



HG METAL MANUFACTURING LIMITED
(Company Registration No. 198802660D)

**Unaudited Financial Statements and Dividend Announcement for 1st Half /
2nd Quarter Financial Period Ended 31 March 2009**

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

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	2Q FY09 S\$'000	2Q FY08 S\$'000	% (+/-)	1H FY09 S\$'000	1H FY08 S\$'000	% (+/-)
Revenue	142,337	182,278	(22)	324,361	299,599	8
Cost of sales	(150,695)	(151,053)	(0)	(325,686)	(252,857)	29
Gross (loss) profit	(8,358)	31,225	(127)	(1,325)	46,742	(103)
Other operating income	1,637	4,217	(61)	817	7,903	(90)
Distribution expenses	(745)	(1,856)	(60)	(1,677)	(3,561)	(53)
Administrative expenses	(4,255)	(7,181)	(41)	(7,445)	(10,094)	(26)
Other operating expenses	(10,735)	(1,995)	438	(15,587)	(3,749)	316
Finance expenses	(4,854)	(2,660)	82	(9,001)	(5,058)	78
Share of joint venture profits	243	-	nm*	909	-	nm*
(Loss) / Profit before tax	(27,067)	21,750	(224)	(33,309)	32,183	(203)
Income tax expense	(7)	(3,132)	(100)	(107)	(4,761)	(98)
Net (loss) / profit for the period	(27,074)	18,618	(245)	(33,416)	27,422	(222)
Attributable to:						
Equity holders of the Company	(28,088)	18,552	(251)	(34,401)	27,301	(226)
Minority interest	1,014	66		985	121	
	(27,074)	18,618		(33,416)	27,422	
Earnings per share:						
- Basic (cents)	(6.16)	4.37		(7.54)	6.43	
- Diluted (cents)	(4.37)	3.96		(5.36)	5.82	

*nm denotes not meaningful

The Group financial results for 1st Half FY 2009 include the 1st Half FY 2009 financial results of BRC Asia Limited ("BRC Asia"), a subsidiary acquired on 18 September 2008 through HG Metal Pte Ltd, a 51% owned subsidiary of HG Metal Manufacturing Limited.

1(a)(ii) Notes to the Consolidated Income Statement

	Group		Group	
	2Q FY09 S\$'000	2Q FY08 S\$'000	1H FY09 S\$'000	1H FY08 S\$'000
Interest income	-	59	20	172
Interest on borrowings	(4,854)	(2,660)	(9,001)	(5,058)
Depreciation	(975)	(667)	(1,990)	(1,084)
Allowance for doubtful debts	-	(860)	-	(1,717)
Writeback of allowance for doubtful debts	102	-	191	-
Foreign exchange (loss) / gain, net	(8,905)	3,989	(12,419)	7,545
Profit on sale of property, plant and equipment	2	18	-	54
Amortisation of computer software	(38)	-	(77)	-
Fair value (loss) / gain on derivatives, net	1,330	-	(70)	-
Fair value gain / (loss) on investment held for trading	(390)	-	10	-
Loss on disposal of investment held for trading	(10)	-	(10)	-

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	
	31.03.2009 S\$'000	30.09.2008 S\$'000	31.03.2009 S\$'000	30.09.2008 S\$'000
Non current assets				
Property, plant and equipment	56,911	50,629	16,763	13,527
Intangible assets	24,014	24,047	778	855
Investment in subsidiaries	-	-	12,520	9,167
Investment in JV	9,399	8,490	-	-
Available for sale financial assets	22	29	-	-
Deferred tax assets	365	365	-	-
	90,711	83,560	30,061	23,549
Current assets				
Derivative financial instruments	31	67	-	67
Investment held for trading	990	1,000	-	-
Inventories	231,174	355,715	183,397	260,666
Trade and other receivables	115,052	167,900	81,522	132,746
Prepaid expenses	213	2,072	-	-
Cash and cash equivalents	8,367	49,983	2,888	29,315
	355,827	576,737	267,807	422,794
Current liabilities				
Trade and other payables	148,634	196,355	99,794	126,379
Finance lease payables	844	1,509	-	-
Bank borrowings	150,748	296,281	92,776	190,123
Provision for taxation	4,303	6,259	2,650	3,998
Provision for onerous contracts	1,512	1,417	-	-
Deferred revenue	1,244	2,558	-	-
Derivative financial instruments	331	298	331	-
	307,616	504,677	195,551	320,500
Net current assets	48,211	72,060	72,256	102,294
Non current liabilities				
Finance lease payables	1,666	675	-	-
Bank borrowings	3,201	1,662	150	650
Provision for retirement benefits	451	451	-	-
Deferred taxation	1,801	1,801	172	172
	7,119	4,589	322	822
	131,803	151,031	101,995	125,021
Capital and reserves				
Share capital	89,539	78,203	89,539	78,203
Capital reserves	2,527	2,527	2,527	2,527
Share option reserves	32	-	-	-
Fair value reserves	(5)	-	-	-
Other reserves	(8,063)	-	-	-
Foreign currency translation reserve	(106)	(120)	-	-
Retained earnings	21,537	55,938	9,929	44,291
Equity attributable to equity holders of the Company	105,461	136,548	101,995	125,021
Minority interests	26,342	14,483	-	-
Total equity	131,803	151,031	101,995	125,021

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

	As at 31 March 2009			As at 30 September 2008		
	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000
Repayable in one year or less	17,365	133,383	844	3,711	292,570	1,509
Repayable after one year	3,201	-	1,666	1,662	-	675
Total	20,566	133,383	2,510	5,373	292,570	2,184

Details of collaterals:

Term loan facility outstanding of S\$20.6million is secured by way of legal mortgage over properties and shares of a subsidiary of the Group.

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		Group	
	2Q FY09 S\$'000	2Q FY08 S\$'000	1H FY09 S\$'000	1H FY08 S\$'000
Cash flows from operating activities				
(Loss) / Profit before tax	(27,067)	21,750	(33,309)	32,183
Adjustments for non cash items:				
Depreciation of property, plant and equipment	975	667	1,990	1,084
Amortisation of computer software	38	-	77	-
Loss / (Gain) on disposal of property, plant and equipment	(2)	(18)	-	(54)
Loss on disposal of investment held for trading	10	-	10	-
(Write back) / Allowance for doubtful debts, net	(102)	860	(191)	1,717
Fair value loss (gain) on derivatives, net	(1,330)	-	70	-
Fair value (gain) loss on investment held for trading	390	-	(10)	-
Interest expense	4,854	2,660	9,001	5,058
Interest income	-	(59)	(20)	(172)
Share of joint venture results	(243)	-	(909)	-
Share option expense	23	-	45	-
Foreign currency realignment	(242)	53	(184)	1
Operating (loss) profit before working capital changes	(22,696)	25,913	(23,430)	39,817
Working capital changes:				
Fixed deposits pledged	(11)	-	(25)	1
Inventories	70,600	(28,785)	124,541	(28,651)
Trade and other receivables	26,672	(44,701)	54,897	(46,471)
Trade and other payables	4,200	53,451	(34,241)	34,316
Cash used in operations	78,765	5,878	121,742	(988)
Interest expense paid	(4,854)	(2,660)	(9,001)	(5,058)
Interest income received	-	59	20	172
Income tax paid	(1,963)	(1,279)	(2,063)	(2,093)
Net cash generated from (used in) operating activities	71,948	1,998	110,698	(7,967)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	110	99	179	236
Proceeds from disposal of investment held for trading	10	-	10	-
Purchase of property, plant and equipment	(2,103)	(3,537)	(7,496)	(4,361)
Purchase of intangible assets	-	-	(44)	-
Acquisition of minority interests	(471)	-	(15,206)	-
Net cash used in investing activities	(2,454)	(3,438)	(22,557)	(4,125)
Cash flows from financing activities				
Net (repayment of) proceeds from bank borrowings	(93,106)	7,184	(143,995)	13,896
Proceeds from warrant conversion	-	2	-	5
Proceeds from rights issue	11,336	-	11,336	-
Proceeds from issuance of shares in a subsidiary	-	-	3,311	-
Dividend paid to equity holders	-	(3,982)	-	(3,982)
Dividend paid to minority shareholders	-	(10)	-	(10)
Repayment of finance lease payables	(218)	(123)	(434)	(104)
Net cash (used in) generated from financing activities	(81,988)	3,071	(129,782)	9,805
Net change in cash and cash equivalents	(12,494)	1,631	(41,641)	(2,287)
Cash and cash equivalents at beginning of financial year	20,335	27,203	49,482	31,121
Cash and cash equivalents at end of financial year	7,841	28,834	7,841	28,834

Group cash and cash equivalents comprise of the following:

	Group	
	As at 31 Mar 2009 S\$'000	As at 31 Mar 2008 S\$'000
Cash and bank balances	7,841	28,834
Fixed deposits	526	479
	8,367	29,313
Fixed deposits pledged with banks ⁽¹⁾	(526)	(479)
Cash and cash equivalents per consolidated cash flow statement	7,841	28,834

⁽¹⁾ The Group's Malaysia subsidiaries had fixed deposits pledged with banks to secure credit facilities granted to them.

1(d)(i) A statement (for the issuer and group) showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to equity shareholders of the Company										
	Share Capital	Capital Reserves	Share Option Reserves	Fair Value Reserves	Other Reserves	Hedging Reserves	Foreign Currency Translation Account	Accumulated Profits	Total	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2008	78,203	2,527	-	-	-	-	(120)	55,938	136,548	14,483	151,031
Currency translation adjustments	-	-	-	-	-	-	14	-	14	(2)	12
Fair value loss on available for sale financial assets	-	-	-	(5)	-	-	-	-	(5)	(2)	(7)
Net loss directly recognised in equity	-	-	-	(5)	-	-	14	-	9	(4)	5
Loss for the financial period	-	-	-	-	-	-	-	(34,401)	(34,401)	985	(33,416)
Total recognised net loss for the financial period	-	-	-	(5)	-	-	14	(34,401)	(34,392)	981	(33,411)
Employee share option scheme:											
- value of employee services	-	-	32	-	-	-	-	-	32	13	45
Issue of shares	11,336	-	-	-	-	-	-	-	11,336	3,311	14,647
Acquisition of minority interests	-	-	-	-	-	-	-	-	-	(7,143)	(7,143)
Premium paid on acquisition of minority interests	-	-	-	-	(8,063)	-	-	-	(8,063)	-	(8,063)
Capitalisation of advances from shareholders in a subsidiary	-	-	-	-	-	-	-	-	-	14,697	14,697
Balance as at 31 March 2009	89,539	2,527	32	(5)	(8,063)	-	(106)	21,537	105,461	26,342	131,803

Attributable to equity shareholders of the Company

Group	Share		Share		Fair Value Reserves	Other Reserves	Hedging Reserves	Foreign Currency		Accumulated Profits	Total	Minority Interests	Total Equity
	Capital	Reserves	Option Reserves	Reserves				Translation Account	Account				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2007	78,197	2,527	-	-	-	-	(2,187)	(88)	37,358	115,807	1,504	117,311	
Cash flow hedges	-	-	-	-	-	-	2,187	-	-	2,187	-	2,187	
Currency translation adjustments	-	-	-	-	-	-	-	2	-	2	(26)	(24)	
Net income directly recognised in equity	-	-	-	-	-	-	2,187	2	-	2,189	(26)	2,163	
Profit for the financial period	-	-	-	-	-	-	-	-	27,301	27,301	121	27,422	
Issue of shares	6	-	-	-	-	-	-	-	-	6	-	6	
Dividends	-	-	-	-	-	-	-	-	(3,982)	(3,982)	10	(3,972)	
Balance as at 31 March 2008	78,203	2,527	-	-	-	-	-	(86)	60,677	141,321	1,609	142,930	

Company	Share Capital	Capital Reserves	Hedging Reserves	Accumulated Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2008	78,203	2,527	-	44,291	125,021
Profit for the year	-	-	-	(34,362)	(34,362)
Issue of shares	11,336	-	-	-	11,336
Balance as at 31 March 2009	89,539	2,527	-	9,929	101,995
Balance as at 1 October 2007	78,197	2,527	(2,187)	27,729	106,266
Cash flow hedges	-	-	2,187	-	2,187
Profit for the financial period	-	-	-	30,532	30,532
Net income for the financial period	-	-	2,187	30,532	32,719
Issue of shares	6	-	-	-	6
Dividends	-	-	-	(3,982)	(3,982)
Balance as at 31 March 2008	78,203	2,527	-	54,279	135,009

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.

Rights Issue

In February 2009, a total of 125,957,401 shares were issued by the Company upon the exercise of Rights at the exercise price of \$0.09 per Rights during the Rights Issue.

3,457,917 additional warrants were issued and the exercise price was adjusted to \$0.310 as a result of the Rights issue.

As at 31 March 2009 and 31 March 2008, there were 62,049,369 and 58,591,452 outstanding warrants respectively.

1(d)(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.

	31.03.2009 '000	30.09.2008 '000
Number of issued shares	550,672	424,715

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

Not applicable

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

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 financial statements have been applied.

During the financial year, the Company had adopted the same accounting policies and methods of computation as in the most recently audited financial statements for the financial year ended 30 September 2008.

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		Group	
	3 mths ended 31.03.2009	3 mths ended 31.03.2008	6 mths ended 31.03.2009	6 mths ended 31.03.2008
Earnings per ordinary shares:				
(a) Basic (cents)	(6.16)	4.37	(7.54)	6.43
(b) Diluted (cents)	(4.37)	3.96	(5.36)	5.82

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	
	31.03.2009	30.09.2008	31.03.2009	30.09.2008
Net asset value per ordinary share (cents)	19.15	32.15	18.52	29.44

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 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. Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

The Group's revenue for 1H FY 2009 grew 8% to \$324.4 million as compared to \$299.6 million in 1H FY 2008. The increase in revenue is mainly due to the consolidation of BRC Asia's results for the first time subsequent to the Group's acquisition at the end of last financial year end. The Group's revenue for 2Q FY 2009 had decreased by 22% from \$182.3 million in 2Q FY 2008 to \$142.3 million. The decline in steel prices since September 2008 and the weak demand for steel products caused by the prevailing global economic crisis are the main reasons for the decrease in the Group's revenue.

Gross Loss

With the lowered sales and decline in steel prices, the Group had moved from a gross profit of \$46.7 million and \$31.2 million in 1H FY 2008 and 2Q FY 2008 respectively to gross loss of \$1.3 million and \$8.4 million in 1H FY 2009 and 2Q FY 2009 respectively.

Other Operating Income

Other operating income decreased by 90% from \$7.9 million in 1H FY 2008 to \$0.8 million in 1H FY 2009 and 61% from \$4.2 million in 2Q FY 2008 to \$1.6 million in 2Q FY 2009. The significant decrease was attributable to the appreciation of US dollar against Singapore dollar which resulted in a foreign exchange loss of approximately \$12.4 million and \$8.9 million in 1H FY 2009 and 2Q FY 2009 respectively, as compared to a foreign exchange gain of approximately \$7.5 million and \$4.0 million in 1H FY 2008 and 2Q FY 2008 respectively.

Distribution, Administrative, Other Operating and Finance Expenses

Distribution expenses decreased by 53% from \$3.6 million in 1H FY 2008 to \$1.7 million in 1H FY 2009 and 60% from \$1.9 million in 2Q FY 2008 to \$0.7 million in 2Q FY 2009 in line with lower sales shipments in FY 2009. Administrative expenses decreased by 26% from \$10.1 million in 1H FY 2009 to \$7.4 million in 1H FY 2009 and 41% from \$7.1 million in 2Q FY 2008 to \$4.3 million in 2Q FY 2008. The decrease is mainly due to a decrease in staff costs, consistent with the slower business conditions. Other operating expenses of the Group increased by 316% from \$3.7 million in 1H FY 2008 to \$15.6 million in 1H FY 2009 and 438% from \$2.0 million in 2Q FY 2008 to \$10.7 million in 2Q FY 2009 due mainly to foreign exchange loss with the appreciation of the US dollar against the Singapore dollar. Finance expenses had increased by 78% from \$5.1 million in 1H FY 2008 to \$9.0 million in 1H FY 2009 and 82% from \$2.7 million in 2Q FY 2008 to \$4.9 million in 2Q FY 2009 due to drawdown of loans to finance the purchase of BRC Asia and consolidation of BRC Asia's finance expenses in current year.

Results for the period

As a result of the factors mentioned above, the Group made a loss before tax of \$33.3 million and \$27.1 million in 1H FY 2009 and 2Q FY 2009 respectively as compared to profit before tax of \$32.2 million and \$21.8 million for the same periods last year.

Balance Sheet

As at 31 March 2009, the Group maintained a healthy balance sheet with net assets of \$131.8 million and shareholders fund of \$105.5 million. In view of the challenging business conditions, the Group had reduced its inventory levels from \$355.7 million as at 30 September 2008 to \$231.2 million as at 31 March 2009. Trade and other receivables and trade and other payables had also decreased as a result of slower market conditions.

The Group's gearing ratio had improved from 2.67 as at 30 September 2008 to 1.92 as at 31 March 2009.

Cash Flow Statement

The Group's cash and cash equivalents was \$8.4 million as at 31 March 2009. Net cash from operating activities had improved significantly from a cash outflow of \$8.0 million as at 31 March 2008 to a positive cash inflow of \$110.7 million as a result of lower inventory levels and receivables. The cash generated from operating activities were mainly used for acquisition of BRC Asia and repayment of bank borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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.

With Singapore in its deepest recession and global economic conditions continue to be difficult, the Group has adopted a prudent approach by reducing the level of inventories and bank borrowings. On the whole, steel demand continues to be weak as a result of the slowdown.

In terms of industrial sectors, the shipbuilding industry continues to be weak while the construction sector is likely to continue to enjoy growth. This is likely to benefit the Group's subsidiaries - BRC Asia and Oriental Metals - which cater mainly to the construction industry.

On the whole, the directors expect the rest of FY 2009 to remain challenging.

11. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding period of the immediately preceding financial year

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

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable

By Order of the Board

**Wee Piew
Chief Executive Officer
14 May 2009**



HG METAL MANUFACTURING LIMITED

(Company Registration No: 198802660D)

Unaudited results for the First Half / Second Quarter Ended 31 March 2009

Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual of the SGX-ST

We, the undersigned, do hereby confirm on behalf of the Board of Directors that taking into account the matters announced and publicly disclosed by the Company prior to the date of this confirmation and the prevailing accounting policies adopted by the Company in accordance with the Singapore Financial Reporting Standards, to the best of the knowledge of the Board of Directors of the Company, nothing has come to the attention of the Board of Directors of the Company which may render the first half / second quarter financial statements false or misleading in any material respect.

On behalf of the Board,

A handwritten signature in black ink, consisting of a large, stylized 'T' and 'C' followed by a horizontal line.

TAN CHAN TOO
CHAIRMAN

A handwritten signature in black ink, consisting of a stylized 'W' and 'P' followed by a horizontal line.

WEE PIEW
CHIEF EXECUTIVE OFFICER

14 May 2009