY08	3Q FY07	% +/(-)	1.7.07 - 31.3.08	1.7.06 - 31.3.07	% +/(-)
Revenue	120,058	76,887	56%	291,800	197,283	48%
Changes in inventories	24,168	7,444	225%	45,975	16,535	178%
Purchases of inventories	(124,231)	(70,434)	76%	(284,324)	(171,105)	66%
Gross profit	19,995	13,897	44%	53,451	42,713	25%
Other operating income	151	262	-42%	685	2,169	-68%
Staff costs	(3,118)	(2,793)	12%	(9,168)	(8,118)	13%
Depreciation of property, plant and equipment	(405)	(339)	19%	(1,161)	(998)	16%
Other operating expenses	(5,410)	(3,685)	47%	(12,818)	(9,508)	35%
Finance cost - net	1,649	(614)	NM	920	(1,077)	NM
Profit before tax	12,862	6,728	91%	31,909	25,181	27%
Income tax expense	(2,077)	(878)	137%	(5,505)	(4,588)	20%
Total profit	10,785	5,850	84%	26,404	20,593	28%
Attributable to:						
Equity holders of the Company	10,785	5,850	84%	26,404	20,593	28%
Earnings per share based on profit attributable to equity shareholders:						
- Basic (cent)	1.75	1.16		4.29	4.07	
- Diluted (cent)	1.75	1.16		4.29	4.07	

NM : Not meaningful

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

	GROUP (S\$'000)	
	1.7.07 - 31.3.08	1.7.06 - 31.3.07
Dividend income	166	1,094
Other income including interest income	171	870
Loss on disposal of property, plant and equipment	(1)	(22)
Gain on disposal of available-for-sale financial assets	32	473
Foreign exchange gain/(loss)	(1,780)	(488)
Finance cost-net is made up of :		
Interest expense	(1,865)	(1,184)
Foreign exchange gain /(loss) arising from borrowings (trust receipts)	2,785	(161)
Allowance for doubtful debts	(34)	(113)
Inventories written back/(off)	1	(2)

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	
	31.03.2008 \$'000	30.06.2007 \$'000	31.03.2008 \$'000	30.06.2007 \$'000
Current Assets				
Cash and cash equivalents	24,090	18,217	3,153	4,968
Trade and other receivables	125,867	80,541	22,882	26,134
Inventories	125,960	79,944	48,980	43,405
Other current assets	353	411	120	73
Due from subsidiaries	-	-	27,576	-
	276,270	179,113	102,711	74,580
Non Current Assets				
Available-for-sale financial assets	7,573	7,930	7,573	7,930
Investment in club membership	60	60	-	-
Investment in subsidiaries	-	-	9,457	9,457
Loan to a subsidiary	-	-	33,984	35,230
Property, plant and equipment	24,465	19,681	924	1,067
Investment properties	14,593	14,713	6,933	6,985
Goodwill	4,630	4,630	-	-
Deferred income tax assets	76	76	25	25
	51,397	47,090	58,896	60,694
Total Assets	327,667	226,203	161,607	135,274
Current Liabilities				
Trade and other payables	21,094	30,604	11,975	13,099
Current income tax liabilities	5,224	6,269	2,806	3,139
Borrowings	109,655	43,164	1,354	3,663
Due to subsidiaries - trade	-	-	663	301
	135,973	80,037	16,798	20,202
Non Current Liabilities				
Borrowings	4,950	14	-	-
Provision for directors' retirement gratuity	925	879	925	879
Deferred income tax liabilities	147	145	-	-
	6,022	1,038	925	879
Total Liabilities	141,995	81,075	17,723	21,081
Net Assets	185,672	145,128	143,884	114,193
Equity				
Share capital	107,697	68,157	107,697	68,157
Capital reserves	(477)	(477)	1,430	1,430
Currency translation reserves	(592)	(506)	-	-
Fair value reserves	1,207	1,526	1,207	1,526
Retained earnings	77,837	76,428	33,550	43,080
	185,672	145,128	143,884	114,193

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 31.03.2008		As at 30.6.2007	
Secured	Unsecured	Secured	Unsecured
20	109,635	20	43,144

Amount repayable after one year (\$'000)

As at 31.03.2008		As at 30.6.2007	
Secured	Unsecured	Secured	Unsecured
4,950	-	14	-

Details of any collateral

The secured group borrowings and debt securities refer to mortgage relating to bank loan and 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)	
	1.7.07 - 31.3.08	1.7.06 - 31.3.07
Cash flow from operating activities		
Profit before tax	31,909	25,181
Adjustments for:		
Provision for directors' retirement gratuity	46	47
Property, plant and equipment:		
- depreciation	1,161	998
- loss on disposal	1	22
Gain on disposal of available-for-sale financial assets	(32)	(473)
Allowance for:		
- doubtful trade receivables	34	113
- slow moving inventories	-	4
Inventories written off	1	2
Interest income	(171)	(180)
Interest expense	1,865	1,184
Dividend income	(166)	(1,150)
Operating cash flow before working capital changes	34,648	25,748
Change in operating assets and liabilities		
Inventories	(46,017)	(16,541)
Trade and other receivables	(45,195)	(23,326)
Other current assets	(103)	(182)
Trade payables	(13,036)	(278)
Other payables and accruals	(1,386)	369
Cash generated from operations	(71,089)	(14,210)
Income taxes paid	(6,548)	(3,637)
Interest paid	(1,372)	(993)
Interest received	161	177
Net cash used in operating activities	(78,848)	(18,663)
Cash flows from investing activities		
Property, plant and equipment:		
- purchases	(5,828)	(2,547)
- proceeds from disposal	-	52
Repayment of staff loans	6	17
Available-for-sale financial assets		
- proceeds from disposal	72	3,071
Dividends received from other quoted investments	166	1,150
Net cash generated from/(used in) investing activities	(5,584)	1,743
Cash flow from financing activities		
Net proceeds from issue of shares	26,993	-
Draw down of bank borrowings - net	71,441	28,084
Payment under finance lease obligations	(14)	(14)
Dividends paid to shareholders	(8,029)	(9,495)
Net cash generated from financing activities	90,391	18,575
Net exchange differences arising from translation	(86)	54
Net (decrease)/increase in cash and cash equivalents	5,873	1,709
Cash and cash equivalents at beginning of period	18,217	11,200
Cash and cash equivalents at end of period	24,090	12,909

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	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Earnings	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2007	68,157	(477)	(506)	1,526	76,428	145,128
Proceeds from shares placement	26,993	-	-	-	-	26,993
Rights issue	12,547	-	-	-	(12,547)	-
Currency translation differences	-	-	(86)	-	-	(86)
Fair value gains on available-for-sale financial assets	-	-	-	(319)	-	(319)
Net profit	-	-	-	-	26,404	26,404
Dividends paid	-	-	-	-	(12,448)	(12,448)
At 31 March 2008	107,697	(477)	(592)	1,207	77,837	185,672
Group						
At 1 July 2006	59,317	(477)	(598)	1,917	65,656	125,815
Currency translation differences	-	-	57	-	-	57
Fair value gains on available-for-sale financial assets	-	-	-	(315)	-	(315)
Bonus issue	9,053	-	-	-	(9,053)	-
Net profit	-	-	-	-	20,593	20,593
Dividends paid	-	-	-	-	(9,495)	(9,495)
At 31 March 2007	68,370	(477)	(541)	1,602	67,701	136,655

	Share Capital	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Earnings	Total
Company	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2007	68,157	1,430	-	1,526	43,080	114,193
Proceeds from shares placement	26,993	-	-	-	-	26,993
Rights issue	12,547	-	-	-	(12,547)	-
Fair value gains on available-for-sale financial assets	-	-	-	(319)	-	(319)
Net profit	-	-	-	-	15,465	15,465
Dividends paid	-	-	-	-	(12,448)	(12,448)
At 31 March 2008	107,697	1,430	-	1,207	33,550	143,884
Company						
At 1 July 2006	59,317	1,430	-	1,526	47,260	109,533
Fair value gains on available-for-sale financial assets	-	-	-	(216)	-	(216)
Bonus issue	9,053	-	-	-	(9,053)	-
Net profit	-	-	-	-	10,758	10,758
Dividends paid	-	-	-	-	(9,495)	(9,495)
At 31 March 2007	68,370	1,430	-	1,310	39,470	110,580

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

On 11 Jul 07, the Company placed a total of 49.5 million shares to private investors at \$0.555 per share for cash. These shares were issued and quoted on the Singapore Exchange Securities - ST on the 24 Aug 2007. The number of issued shares increased from 452,396,488 to 501,896,488.

On 10 Sept 07, the Company announced a rights issue of 1 share for every 4 existing shares. A total of 125,474,122 rights shares at a subscription price of \$0.10 per share were allotted, issued and quoted on the Singapore Exchange Securities - ST on the 6 Dec 2007. Hence the number of issued shares was increased to 627,370,610.

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 as the figures have not been audited nor reviewed.

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 2007, the Group and the Company adopted the amendments to the Financial Reporting Standards (FRS) below.

FRS 34	Interim Financial Reporting
FRS 40	Investment Properties
FRS 107	Financial Instruments : Disclosures

The effect of adopting FRS 40 is the reclassification of properties that are held for long term rental yields and/or for capital appreciation as investment properties. These properties are transferred at cost less accumulated depreciation and accumulated impairment loss amounting to \$14.7M (FY07: \$14.7M) and \$6.9M (FY07: \$6.9M) from fixed assets to investment properties for the Group and the Company respectively.

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 31.03.08 (note 2)	3 months ended 31.03.07 (note 1)	9 months ended 31.03.08 (note 2)	9 months ended 31.03.07 (note 1)
Earnings per share based on profit attributable to equity shareholders:				
(a) Basic (cent)	1.75	1.16	4.29	4.07
(b) Diluted (cent)	1.75	1.16	4.29	4.07

Note 1 : On 29 August 2006, the Company announced a rights issue of 1 share for every 4 existing shares. The basic and diluted earnings per share is calculated based on the weighted average number of ordinary shares during the period of 506,026,397, which includes the notional bonus element from this rights issue.

Note 2 : On 11 July 2007 and 10 Sept 2007, the Company announced a private placement of 49.5 million shares and a rights issue of 1 share for every 4 existing shares respectively. The basic and diluted earnings per share is calculated based on the weighted average number of ordinary shares during the period of 615,679,316 which includes the notional bonus element from the rights issue.

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	
	31.03.08	30.06.07	31.03.08	30.06.07
Net Asset Value per ordinary share (cents)	30.16	28.68	23.37	22.57

The NAV for 31.03.08 is calculated based on 615,679,316 shares where as NAV for 30.06.07 is calculated based on 506,026,397 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 MARCH 2008 ("3QFY08") vs QUARTER ENDED 31 MARCH 2007 ("3QFY07")

Revenue and Gross profit

The Group achieved yet another record quarterly turnover when its revenue in 3QFY08 rose 56% from \$76.9M to \$120.0M as a result of higher sales of structural steel products, particularly to its shipbuilding customers. The comparatively higher selling price for steel products had also contributed to the higher revenue. The Group continues to experience strong demand for its steel products from Oil & Gas and Shipbuilding customers together with increases in demand from construction customers. The total revenue of \$291.8M for 9 months ended 31 March 2008 has now exceeded the revenue of \$284.2M recorded for the financial year ended 30 June 2007.

Gross profit for 3QFY08 rose 44% to \$19.9M from \$13.9M. Gross profit margin however moderated slightly to 16.7% from 18.1%. The decline in margin was because higher proportion of the revenue was made up of sales of structural steel products which traditionally command smaller margin.

Staff costs, Depreciation, Other operating expenses and Finance cost

Staff costs increased 12% to \$3.1M from \$2.8M mainly due to higher headcount and higher provision for bonus arising from better profit recorded.

The Group bought a new warehouse during the quarter and as a result depreciation increased 19% to \$405k from \$339k.

Other operating expenses increased from \$3.7M to \$5.4M as a result of the higher revenue recorded and was in line with general increase in costs.

With the US dollar continuing to weaken during the quarter and much of the Group's purchases being denominated in US dollars, the Group registered foreign exchange gain of \$2.6M against an interest expense of \$0.9M. This had given rise to a net gain in finance cost of \$1.6M for the quarter.

Profit attributable to equity holders of the Company

Profit attributable to equity holders for 3QFY08 hit \$10.8M which was 84% higher when compared with \$5.9M for 3QFY07. This was mainly due to the higher revenue recorded and the gain in foreign exchange.

Profit attributable to equity holders for the 9 months ended 31 March 2008 was \$26.4M.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2008

Current assets and current liabilities

Trade and other receivables rose to \$125.9M from \$80.5M due mainly to the increased sales during the quarter. Trade receivables are mainly denominated in Singapore dollar.

Inventories balance had also grown to \$125.9M from \$79.9M reflecting the Group's strategy to keep up its stock level to meet the continued strong demand by its customers.

Trade and other payables reduced to \$14.8M from \$30.6M reflecting the switch to greater utilisation of bank facilities for the purchase of inventories.

Borrowings rose to \$109.7M from \$43.2M due mainly to increased purchases of inventories.

Non current assets and non current liabilities

Available for sale financial assets had been revalued lower due to the weaker market sentiment prevailing in the quarter. This was also reflected in a smaller balance of Fair Value Reserve account.

During the quarter, the Group purchased a warehouse to augment its storage capacity which accounted for the increase in the balance for property, plant and equipment.

The increase in borrowings was the result of the bank loan taken for the purchase of the warehouse.

Share capital and reserves

The Group's share base increased following a placement of 49.5M shares to 3 institutional funds and a rights issue of 125.5M shares, thereby increasing the number of issued shares from 452.4M to 627.4M. The share placement at \$0.555 per share and the rights issue of \$0.10 per share, which were fully subscribed for, strengthened the share capital of the Group from \$68.2M to \$107.7M.

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

The Group's record quarterly revenue for 3QFY08 reflected the strong underlying demand from its customers in the marine, oil & gas and increasingly, the construction sectors.

The Group expects the demand for its steel products to remain strong for the rest of the calendar year due to the ongoing shipbuilding projects and various public sector infrastructure projects.

Supply of steel products is expected to remain tight with prices expected to increase as oil price and raw materials' costs needed for steel production are expected to climb in the near term.

The Group has anticipated this supply constraint and has been increasing its inventories during the last few quarters.

The Group believes that the recent weakness in the US market is not expected to have immediate major impact on the demand for our products in the short term as our customers have to meet deliveries for ongoing projects.

The Board of Directors is cautiously optimistic, barring unforeseen circumstances, that the Group would meet last year's performance, if not exceeding it.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	2 nd Interim
Dividend Type	Cash
Dividend Amount per share	0.5 cent per ordinary share
Tax Rate	18%

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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.

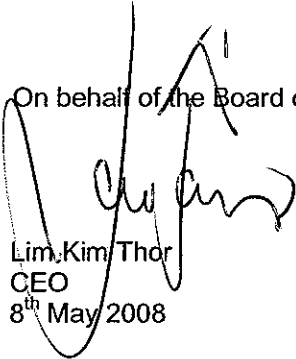
BY ORDER OF THE BOARD

Tan Cher Liang
Secretary
8th May 2008

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 3QFY08 financial results to be false or misleading in any material aspects.

On behalf of the Board of Directors



Lim Kim Thor
CEO
8th May 2008



Lim Boh Chuan
Deputy Managing Director