



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

**Unaudited Financial Statements and Dividend Announcement for
3rd Quarter Financial Period Ended 30 June 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		
	3QFY09 S\$'000	3QFY08 S\$'000	% (+/-)	YTD FY09 S\$'000	YTD FY08 S\$'000	% (+/-)
Revenue	132,253	233,968	(43)	456,614	533,567	(14)
Cost of sales	(135,309)	(191,243)	(29)	(460,995)	(444,099)	4
Gross (loss) profit	(3,056)	42,725	(107)	(4,381)	89,468	(105)
Other operating income	2,573	2,479	4	3,390	10,383	(67)
Distribution expenses	(695)	(3,154)	(78)	(2,371)	(6,715)	(65)
Administrative expenses	(4,637)	(4,353)	7	(12,083)	(14,446)	(16)
Other operating expenses	(12,080)	(1,279)	844	(27,667)	(5,029)	450
Finance expenses	(1,137)	(2,722)	(58)	(10,138)	(7,781)	30
Share of joint venture profits	240	-	nm*	1,149	-	nm*
(Loss) / Profit before tax	(18,792)	33,696	(156)	(52,101)	65,880	(179)
Income tax expense	(790)	(4,970)	(84)	(897)	(9,731)	(91)
Net (loss) / profit for the period	(19,582)	28,726	(168)	(52,998)	56,149	(194)
Attributable to:						
Equity holders of the Company	(21,633)	28,528	(176)	(56,034)	55,830	(200)
Minority interest	2,051	198		3,036	319	
	(19,582)	28,726		(52,998)	56,149	
Earnings per share:						
- Basic (cents)	(4.44)	6.72		(11.49)	13.15	
- Diluted (cents)	(3.27)	6.06		(8.46)	11.86	

*nm denotes not meaningful

The Group financial results for FY 2009 include the 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	
	3Q FY09 S\$'000	3Q FY08 S\$'000	YTD FY09 S\$'000	YTD FY08 S\$'000
Interest income	-	39	20	211
Interest on borrowings	(1,137)	(2,722)	(10,138)	(7,781)
Depreciation	(992)	(493)	(2,981)	(1,577)
Allowance for doubtful debts	(2,222)	-	(2,222)	(2,515)
Writeback of allowance for doubtful debts	1,568	812	1,759	1,609
Write down of inventories	(9,023)	-	(9,023)	-
Foreign exchange (loss) / gain, net	1,415	2,338	(11,004)	9,882
(Loss) / Profit on sale of property, plant and equipment	(95)	7	(95)	61
Amortisation of computer software	(38)	(38)	(115)	(38)
Fair value loss on derivatives, net	(312)	-	(382)	-
Fair value gain on investment held for trading	579	-	589	-
Loss on disposal of investment held for trading	(356)	-	(366)	-

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	
	30.06.2009 S\$'000	30.09.2008 S\$'000	30.06.2009 S\$'000	30.09.2008 S\$'000
Non current assets				
Property, plant and equipment	57,812	50,629	18,232	13,527
Intangible assets	23,982	24,047	740	855
Investment in subsidiaries	-	-	12,520	9,167
Investment in associate	713	-	713	-
Investment in joint venture	9,639	8,490	-	-
Available for sale financial assets	28	29	-	-
Deferred tax assets	365	365	-	-
	92,539	83,560	32,205	23,549
Current assets				
Derivative financial instruments	-	67	-	67
Investment held for trading	763	1,000	-	-
Inventories	146,536	355,715	113,002	260,666
Trade and other receivables	96,218	167,900	61,505	132,746
Prepaid expenses	1,454	2,072	-	-
Cash and cash equivalents	11,913	49,983	1,666	29,315
	256,884	576,737	176,173	422,794
Current liabilities				
Trade and other payables	108,284	196,355	67,111	126,379
Finance lease payables	883	1,509	-	-
Bank borrowings	103,419	296,281	58,980	190,123
Provision for taxation	2,769	6,259	863	3,998
Provision for onerous contracts	322	1,417	-	-
Deferred revenue	1,025	2,558	-	-
Derivative financial instruments	613	298	552	-
	217,315	504,677	127,506	320,500
Net current assets	39,569	72,060	48,667	102,294
Non current liabilities				
Finance lease payables	1,644	675	-	-
Bank borrowings	16,026	1,662	3,639	650
Provision for retirement benefits	451	451	-	-
Deferred taxation	1,801	1,801	172	172
	19,922	4,589	3,811	822
	112,186	151,031	77,061	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	17	-	-	-
Other reserves	(4,112)	-	-	-
Foreign currency translation reserve	(163)	(120)	-	-
Retained earnings	(96)	55,938	(15,005)	44,291
Equity attributable to equity holders of the Company	87,712	136,548	77,061	125,021
Minority interests	24,474	14,483	-	-
Total equity	112,186	151,031	77,061	125,021

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

	As at 30 June 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	11,185	92,234	883	3,711	292,570	1,509
Repayable after one year	4,522	7,282	1,644	1,662	-	675
Total	15,707	99,516	2,527	5,373	292,570	2,184

Details of collaterals:

Term loan facility outstanding of S\$15.7million is secured by way 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	
	3Q FY09 S\$'000	3Q FY08 S\$'000	YTD FY09 S\$'000	YTD FY08 S\$'000
Cash flows from operating activities				
(Loss) / Profit before tax	(18,792)	33,696	(52,101)	65,880
Adjustments for non cash items:				
Depreciation of property, plant and equipment	992	493	2,981	1,577
Amortisation of computer software	38	38	115	38
Loss / (Gain) on disposal of property, plant and equipment	95	(7)	95	(61)
Loss on disposal of investment held for trading	356	-	366	-
Allowance / (Write back) for doubtful debts, net	654	(812)	463	906
Write down of inventories	9,023	-	9,023	-
Fair value loss on derivatives, net	312	-	382	-
Fair value (gain) loss on investment held for trading	(579)	350	(589)	350
Interest expense	1,137	2,722	10,138	7,781
Interest income	-	(59)	(20)	(211)
Share of joint venture results	(240)	-	(1,149)	-
Share option expense	-	-	45	-
Foreign currency realignment	325	(83)	140	(81)
Operating (loss) profit before working capital changes	(6,679)	36,338	(30,111)	76,179
Working capital changes:				
Fixed deposits pledged	(2)	(23)	(27)	(23)
Inventories	75,614	(9,821)	200,156	(38,472)
Trade and other receivables	16,940	(13,150)	71,837	(59,622)
Trade and other payables	(41,755)	(2,226)	(75,996)	32,089
Cash used in operations	44,118	11,118	165,859	10,151
Interest expense paid	(1,137)	(2,722)	(10,138)	(7,781)
Interest income received	-	59	20	211
Income tax paid	(2,324)	(944)	(4,387)	(3,039)
Net cash generated from (used in) operating activities	40,657	7,511	151,354	(458)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	109	10	288	246
Proceeds from disposal of investment held for trading	449	-	459	-
Purchase of property, plant and equipment	(2,228)	(652)	(9,724)	(4,873)
Purchase of intangible assets	(10)	(768)	(54)	(768)
Purchase of quoted equity shares	-	(2,000)	-	(2,000)
Investment in associate	(713)	-	(713)	-
Acquisition of minority interests	-	-	(15,206)	-
Net cash used in investing activities	(2,393)	(3,410)	(24,950)	(7,395)
Cash flows from financing activities				
Net (repayment of) proceeds from bank borrowings	(34,504)	9,076	(178,498)	22,973
Proceeds from warrant conversion	-	-	-	5
Proceeds from rights issue	-	-	11,336	-
Proceeds from issuance of shares in a subsidiary	-	-	3,311	-
Dividend paid to equity holders	-	-	-	(3,982)
Dividend paid to minority shareholders	-	-	-	(10)
Repayment of finance lease payables	(216)	(135)	(650)	(378)
Net cash (used in) generated from financing activities	(34,720)	8,941	(164,501)	18,608
Net change in cash and cash equivalents	3,544	13,042	(38,097)	10,755
Cash and cash equivalents at beginning of financial year	7,841	28,355	49,482	30,642
Cash and cash equivalents at end of financial year	11,385	41,397	11,385	41,397

Group cash and cash equivalents comprise of the following:

	Group	
	As at 30 Jun 2009 S\$'000	As at 30 Jun 2008 S\$'000
Cash and bank balances	11,385	16,687
Fixed deposits	528	25,212
	11,913	41,899
Fixed deposits pledged with banks ⁽¹⁾	(528)	(502)
Cash and cash equivalents per consolidated cash flow statement	11,385	41,397

⁽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	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
Balance as at 1 October 2008	78,203	2,527	-	-	-	(120)	55,938	136,548	14,483	151,031
Currency translation adjustments	-	-	-	-	-	(43)	-	(43)	13	(30)
Fair value loss on available for sale financial assets	-	-	-	-	-	-	-	-	(1)	(1)
Net loss directly recognised in equity	-	-	-	-	-	(43)	-	(43)	12	(31)
Loss for the financial period	-	-	-	-	-	-	(56,034)	(56,034)	3,036	(52,998)
Total recognised net loss for the financial period	-	-	-	-	-	(43)	(56,034)	(56,077)	3,048	(53,029)
Employee share option scheme:										
- value of employee services	-	-	17	-	-	-	-	17	28	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	-	-	-	(4,112)	-	-	-	(4,112)	(3,951)	(8,063)
Capitalisation of advances from shareholders in a subsidiary	-	-	-	-	-	-	-	-	14,698	14,698
Balance as at 30 June 2009	89,539	2,527	17	(4,112)	-	(163)	(96)	87,712	24,474	112,186

Group	Attributable to equity shareholders of the Company									
	Share Capital	Capital Reserves	Share Option 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
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	-	-	-	-	-	(55)	-	(55)	(48)	(103)
Net income directly recognised in equity	-	-	-	-	2,187	(55)	-	2,132	(48)	2,084
Profit for the financial period	-	-	-	-	-	-	55,829	55,829	319	56,148
Issue of shares	6	-	-	-	-	-	-	6	-	6
Dividends	-	-	-	-	-	-	(3,982)	(3,982)	(10)	(3,992)
Balance as at 30 June 2008	78,203	2,527	-	-	-	(143)	89,205	169,792	1,765	171,557

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	-	-	-	(59,296)	(59,296)
Issue of shares	11,336	-	-	-	11,336
Balance as at 30 June 2009	89,539	2,527	-	(15,005)	77,061
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	-	-	-	53,110	53,110
Net income for the financial period	-	-	2,187	53,110	55,297
Issue of shares	6	-	-	-	6
Dividends	-	-	-	(3,982)	(3,982)
Balance as at 30 June 2008	78,203	2,527	-	76,857	157,587

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 30 June 2009 and 30 June 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.

	30.06.2009 '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 30.06.2009	3 mths ended 30.06.2008	9 mths ended 30.06.2009	9 mths ended 30.06.2008
Earnings per ordinary shares:				
(a) Basic (cents)	(4.44)	6.72	(11.49)	13.15
(b) Diluted (cents)	(3.27)	6.06	(8.46)	11.86

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	
	30.06.2009	30.09.2008	30.06.2009	30.09.2008
Net asset value per ordinary share (cents)	15.93	32.15	13.99	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 9 months ended 30 June 2009 declined by 14% from \$533.6 million in FY 2008 to \$456.6 million in current year. Revenue in 3Q FY 2009 dropped by 43% to \$132.3 million as compared to \$234.0 million in 3Q FY 2008. The decline in steel prices since last year and the weak demand for steel products caused by the prevailing global economic crisis were the main reasons for the decrease in the Group's revenue.

Gross Loss

Given the difficult economic environment and weak demand for steel, the Group had moved from a gross profit of \$89.5 million for 9 months ended 30 June 2008 to a gross loss of \$4.4 million as of 30 June 2009. The gross loss for 3Q FY 2009 was \$3.1 million as compared to a gross profit of \$42.7 million in 3Q FY 2008.

Other Operating Income

Other operating income for 9 months financial period decreased by 67% from \$10.4 million in FY 2008 to \$3.4 million in FY 2009. The significant decrease was mainly due to the appreciation of US dollar against Singapore dollar which resulted in a foreign exchange loss of approximately \$11.0 million for the first 9 months of FY 2009 as compared to a gain of \$9.9 million for the same period last year. The operating income for 3Q FY 2009 increased by 4% to \$2.6 million from \$2.5 million in 3Q FY 2008.

Distribution, Administrative, Other Operating and Finance Expenses

Distribution expenses of the Group for 9 months ended 30 June 2009 decreased by 65% from \$6.7 million in FY 2008 to \$2.4 million in FY 2009 and 78% from \$3.2 million in 3Q FY 2008 to \$0.7 million in 3Q FY 2009, in line with lower sales shipments in FY 2009.

Administrative expenses of the Group decreased by 16% from \$14.4 million in FY 2008 to \$12.1 million in FY 2009. The decrease was mainly due to a decrease in staff costs, consistent with the slower business conditions. Administrative expenses increased by 7% from \$4.4 million in 3Q FY 2008 to \$4.6 million in 3Q FY 2009.

Other operating expenses of the Group increased by 450% from \$5.0 million in FY 2008 to \$27.7 million in 2009 and 844% from \$1.3 million in 3Q FY 2008 to \$12.1 million in 3Q FY 2009. The increase was due mainly to foreign exchange loss with the appreciation of the US dollar against the Singapore dollar, provision for doubtful debts of \$2.2 million and a write down of inventory of \$9.0 million to its net realisable value.

Finance expenses for 9 months ended 30 June 2009 had increased by 30% from \$7.8 million in FY 2008 to \$10.1 million in 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. On the other hand, the Group's 3rd quarter finance expenses decreased by 58% from \$2.7 million in 3Q FY 2008 to \$1.1 million in 3Q FY 2009.

Results for the period

As a result of the factors mentioned above, the Group made a loss before tax of \$52.1 million for 9 months ended 30 June 2009 as compared to profit before tax of \$65.9 million in FY 2008. Loss before tax for 3Q FY 2009 was \$18.8 million as compared to a profit of \$33.7 million in 3Q FY 2008.

Balance Sheet

The net assets and shareholders' fund of the Group was \$112.2 million and \$87.7 million as at 30 June 2009. In view of the challenging business conditions, the Group had reduced its inventory levels from \$355.7 million as at 30 September 2008 to \$146.5 million as at 30 June 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 1.38 as at 30 June 2009.

Cash Flow Statement

The Group's cash and cash equivalents was \$11.4 million as at 30 June 2009. Net cash from operating activities had improved significantly from a positive cash inflow of \$7.5 million as at 30 June 2008 to \$40.6 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.

As mentioned above, the Group continues to adopt a conservative approach towards its inventory management and financial position. The Group has raised funds when it deemed necessary to boost the financial strength of its balance sheet.

Since April, steel prices have recovered by about 20% for most steel products. Since June, steel demand has also similarly improved compared with early 2009 as more signs of economic certainty and recovery appear. However, it is still early to predict that the worst is over and the current recovery in steel prices and demand can continue to be sustained throughout the rest of the year. The key will be in the economic recovery of the US and major economic powers in the world.

Going forward, the directors expect the last quarter of FY 2009, while it remains challenging, to show some improvement over this current 3rd quarter.

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
12 August 2009**

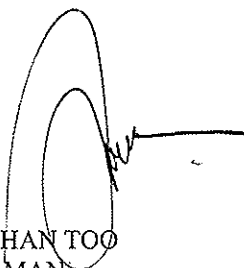


HG METAL MANUFACTURING LIMITED
(Company Registration No: 198802660D)
Unaudited results for the Third Quarter Ended 30 June 2009

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 third quarter financial statements false or misleading in any material respect.

On behalf of the Board,



TAN CHAN TOO
CHAIRMAN



WEE PIEW
CHIEF EXECUTIVE OFFICER

12 AUGUST 2009