HUPSteel Limited
3QFY13 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 FY13	3Q FY12	% +/(-)	1.7.12 - 31.3.13	1.7.11 - 31.3.12	% +/(-)
Revenue	46,687	68,289	-32%	114,150	184,233	-38%
Changes in inventories	(10,149)	(7,446)	36%	(15,183)	2,581	NM
Purchases of inventories	(31,886)	(54,249)	-41%	(85,208)	(165,371)	-48%
Gross profit	4,652	6,594	-29%	13,759	21,443	-36%
Other operating income	478	463	3%	1,102	1,016	8%
Staff cost	(2,097)	(2,552)	-18%	(5,725)	(6,607)	-13%
Depreciation	(466)	(460)	1%	(1,393)	(1,373)	1%
Other operating expenses	(1,834)	(2,919)	-37%	(5,881)	(6,849)	-14%
Finance cost - net	(153)	602	NM	29	(1,133)	NM
Profit before tax	580	1,728	-66%	1,891	6,497	-71%
Income tax expense	(98)	(293)	-67%	(321)	(1,104)	-71%
Total profit	482	1,435	-66%	1,570	5,393	-71%
Other comprehensive income/(expenses) :						
Currency translation differences arising from consolidation	(293)	(9)	3156%	7	29	-76%
Available-for-sale financial assets						
- Fair value gains	233	191	22%	225	23	878%
- Reclassification	(297)	-	NM	(297)	-	NM
Total comprehensive income	125	1,426	-91%	1,505	5,422	-72%
Profit attributable to Equity holders of the Company	482	1,435	-66%	1,570	5,393	-71%
Total comprehensive income attributable to Equity holders of the Company	125	1,426	-91%	1,505	5,422	-72%
Earnings per share based on profit attributable to equity shareholders:						
- Basic (cent)	0.08	0.23		0.25	0.87	
- Diluted (cent)	0.08	0.23		0.25	0.87	

Note : NM : not meaningful

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

	GROUP (S$'000)			
	3Q FY13	3Q FY12	1.7.12 - 31.3.13	1.7.11 - 31.3.12
Dividend income	43	92	180	167
Interest income	108	205	448	458
(Loss)/Profit on sale of available-for-sale financial assets	-	-	(1)	4
Reclassification from other comprehensive income on disposal of available-for-sale financial assets	297	-	297	-
Foreign exchange gain/(loss)	55	(288)	(513)	153
Finance cost-net is made up of :				
Interest expense	(19)	(210)	(119)	(409)
Foreign exchange (loss)/gain arising from borrowings (trust receipts)	(134)	812	148	(724)
Bad debts recovered	-	-	-	9
Write-back of allowance for trade receivables	49	23	44	89

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	
	31.03.2013 $'000	30.06.2012 $'000	31.03.2013 $'000	30.06.2012 $'000
Current Assets				
Cash and cash equivalents	52,298	61,759	20,868	37,063
Trade and other receivables	53,162	58,757	8,350	8,943
Inventories	50,675	65,858	22,905	24,657
Other current assets	333	217	136	89
Due from subsidiaries	-	-	21,378	9,827
	156,468	186,591	73,637	80,579
Non Current Assets				
Available-for-sale financial assets	16,577	14,011	16,577	14,011
Investment in club membership	43	43	-	-
Investment in subsidaries	-	-	9,457	9,457
Loan to a subsidiary	-	-	36,874	36,412
Property, plant and equipment	26,382	27,183	255	323
Investment properties	13,969	14,063	6,762	6,788
Goodwill	4,630	4,630	-	-
Deferred income tax assets	129	129	-	-
	61,730	60,059	69,925	66,991
Total Assets	**218,198**	**246,650**	**143,562**	**147,570**
Current Liabilities				
Trade and other payables	5,244	15,551	2,106	4,990
Current income tax liabilities	368	1,444	534	855
Derivative financial instruments	64	181	29	-
Borrowings	7,528	22,795	592	850
Due to subsidiaries - trade	-	-	1,443	1,229
	13,204	39,971	4,704	7,924
Non Current Liabilities				
Provision for directors' retirement gratuity	903	870	903	870
Deferred income tax liabilities	818	818	515	515
	1,721	1,688	1,418	1,385
Total Liabilities	**14,925**	**41,659**	**6,122**	**9,309**
Net Assets	**203,273**	**204,991**	**137,440**	**138,261**
Share capital and reserves				
Share capital	107,485	107,485	107,485	107,485
Treasury shares	(1,447)	(1,335)	(1,447)	(1,335)
Capital reserves	(1,216)	(1,216)	707	707
Currency translation reserves	(843)	(850)	-	-
Fair value reserves	830	902	830	902
Retained profits	98,464	100,005	29,865	30,502
	203,273	**204,991**	**137,440**	**138,261**

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 31.03.2013		As at 30.6.2012	
Secured	Unsecured	Secured	Unsecured
-	7,528	-	22,795

Amount repayable after one year ($'000)

As at 31.03.2013		As at 30.6.2012	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The unsecured group borrowings and debt securities consist of trust receipts of the Group arising from the ordinary course of business. 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)			
	3Q FY13	3Q FY12	1.7.12 - 31.3.13	1.7.11 - 31.3.12
Cash flow from operating activities				
Total profit	482	1,435	1,570	5,393
Adjustments for:				
-Income tax expense	98	293	321	1,104
- Property, plant and equipment and investment properties				
- Depreciation	466	460	1,393	1,373
- Available-for-sale financial assets				
- Loss/(Gain) on disposal	-	-	1	(4)
- Reclassification from other comprehensive income on disposal	(297)	-	(297)	-
- Interest income	(108)	(205)	(448)	(458)
- Interest expense	19	210	119	409
- Dividend income	(43)	(92)	(180)	(167)
	617	2,101	2,479	7,650
Change in working capital				
- Inventories	10,149	7,446	15,183	(2,581)
-Trade and other receivables	(9,516)	8,034	5,595	(11,220)
-Derivative financial instruments	(94)	-	(117)	-
-Trade and other payables	965	1,120	(10,307)	(13,152)
-Provision for director retirement gratuity	8	11	33	35
-Other current assets	(57)	30	(116)	(129)
Cash generated from/(used in) operations	2,072	18,742	12,750	(19,397)
Income taxes paid	(576)	(724)	(1,397)	(1,886)
Interest received	108	205	448	458
Net cash provided by/(used in) operating activities	1,604	18,223	11,801	(20,825)
Cash flows from investing activities				
Property, plant & equipment :				
- Purchases	(129)	(10)	(498)	(351)
Financial assets, available-for-sale				
- Purchases	(6,744)	(3,758)	(10,536)	(8,768)
- Proceeds from disposal	8,194	-	8,194	4
Dividends received	43	92	180	167
Net cash provided by/(used in) investing activities	1,364	(3,676)	(2,660)	(8,948)
Cash flows from financing activities				
Purchase of treasury shares	(92)	(99)	(112)	(281)
Proceeds from trust receipts	13,555	34,927	61,208	136,040
Repayment of trust receipts	(7,437)	(52,357)	(76,475)	(119,609)
Dividend paid to shareholders	-	-	(3,111)	(3,116)
Interest paid	(19)	(210)	(119)	(409)
Net cash provided by/(used in) financing activities	6,007	(17,739)	(18,609)	12,625
Net increase/(decrease) in cash and cash equivalents	8,975	(3,192)	(9,468)	(17,148)
Cash and cash equivalents at beginning of the financial period	43,308	61,916	61,759	75,834
Effects of currency translation on cash and cash equivalents	15	(9)	7	29
Cash and cash equivalents at end of the financial period	52,298	58,715	52,298	58,715

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	Treasury shares	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Profits	Total Equity
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2012	107,485	(1,335)	(1,216)	(850)	902	100,005	204,991
Purchase of treasury shares	-	(112)	-	-	-	-	(112)
Dividend paid	-	-	-	-	-	(3,111)	(3,111)
Total comprehensive income	-	-	-	7	(72)	1,570	1,505
At 31 March 2013	**107,485**	**(1,447)**	**(1,216)**	**(843)**	**830**	**98,464**	**203,273**
Group							
At 1 July 2011	107,485	(1,013)	(1,216)	(821)	965	99,060	204,460
Purchase of treasury shares	-	(281)	-	-	-	-	(281)
Dividend paid	-	-	-	-	-	(3,116)	(3,116)
Total comprehensive income	-	-	-	29	23	5,393	5,445
At 31 March 2012	**107,485**	**(1,294)**	**(1,216)**	**(792)**	**988**	**101,337**	**206,508**

	Share Capital	Treasury shares	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Profits	Total Equity
Company	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2012	107,485	(1,335)	707	-	902	30,502	138,261
Purchase of treasury shares	-	(112)	-	-	-	-	(112)
Dividend paid	-	-	-	-	-	(3,111)	(3,111)
Total comprehensive income	-	-	-	-	(72)	2,474	2,402
At 31 March 2013	**107,485**	**(1,447)**	**707**	**-**	**830**	**29,865**	**137,440**
Company							
At 1 July 2011	107,485	(1.013)	707	-	965	31,401	139,545
Purchase of treasury shares	-	(281)	-	-	-	-	(281)
Dividend paid	-	-	-	-	-	(3,116)	(3,116)
Total comprehensive income	-	-	-	-	23	3,514	3,537
At 31 March 2012	**107,485**	**(1,294)**	**707**	**-**	**988**	**31,799**	**139,685**

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

Under the Share buyback mandate approved by shareholders, the Company purchased a total of 510,000 shares for $112K by way of on market purchase on the Singapore Exchange Securities Trading Limited during the quarter.

Treasury Shares	No. of shares	$'000
Balance as at 30 Jun 2012	5,421,000	1,335
Purchases	510,000	112
Balance as at 31 March 2013	5,931,000	1,447

(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31.03.13	30.06.12
Number of shares in issue	621,439,610	621,949,610

(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the end of the current financial period reported on.

None of the above occurred since the end of the previous period reported on.

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.

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

Not applicable.

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 31.03.13 (note 1)	3 months ended 31.03.12	9 months ended 31.03.13 (note 1)	9 months ended 31.03.12
Earnings per share based on profit attributable to equity shareholders:				
(a) Basic (cent)	0.08	0.23	0.25	0.87
(b) Diluted (cent)	0.08	0.23	0.25	0.87

Note 1 : The basic and diluted earnings per share is calculated based on the weighted average number of ordinary shares of 621,848,333 (31.03.12: 623,044,781) in issue during the period.

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	
	31.03.13	30.06.12	31.03.13	30.06.12
Net Asset Value per ordinary share (cents)	32.71	32.96	22.12	22.23

The net asset value per ordinary share is calculated based on the number of ordinary shares in issue of 621,439,610 at the end of the period (30.06.12: 621,949,610).

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 2013 ("3QFY13")

Revenue and Gross profit

			$'000		
	3QFY13	***2QFY13***	***3QFY12***	***9MFY13***	***9MFY12***
Revenue	46,687	32,489	68,289	114,150	184,233
Gross Profit	4,652	4,383	6,594	13,759	21,443
GP %	*10.0%*	*13.5%*	*9.7%*	*12.1%*	*11.6%*

Revenue for 3QFY13 increased 44% to $46.7M from $32.5M reported for 2QFY13. The higher turnover was mainly due to pick up in customers' activities after the December and Chinese New Year holidays. However, revenue declined 32% when compared with 3QFY12 revenue of $68.3M. This year-on-year decrease in revenue was mainly due to a sharp decline in the sale of structural steel products arising from sluggish demand in the light of uncertain global economic conditions. Sale of pipes and fittings improved slightly but was unable to compensate for the decline in sale volume of structural steel products.

With fewer projects and sluggish demand for structural steel products, the Group's 9MFY13 revenue fell 38% to $114.2M from $184.2M reported for 9MFY12.

Although revenue for 3QFY13 was higher than 2QFY13, gross profit margin slid to 10.0% (2QFY13: 13.5%) as structural steel products which usually made up a larger proportion of the turnover fetched poorer margin. However, the Group's gross profit margin for 9MFY13 was slightly higher at 12.1% compared with 11.6% reported for 9MFY12.

Other operating income

Despite receiving lower dividend and interest income, other operating income for 3QFY13 rose slightly to $478K from $463K of 3QFY12 due to a reclassification gain of $297K (3QFY12: Nil) from other comprehensive income on partial disposal of available-for-sale financial assets.

Staff cost, Other operating expenses and Finance cost

Staff cost for 3QFY13 decreased to $2.1M from $2.6M in 3QFY12 due to lower provision for incentives and smaller headcount.

Other operating expenses reduced to $1.8M in 3QFY13 (3QFY12 : $2.9M) mainly due to decreased shipping rates, lower freight and handling charges incurred which were in tandem with the lower sales volume reported for the quarter. The lower expenses in 3QFY13 were also partially due to a foreign exchange gains of $55K (3QFY12: $288K losses) on the realisation of trade receivables denominated in USD.

Finance cost-net in 3QFY13 was made up of interest expense of $19K (3QFY12: $210K) and exchange loss of $134K (3QFY12: $812K exchange gain) resulting in a net loss of $153K compared with a net gain of $602K for 3QFY12. Lower interest expense was incurred due to early repayment of bank borrowings that were utilised for purchases while the exchange loss was derived from the revaluation of US denominated borrowings as the US dollar strengthened during the quarter.

Profit attributable to equity holders of the Company

Total profit after tax for continuing operations in 3QFY13 was $0.5M, lower than $1.4M for 3QFY12. This was primarily due to lower sales and weaker margin.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2013

Non current assets

The Group's available-for-sale assets stood at $16.6M, marked to market as at 31 March 2013, were higher than 4QFY12's balance of $14.0M as the Group adjusted the composition of this asset class by switching to financial instruments that bear higher interest rates.

Current assets and current liabilities

Trade and other receivables decreased to $53.2M from $58.8M (4QFY12). This was mainly due to the lower sales during the period.

The Group had inventory of $50.7M as at the end of 3QFY13 compared with $65.9M in 4QFY12. The reduction in inventory balance was in tandem with the lower sales volume and cautious purchasing programme.

Trade and other payables fell from $15.6M to $5.2M as the Group utilised its cash and cash equivalents to pay down its liabilities as they fall due.

Borrowings reduced significantly to $7.5M from $22.8M (4QFY12). The decrease in borrowings was mainly due to less facilities being utilised to finance the Group's lower purchasing volume as well as early settlement of those borrowings.

The Group continued to post a healthy level of current ratio of 11.9 times (4QFY12: 4.7 times) and was in a net cash position for the quarter.

Share capital and reserves

During the quarter, the Group continued to exercise its Share Buyback Mandate and purchased 410,000 shares worth $92K from the open market. A total of 5,931,000 shares are held as treasury shares as at 31 March 2013.

Fair value reserves decreased to $830K from $902K mainly due to the disposal of certain available-for-sale financial assets.

Cash Flow

For 9MFY13, net cash used in investing activities and financing activities was $2.7M and $18.6M respectively with a net cash inflow of $11.8M from operating activities. These resulted in a net decrease of $9.5M in cash and cash equivalents.

However, the Group maintained a healthy level of cash holding of $52.3M as at 3QFY13. This cash holding will provide the Group with a ready source of fund for its working capital requirements.

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

Market demand for structural steel products is expected to remain weak in the short term as local economic growth is forecasted to be weak for 2013. Mill prices for steel plates are still fluctuating quarter to quarter reflecting an uncertain market in the near term.

Demand for pipes & fittings is likely to remain stable in the coming quarters but these products will continue to face pricing pressure arising from stiff competition in the market.

The Group has recently announced the redevelopment of 6 Kim Chuan Drive into a 7 storey industrial building which will generate rental income when the property is ready in 18 to 24 months' time.

The Group will continue to exercise prudence in its purchases so that it can be more responsive to its customers' requirement.

The Board is cautiously optimistic that the Group will remain profitable for the financial year ending 30 June 2013.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend -Tax exempt (one-tier)	Interim
Dividend Type	Cash
Dividend Amount per share	0.5 cent

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

17 July 2013

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Hupsteel Limited (the "Company") will be closed from 5.00 p.m. on 8 July 2013 to 9 July 2013 (both dates inclusive) for the preparation of dividend warrants.

Duly completed registerable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 8 July 2013 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 8 July 2013 will be entitled to the interim dividend.

12. If no dividend has been declared/recommended, a statement to that effect

NA.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There was no IPT transaction for the quarter and the Group does not have any general mandate from shareholders pursuant to Rule 920.

BY ORDER OF THE BOARD
Tan Cher Liang
Company Secretary
10 May 2013

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 has come to the attention of the Board of Directors of the Company which may render the 3QFY13 financial results to be false or misleading in any material aspects.

On behalf of the Board of Directors

Lim Kim Thor
CEO & Managing Director
10 May 2013

Lim Boh Chuan
Deputy MD