

HUPSteel Limited
4QFY19 & FULL YEAR FINANCIAL STATEMENTS (UNAUDITED)

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL-YEAR RESULTS**

1(a) Group statement of comprehensive income and comparative statement for the corresponding period of the immediately preceding financial year

The following figures have not been audited.

	GROUP (S\$'000)					
	3 months ended 30.6.19	Restated* 3 months ended 30.6.18	%	12 months ended 30.6.19	Restated* 12 months ended 30.6.18	%
			+ / (-)			+ / (-)
Revenue and rental income	17,875	17,740	1%	67,963	59,736	14%
Changes in inventories*	12,155	5,822	109%	7,796	4,333	80%
Purchases of inventories	(25,141)	(20,171)	25%	(60,494)	(50,219)	20%
Gross profit	4,889	3,391	44%	15,265	13,850	10%
Other (losses)/gains	(8)	(25)	-68%	(28)	2,095	NM
Other operating income	668	1,344	-50%	2,597	2,133	22%
Staff cost	(2,364)	(2,194)	8%	(8,293)	(7,397)	12%
Depreciation	(474)	(480)	-1%	(1,884)	(1,922)	-2%
Other operating expenses	(1,542)	(1,152)	34%	(4,334)	(4,317)	0%
Finance cost - net	-	-	NM	-	-	NM
Profit before tax	1,169	884	32%	3,323	4,442	-25%
Income tax credit/(expense)	5	431	-99%	(30)	217	NM
Total profit	1,174	1,315	-11%	3,293	4,659	-29%
Other comprehensive income:						
Currency translation differences arising from consolidation	(253)	(335)	-24%	(73)	144	NM
Financial assets, at fair value through other comprehensive income ("FVOCI") / Available for Sales ("AFS")						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Fair value gains/ (losses) - debt instruments	74	55	35%	(135)	(13)	938%
- Fair value gains/ (losses) - equity investments	-	(170)	-100%	-	(769)	-100%
- Reclassification	6	(18)	-133%	6	(10)	-160%
<i>Items that will not be reclassified subsequently in profit or loss:</i>						
Financial assets, at "FVOCI"						
- Fair value gains - equity Instruments	(211)	-	NM	685	-	NM
Total Comprehensive Income	790	847	-7%	3,776	4,011	-6%
Profit attributable to equity holders of the Company	1,174	1,315	-11%	3,293	4,659	-29%
Total comprehensive (loss)/income attributable to equity holders of the Company	790	847	-7%	3,776	4,011	-6%
Earnings per share based on profit attributable to equity shareholders:						
- Basic (cent)	0.96	1.08		2.70	3.81	
- Diluted (cent)	0.96	1.08		2.70	3.81	

NM : not meaningful

*The results for financial year ended 30 June 2018 have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)s"). Please refer to Note 5 for the details on the financial impact from the adoption of SFRS(I)s.

Profit attributable to shareholders is arrived at after charging the following:

	GROUP (S\$'000)			
	3 months ended 30.6.19	3 months ended 30.6.18	12 months ended 30.6.19	12 months ended 30.6.18
Dividend income	150	190	522	435
Interest income	222	128	724	577
Reclassification from other comprehensive income on disposal of financial assets, at FVOCI/available-for-sale	(6)	18	(6)	10
Impairment of available-for-sale financial assets	-	(143)	-	(143)
Gain on disposal of investment property	-	-	-	4,515
Investment property written off <i>(Fixed assets W/O due to re-development of an investment property)</i>	-	-	-	(2,185)
Gain/(loss) on disposal of plant and equipment	7	-	15	(5)
Foreign exchange (loss)/gain	(10)	94	(30)	(108)
Finance cost-net is made up of :				
Interest expense	-	-	-	-
Foreign exchange gain arising from borrowings - trust receipts	-	-	-	-
Fair value gain on derivative financial instruments not qualifying as hedges	(67)	11	(67)	11
Reversal of unutilised loss allowance/(credit loss allowance) for trade receivables	183	(65)	271	661
Bad debts recovered/(written off)	360	(108)	360	(108)
Write-back/(provision) for stock obsolescence and write-down	266	(442)	(184)	(742)

Amount is less than S\$1,000.

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		
	30.06.2019 \$'000	30.06.2018 \$'000	1.7.2017 \$'000	30.06.2019 \$'000	30.06.2018 \$'000	1.7.2017 \$'000
Current Assets						
Cash and cash equivalents	38,322	45,995	52,555	9,123	7,093	13,337
Trade and other receivables	20,871	21,043	16,447	13,840	15,566	11,349
Inventories	40,156	32,359	28,026	20,101	15,375	13,354
Other current assets	279	206	193	105	62	87
Tax recoverable	74	67	54	-	-	-
Derivative financial instruments	-	-	108	-	-	108
	99,702	99,670	97,383	43,169	38,096	38,235
Non-current asset classified as held-for-sale	-	-	650	-	-	650
	99,702	99,670	98,033	43,169	38,096	38,885
Non-Current Assets						
assets	-	20,577	20,827	-	20,577	20,827
Financial assets, FVOCI	21,857	-	-	21,857	-	-
Investment in subsidiaries	-	-	-	9,457	9,457	9,457
Loan to a subsidiary	-	-	-	30,281	29,499	29,369
equipment	18,412	19,181	20,207	93	89	114
Investment properties	32,239	32,053	33,690	26,684	27,155	26,868
	15	-	-	-	-	-
	72,523	71,811	74,724	88,372	86,777	86,635
Total Assets	172,225	171,481	172,757	131,541	124,873	125,520
Current Liabilities						
Trade and other payables	6,508	6,565	6,476	3,505	4,887	3,868
Derivative financial instruments	-	218	-	-	218	-
Due to a subsidiary	-	-	-	-	-	1,177
Provision for taxation	12	-	-	-	-	-
Provision for directors' retirement gratuity	-	75	56	-	75	56
Borrowings	145	558	140	145	558	140
	6,665	7,416	6,672	3,650	5,738	5,241
Non-Current Liabilities						
Deferred income tax liabilities	55	14	239	-	-	-
Provision for directors' retirement gratuity	144	25	598	144	25	598
	199	39	837	144	25	598
Total Liabilities	6,864	7,455	7,509	3,794	5,763	5,839
Net Assets	165,361	164,026	165,248	127,747	119,110	119,681
Share capital and reserves						
Share capital	107,485	107,485	107,485	107,485	107,485	107,485
Treasury shares	(3,389)	(3,389)	(3,038)	(3,389)	(3,389)	(3,038)
Capital reserves	(558)	(558)	(477)	1,349	1,349	1,430
Currency translation reserves	(1,630)	(1,557)	(1,701)	-	-	-
Fair value reserves	(555)	(278)	514	(555)	(278)	514
Retained profits	64,008	62,323	62,465	22,857	13,943	13,290
	165,361	164,026	165,248	127,747	119,110	119,681

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30.6.2019 ('000)		As at 30.6.2018 (\$'000)	
Secured	Unsecured	Secured	Unsecured
-	145	-	558

Amount repayable after one year

As at 30.6.2019 ('000)		As at 30.6.2018 ('000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The unsecured group borrowings 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)			
	4Q FY19	4Q FY18	1.7.18 - 30.6.19	1.7.17 - 30.6.18
Cash flow from operating activities				
Total profit	1,174	1,315	3,293	4,659
Adjustments for:				
- Income tax (credit)/expense	(5)	(431)	30	(217)
- unrealised currency translation loss/(gain)	235	(77)	235	(77)
- Property, plant and equipment and investment properties				
- Depreciation	474	480	1,884	1,922
- Loss on disposal of property, plant & equipment	-	-	-	5
- Gain on disposal of investment property	(7)	-	(15)	(4,515)
- Investment properties write-off	-	-	-	2,185
- Net loss on disposal of debt instruments, at FVOCI	6	-	6	-
- Available-for-sale financial assets				
- Net gains on disposal of financial assets, at available-for-sale	-	(18)	-	(10)
- Impairment	-	143	-	143
- Interest income	(222)	(128)	(724)	(577)
- Dividend income	(150)	(190)	(522)	(435)
	1,505	1,094	4,187	3,083
Change in working capital				
- Inventories	(3,438)	(5,726)	(7,797)	(4,333)
-Trade and other receivables	(1,888)	(865)	195	(4,694)
-Derivative financial instruments	(218)	326	(218)	326
-Other current assets	897	(66)	(73)	(13)
-Trade and other payables	3,224	2,702	(58)	612
-Provision for directors' retirement gratuity	11	11	44	(554)
Cash generated from/(used in) operations	93	(2,524)	(3,720)	(5,573)
Income taxes refunded/(paid)	55	(42)	3	(26)
Interest received	199	232	701	675
Net cash generated from/(used in) operating activities	347	(2,334)	(3,016)	(4,924)
Cash flows from investing activities				
Property, plant and equipment and investment properties				
- Purchases	232	(196)	(670)	(344)
- Proceeds from disposal	12	4	20	5
Investment properties				
- Purchases	(658)	-	(658)	(1,050)
- Proceeds from disposal	-	-	-	4,642
Financial assets, available-for-sale				
- Purchases	(960)	(833)	(3,864)	(9,861)
- Proceeds from disposal	831	663	2,948	9,093
Dividends received	150	181	522	435
Net cash (used in)/generated from investing activities	(393)	(181)	(1,702)	2,920
Cash flows from financing activities				
Purchase of treasury shares	-	-	-	(351)
Proceeds from trust receipts	145	557	145	4,261
Repayment of trust receipts	-	(261)	(558)	(3,843)
Dividend paid to shareholders	-	-	(2,441)	(4,882)
Interest paid	#	#	#	#
Net cash generated from/(used in) financing activities	145	296	(2,854)	(4,815)
Net increase/(decrease) in cash and cash equivalents	99	(2,219)	(7,572)	(6,819)
Cash and cash equivalents at beginning of the financial period	38,512	48,438	45,995	52,555
Effects of currency translation on cash and cash equivalents	(289)	(224)	(101)	259
Cash and cash equivalents at end of the financial period	38,322	45,995	38,322	45,995

Amount is less than S\$1,000.

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 Earnings	Total Equity
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2018	107,485	(3,389)	(558)	(1,557)	(278)	62,323	164,026
Adoption of SFRS(I) 9	-	-	-	-	(822)	822	-
Transfer upon disposal of investments	-	-	-	-	(11)	11	-
Dividend paid	-	-	-	-	-	(2,441)	(2,441)
Profit after tax	-	-	-	-	-	3,293	3,293
Other comprehensive (loss)/income	-	-	-	(73)	556	-	483
At 30 June 2019	107,485	(3,389)	(558)	(1,630)	(555)	64,008	165,361
Group							
At 1 July 2017	107,485	(3,038)	(477)	(1,701)	514	62,465	165,248
Purchase of treasury shares	-	(351)	-	-	-	-	(351)
Dividend paid	-	-	-	-	-	(4,882)	(4,882)
Reclass of asset revaluation reserve due to disposal of investment property	-	-	(81)	-	-	81	-
Profit after tax	-	-	-	-	-	4,659	4,659
Other comprehensive income/(loss)	-	-	-	144	(792)	-	(648)
At 30 June 2018	107,485	(3,389)	(558)	(1,557)	(278)	62,323	164,026

	Share Capital	Treasury shares	Capital Reserves	Currency Translation Reserves	Fair Value Reserves	Retained Earnings	Total Equity
Company	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2018	107,485	(3,389)	1,349	-	(278)	13,943	119,110
Adoption of SFRS(I) 9	-	-	-	-	(822)	822	-
Transfer upon disposal of investments	-	-	-	-	(11)	11	-
Dividend paid	-	-	-	-	-	(2,441)	(2,441)
Profit after tax	-	-	-	-	-	10,522	10,522
Other comprehensive income	-	-	-	-	556	-	556
At 30 June 2019	107,485	(3,389)	1,349	-	(555)	22,857	127,747
Company							
At 1 July 2017	107,485	(3,038)	1,430	-	514	13,290	119,681
Purchase of treasury shares	-	(351)	-	-	-	-	(351)
Dividend paid	-	-	-	-	-	(4,882)	(4,882)
Reclass of asset revaluation reserve due to disposal of investment property	-	-	(81)	-	-	81	-
Profit after tax	-	-	-	-	-	5,454	5,454
Other comprehensive loss	-	-	-	-	(792)	-	(792)
At 30 June 2018	107,485	(3,389)	1,349	-	(278)	13,943	119,110

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Treasury Shares	No. of shares	\$'000
Balance as at 30 Jun 2018	3,429,100	3,389
Purchases	-	-
Balance as at 30 Jun 2019	3,429,100	3,389

(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.

	30.06.19	30.06.18
Number of shares in issue excluding treasury shares	122,045,014	122,045,014

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

Not applicable. None of the above occurred since the end of the previous period reported on.

(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. 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.

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.

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

The Singapore Accounting Standards Council has issued a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), referred to as Singapore Financial Reporting standards (International) ("SFRS(I)").

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018 and is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of SFRS(I). The Group has also concurrently applied the new SFRS(I) 9 Financial Instruments. The Group has not early adopted any other mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 July 2018. These include SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 July 2019). The Group is assessing the impact of the relevant new or revised accounting standards and interpretations.

(1) Application of SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

The Group has elected the deemed cost exemption to set the revalued amount of its investment properties comprising of freehold land and buildings of the Group which was performed as one-off valuation between 1 January 1984 and 31 December 1996 (both dates inclusive) as their deemed cost at the date of transition to SFRS(I) on 1 July 2017. As the Group had measured the revalued amount of its investment properties using the cost model since one-off valuation, there is no material impact on the financial statements of the Group as the Group plans to continue to measure its investment properties using the cost model.

(2) Adoption of SFRS(I)s

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

(i) Adoption of SFRS(I) 9 Financial Instruments

SFRS(I) 9 is effective for annual periods beginning on or after 1 July 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of SFRS(I) 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 30 June 2018.

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

(a) Classification and measurement

The Group has assessed the business models that are applicable on 1 July 2018 to financial assets so as to classify them into appropriate categories under SFRS(I) 9.

Significant adjustments to the Group's balance sheet line items are as follows:

- Equity investments previously classified as financial assets, available-for-sale ("AFS") to financial assets, fair value through other comprehensive income ("FVOCI") The Group has elected to recognise changes in the fair value of all its equity investments not held for trading previously classified as AFS in other comprehensive income.

(b) Impairment of financial assets

The following financial assets have been subjected to the expected credit loss model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15;
- other receivables at amortised cost.

There is no material change in the provision for impairment for the above financial assets from the application of the expected credit loss impairment model.

(ii) Adoption of SFRS(I) 15 Revenue from Contracts with Customers.

SFRS(I) 15 is effective for annual years beginning on or after 1 July 2018. In accordance with the requirements of SFRS(I) 1, the Group has adopted SFRS(I) 15 retrospectively.

On adoption of SFRS(I) 15 Revenue Contracts with Customers as at 1 July 2018, the Group assessed contracts of trading sales of steel products and concluded there are two separate performance obligations arising from export sales of steel products under incoterms CFR and CIF which are satisfied at different timings, namely:

- (1) Sale of steel products whose control is transferred at a point in time; and
- (2) Freight services whose services are delivered over time.

The financial effects of adopting SFRS(I)s are as follows:

Impact on the comparatives for the Full Year 2019 Financial Information				
				Full Year 30.6.2018
				S'000
Increase in purchase of inventories & related costs				152
Decrease in other operating expenses				(152)
Movement in Net profit for the year				-
	Financial Assets AFS	Financial Assets FVOCI	Fair Value Reserve	Retained Earnings
Balance as at 30 June 2018 before adoption of SFRS(I) 9	S'000	S'000	S'000	S'000
Reclassify non-trading equities from AFS to FVOCI	(11,825)	11,825	(822)	822
Reclassify debt securities from AFS to FVOCI	(8,752)	8,752	-	-
Balance as at 1 July 2018 after adoption of SFRS(I) 9	(20,577)	20,577	(822)	822

* Singapore Financial Reporting Standards

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 30.06.19 (note 1)	3 months ended 30.06.18	12 months ended 30.06.19 (note 1)	12 months ended 30.06.18
Earnings per share based on profit attributable to equity shareholders:				
(a) Basic (cent)	0.96	1.08	2.70	3.81
(b) Diluted (cent)	0.96	1.08	2.70	3.81

Note 1 : The basic and diluted earnings per share is calculated based on the weighted average number of ordinary shares of 122,045,014 (30.06.18: 122,045,014) 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	
	30.06.19	30.06.18	30.06.19	30.06.18
Net Asset Value per ordinary share (cents)	135.49	134.40	104.67	97.60

The net asset value per ordinary share is calculated based on the number of ordinary shares in issue of 122,045,014 at the end of the period (30.06.18: 122,045,014).

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

Revenue & Gross profit

	\$'000			
	4QFY19	4QFY18	12MFY19	12MFY18
Revenue	17,875	17,740	67,963	59,736
Gross Profit	4,889	3,391	15,265	13,850
GP %	27.4%	19.1%	22.5%	23.2%

Revenue for 4QFY19 increased slightly to \$17.9M compared with \$17.7M in 4QFY18 due to relatively stable demand for its steel products when compared quarter to quarter. However, revenue for financial year ended 30 June 2019 ('FY19') improved to \$68.0M from \$59.7M reported for financial year ended 30 June 2018 ('FY18'). This was due to higher demand for steel products in the first half of FY19 before the prevailing trade tensions between US and China caused a slowdown in demand from the 2nd half of FY19 onwards.

Gross profit for 4QFY19 improved to \$4.9M from \$3.4M for 4QFY18 largely caused by the provision for stock obsolescence of \$854K in 4QFY18 while it was a small write back in 4QFY19 as the Group made such provisions regularly throughout FY19 as it reviewed its stock holding. The better gross profit for 4QFY19 was also contributed by sale of older steel products with lower costs and less common sized stocks commanding better margin during the quarter in addition to effect of reclassification of FY18 shipping costs from other operating expenses which were now recognised under cost of goods sold. In FY19, gross profit grew to \$15.3M from \$13.9M as a result of higher revenue recorded.

Gross profit margin for 4QFY19 improved to 27.4% from 19.1% mainly caused by the absence of large provisions for stock obsolescence in the quarter, sale of older stocks with lower costs and less common sized stocks during the quarter and the reclassification of expenses. However, the overall gross profit margin for FY19 was 22.5% which was slightly lower than that achieved in FY18 of 23.2% as a result of the rising strength of US dollar and increasing material costs.

Other (losses)/gains

Other losses for FY19 comprised loss of \$6K from sale of other investment, related realised exchange loss of \$67K arising from sale of financial assets at FVOCI, profit on sale of fixed assets of \$15K and net exchange loss of \$28K. The reported gains of \$2.1M in FY18 were largely due to gain on disposal of an investment property amounting to \$4.5M after being offsetted by the write-off of another investment property amounting to \$2.2M.

Other operating income

Other operating income for 4QFY19 of \$713K (4QFY18: \$1,344K) and FY19 of \$2.6M (FY18: \$2.1M) consisting mainly of rental, dividend and interest income.

Expenses

Staff cost, Depreciation, Other operating expenses & Finance cost

Staff cost in 4QFY19 and FY19 were \$2.4M and \$8.3M compared with \$2.2M and \$7.4M in 4QFY18 and FY18 respectively as the Group made higher provisions for staff incentives and profit sharing in tandem with the increased profits.

Depreciation charge for FY19 of \$1.9M (FY18: \$1.9M) remained stable as there was no major additions of fixed assets.

With higher sales volume, the Group incurred correspondingly higher other operating expenses of \$1.5M in 4QFY19 (4QFY18: \$1.2M).

The Group incurred negligible finance cost in 4QFY19 (4QFY18: nil). The Group pays off its debts as and when they fall due so as to minimise finance cost.

Profit attributable to equity holders of the Company

The Group reported net profit after tax of \$1.2M and \$3.3M for 4QFY19 and FY19 (4QFY18: \$1.3M and FY18: \$4.7M) respectively.

REVIEW OF FINANCIAL POSITION AS AT 30 JUNE 2019

Current assets and current liabilities

Trade and other receivables decreased to \$20.9M (4QFY18: \$21.0M) as a result of higher provisions made for doubtful debts on the adoption of the new accounting standard SFRS(I) 9 although higher sales were reported for the financial year.

Inventory balance at \$40.1M was also higher than last year's balance of \$32.2M as a result of inventory replenishment in response to higher turnover.

Trade & other payables decreased slightly to \$6.5M from \$6.6M. As at 4QFY19, borrowings amounted to \$145K compared with \$558K in 4QFY18.

The Group continued to maintain a healthy current ratio of 14.9 times (FY18: 13.4 times).

Non current assets

Financial assets at FVOCI, previously called Available-for-sale financial assets, increased in value to \$21.9M (FY18: \$20.6M) as market prices of its holding of bonds, funds and equities improved during the financial year.

Share capital and reserves

During the year, Fair Value Reserve decreased to \$555K debit balance (FY18: \$278K debit balance) due to adoption of SFRS(I) 9. The effect of adoption of this accounting standard required the amount of impairment charge taken against the equities component of the Financial assets at FVOCI in FY18, previously accounted under the profit & loss account, to be accounted for in Fair Value Reserve instead. A corresponding adjustment was also made in the retained earnings.

Cash flow

For FY19, net cash used in operating activities and financing activities were \$2.9M (FY18: \$4.8M outflow) and \$3.0M (FY18: \$4.8M outflow) respectively while net cash used in investing activities was \$1.7M (FY18: \$2.9M inflow). These had resulted in a decrease of \$7.6M in cash & cash equivalents (FY18: \$6.8M). As at 30 June 2019, the Group's cash holding was \$38.3M compared to \$46.0M as at 30 June 2018.

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 world economy is still gripped by the ongoing trade war between US and China. There are clear signs that the world economy is weakening. This does not augment well for market demand for steel products as many countries are now revising their growth downward.

With lower forecasted growth and oil prices may weaken as a result, market demand for steel products is expected to be soft and competition will remain stiff. The rising US dollar strength is expected to affect margins while the possibility of further easing of the interest rates may provide some respite to the challenging conditions.

The Group has to remain prudent in its inventory purchases and respond swiftly to customers' needs so as to be competitive in the industry. The group's healthy cash position is likely to help it to weather the prevailing uncertain market conditions.

The ongoing voluntary conditional cash offer for shares not owned by the Consortium members & persons presumed to be acting in concert with the Offeror, Hercules Pte Ltd at \$1.20 per share has turned unconditional from 5:00 pm, 21 August 2019 after securing acceptance of more than 90% of the shares in issued. The Offeror intends to compulsorily acquire the remaining shares pursuant to Section 215(1) of the Companies Act.

11. Dividend

(a) Current Financial Period Reported On

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

Nil

(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 Tax exempt (one-tier)	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per share	1.0 cent	1.0 cent

(c) Date payable

NA.

(d) Books closure date

NA.

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

No dividend has been proposed by the Board for this quarter as the Group is preserving its cash reserves to support operational needs and to pursue strategic business opportunities.

13. Interested Person Transactions

There was no IPT transaction for the quarter and the Group does not have any general mandate from shareholders pursuant to Rule 920. There were no interested person transactions during the year under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. 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

Segment Information

	← Singapore →			Malaysia	
	Steel product Trading	General Hardware	Property Investment	Steel product Trading	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial year ended 30 June 2019					
Total revenue and rental income	60,579	6,292	4,076	2,567	73,514
Inter-segment sales	(1,467)	(1)	(2,795)	(7)	(4,270)
External sales and rental income	<u>59,112</u>	<u>6,291</u>	<u>1,281</u>	<u>2,560</u>	<u>69,244</u>
Segment results	1,768	404	304	122	2,598
Interest income					725
Income tax expense					(30)
Profit after tax					<u>3,293</u>
Segment results include the following items:					
Provision for inventory write-down	139	-	-	45	184
Allowance for trade receivables	<u>126</u>	<u>-</u>	<u>-</u>	<u>(215)</u>	<u>(89)</u>
Segment assets	119,679	9,252	32,840	10,364	172,135
Tax assets					89
Total assets					<u>172,224</u>
Segment liabilities	5,711	919	23	155	6,808
Tax liabilities					56
Total liabilities					<u>6,864</u>
Other segment items					
Capital expenditure	388	205	658	75	1,326
Depreciation of investment properties and property, plant and equipment	<u>1,306</u>	<u>78</u>	<u>472</u>	<u>29</u>	<u>1,885</u>

	← Singapore →			Malaysia	
	Steel product Trading	General Hardware	Property Investment	Steel product Trading	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial year ended 30 June 2018					
Total revenue and rental income	43,994	6,353	3,822	12,045	66,214
Inter-segment sales	(2,619)	(2)	(2,795)	(35)	(5,451)
External sales and rental income	<u>41,375</u>	<u>6,351</u>	<u>1,027</u>	<u>12,010</u>	<u>60,763</u>
Segment results	798	646	2,164	255	3,863
Interest income					579
Income tax expense					217
Profit after tax					<u>4,659</u>
Segment results include the following items:					
Provision for inventory write-down	(742)	-	-	-	(742)
Allowance for trade receivables	1,291	-	-	(594)	697
Segment assets	117,490	9,872	33,666	10,386	171,414
Tax assets					127
Total assets					<u>171,541</u>
Segment liabilities	5,767	975	62	637	7,441
Tax liabilities					74
Total liabilities					<u>7,515</u>
Other segment items					
Capital expenditure	231	91	1,052	20	1,394
Depreciation of investment properties and property, plant and equipment	<u>499</u>	<u>74</u>	<u>1,326</u>	<u>23</u>	<u>1,922</u>

Segment revenue from external customers based on location of customers for each customer-based geographical information is as follows:

	2019	2018
	\$'000	\$'000
Singapore	50,342	35,673
Malaysia	11,960	16,187
Indonesia	1,320	1,986
Other South East Asia countries	1,572	1,635
Other countries	4,050	4,255
	<u>69,244</u>	<u>59,736</u>

15. 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.

16. A breakdown of sales

	Current financial year Group \$'000	Previous financial year Group \$'000	% increase/ (decrease) Group
Revenue and rental income reported in first half year	33,520	22,926	46%
Total profit	1,708	2,586	(34%)
Revenue and rental income reported in second half year	34,443	36,810	(6%)
Total profit	1,585	2,073	(24%)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	2,441	4,882
Total:	2,441	4,882

18. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any director, chief executive officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Mr Lim Kim San, Joe	60	<p>Brother of: Mr Lim Kim Thor (Executive Director and Substantial Shareholder) Mr Lim Eng Chong (Director and Substantial Shareholder) Dr Lim Kim Hock (Substantial Shareholder)</p> <p>Cousin of: Mr Lim Yee Kim (Substantial Shareholder) Mdm Pey Choi (wife of Mr Lim Yee Kim. Mdm Pey Choi is also a Substantial Shareholder)</p> <p>Uncle of: Mr Lim Boh Chuan (CEO and Substantial Shareholder) Dr Lim Puay Koon (Director and Substantial Shareholder) Mr Lim Beo Peng (Deputy Managing Director) Ms Lim Lay Tin Mr Lim Han Leong, Joseph</p>	Executive Director of Thong Seng Metal Pte Ltd since 1993. He is responsible for overall operation of Thong Seng Metal Pte Ltd. Director of Hoe Seng Huat Pte Ltd since 2003.	NA
Mr Lim Han Leong, Joseph	55	<p>Brother of: Mr Lim Beo Peng Ms. Lim Lay Tin</p> <p>Cousin of: Mr Lim Boh Chuan Dr Lim Puay Koon</p>	Appointed as an Executive Director of Hoe Seng Huat Pte Ltd on 27 Feb 2017.	Upon appointment as Executive Director of Hoe Seng Huat Pte Ltd, he assists the CEO & Deputy MD to manage the operation of Hoe

		Mr. Lim Boh Wee Nephew of: Dr Lim Kim Hock Mr Lim Yee Kim Mr Lim Kim Thor Mr Lim Eng Chong Mr Lim Kim San		Seng Huat Pte Ltd. He was the Sales Manager of Hoe Seng Huat Pte Ltd since July 2010.
Mr Teo Boon Dat	60	Cousin of: Dr Lim Kim Hock Mr Lim Kim Thor Mr Lim Eng Chong Mr. Lim Kim San	Sales Manager of the Hupsteel Limited since December 2001. He is responsible for sales in local markets.	NA
Ms Lim Lay Tin	56	Sister of: Mr Lim Beo Peng Mr Lim Han Leong Cousin of: Mr Lim Boh Chuan Dr Lim Puay Koon Mr. Lim Boh Wee Niece of: Mr Lim Yee Kim Dr Lim Kim Hock Mr Lim Kim Thor Mr Lim Eng Chong Mr Lim Kim San	Sales Manager of Hupsteel Limited from December 2017. She is responsible for sales in local market.	NA
Mr Lim Boh Wee	31	Son of: Mr Lim Kim Thor Cousin of: Mr Lim Boh Chuan Dr Lim Puay Koon Mr Lim Beo Peng Ms. Lim Lay Tin Mr. Lim Han Leong Nephew of: Dr Lim Kim Hock Mr Lim Yee Kim Mr Lim Eng Chong Mr Lim Kim San	DeputySales Manager of Hupsteel Limited from December 2017. He is responsible for sales in local market.	NA

BY ORDER OF THE BOARD

Tan Ching Chek
Company Secretary
22 August 2019