

The Board of Directors of Hupsteel Limited (the 'Company') wishes to provide additional information in response to a query received from the SGX on 4th December 2018 with regard to the Full Year Financial Statements for year ended 30 June 2018.

SGX query

(a) Please explain the deviations in value between the Consolidated Statement of Cash Flows on page 45 of the Annual Report and the Company's full year results announced on 28 August 2018 (the "Full Year Results"):-

- (i) the value for net cash (used in) / provided by operating activities; and
- (ii) the value for net cash provided by / (used in) investing activities.

Company's Reply

The explanation to the difference between the 2 sets of figures is as follow:

Consolidated Statement of Cash Flows (Group):-

('S'000)	Announcement on 28 Aug 18 (A)	Annual Report 2018(B)	Difference (B – A)
(i) Changes in working capital			
- Inventories	(4,237)	(4,333)	(96)
- Trade & other receivables	(4,690)	(4,694)	(4)
- Derivative financial instruments	326	326	-
- Other current assets	(109)	(13)	96
- Trade & other payables	93	612	519
- Provision for directors' retirement gratuity	(554)	(554)	-
- Income taxes(paid)/refunded	(26)	(26)	-
- Interest received	681	675	(6)
			509
(ii) Cash flow from investing activities			
Property, plant & equipment			
- Purchases	(1,394)*	(344))
- Proceeds from disposal	5,170*	5)
Investment properties)
- Purchases		(1,050))
- Proceeds from disposal		4,642)
Available-for-sale financial assets			
- Purchases	(9,861)	(9,861)	-
- Proceeds from disposal	9,093	(9,093)	-
Dividends received	426	435	9
			(514)

Note :

* - These figures in the announcement dated 28 Aug 18 was the total purchases & proceeds from disposal for Property, plant, equipment & investment properties;

The difference in these 2 sets of figures arose mainly from reclassification adjustments identified from audited financial statements:

(1) Reclassification of non-refundable deposit of \$523,000 collected in the financial year ended 30 June 2017 as “changes in working capital” instead of “proceeds from disposal of investment property” received in the financial year ended 30 June 2018. The non-refundable deposit of \$523,000 represented 10% of the sale consideration of the investment property held-for-sale and was presented as “changes in working capital” in the cash flow statement given that sale and purchase transaction had not been completed at balance sheet date 30 June 2017.

The remaining balance of the sale consideration amounting to \$4,642,000 was received upon the completion of the sale and purchase transaction during the financial year ended 30 June 2018.

(2) Reclassification of inventory-in-transit of \$96,000 as “changes in working capital – inventory” instead of “changes in working capital – other current assets”.

By Order of the Board
Tan Ching Chek
Company Secretary
6 December 2018