



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

**Financial Statements and Dividend Announcement for Financial Period Ended  
30 June 2012 (“3Q2012”)**

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

**1(a)(i) A Statement of Comprehensive Income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group			Group		
	3Q2012 S\$'000	3Q2011 S\$'000	% (+/-)	YTD2012 S\$'000	YTD2011 S\$'000	% (+/-)
<b>Revenue</b>	<b>85,738</b>	<b>67,165</b>	<b>28</b>	<b>244,218</b>	<b>172,697</b>	<b>41</b>
Cost of sales	(80,992)	(59,776)	35	(231,868)	(151,819)	53
<b>Gross profit</b>	<b>4,746</b>	<b>7,389</b>	<b>(36)</b>	<b>12,350</b>	<b>20,878</b>	<b>(41)</b>
Other operating income	930	4,893	(81)	1,348	6,290	(79)
Distribution expenses	(432)	(502)	(14)	(1,333)	(1,366)	(2)
Administrative expenses	(2,990)	(2,997)	(0)	(8,695)	(7,221)	20
Other operating expenses	(2,835)	(2,009)	41	(5,401)	(4,202)	29
Finance expenses	(320)	(719)	(55)	(1,577)	(1,489)	6
Share of associate profits	1,348	513	163	2,301	2,257	2
<b>Profit / (Loss) before tax</b>	<b>447</b>	<b>6,568</b>	<b>nm*</b>	<b>(1,007)</b>	<b>15,147</b>	<b>nm*</b>
Income tax (expense) / credit	(17)	(11)	nm*	(68)	115	nm*
<b>Net profit / (Loss) for the period</b>	<b>430</b>	<b>6,557</b>	<b>nm*</b>	<b>(1,075)</b>	<b>15,262</b>	<b>nm*</b>
<b>Other comprehensive income</b>						
Currency translation adjustments	(94)	(119)	nm*	(62)	(240)	nm*
Share of other comprehensive income of associate	3	(17)	nm*	(14)	(53)	nm*
<b>Other comprehensive income for the period, net of tax</b>	<b>(91)</b>	<b>(136)</b>	<b>nm*</b>	<b>(76)</b>	<b>(293)</b>	<b>nm*</b>
<b>Total comprehensive income for the period</b>	<b>339</b>	<b>6,421</b>	<b>nm*</b>	<b>(1,151)</b>	<b>14,969</b>	<b>nm*</b>
<b>Profit / (Loss) attributable to:</b>						
Equity holders of the Company	574	6,556	nm*	(917)	15,193	nm*
Non-controlling interests	(144)	1	nm*	(158)	69	nm*
	430	6,557	nm*	(1,075)	15,262	nm*
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	513	6,455	nm*	(972)	14,978	nm*
Non-controlling interests	(174)	(34)	nm*	(179)	(9)	nm*
	339	6,421	nm*	(1,151)	14,969	nm*

\*nm denotes not meaningful

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

## 1(a)(ii) Notes to the Statement of Comprehensive Income for the Group

	Group		Group	
	3Q2012 S\$'000	3Q2011 S\$'000	YTD2012 S\$'000	YTD2011 S\$'000
Allowance for doubtful debts	(3)	-	(3)	-
Amortisation of computer software	(43)	(42)	(127)	(125)
Depreciation	(736)	(1,330)	(2,191)	(2,422)
Dividend income from quoted investment	-	-	-	5
Fair value loss on investment held for trading	(15)	5	(50)	(195)
Fair value gain on derivatives, net	536	3,611	430	3,727
Foreign exchange (loss) / gain, net	(1,047)	756	(613)	1,456
Interest income	-	-	1	3
Interest on borrowings	(320)	(719)	(1,577)	(1,489)
(Loss) / Gain on sale of property, plant and equipment	(57)	47	(57)	47
Writeback of allowance for doubtful debts	20	40	60	18
Writedown of inventories	(197)	-	(197)	-

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

**1(b)(i) A Statements of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	30.06.2012 S\$'000	30.09.2011 S\$'000	30.06.2012 S\$'000	30.09.2011 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	37,622	31,938	30,632	24,812
Intangible assets	357	267	330	230
Investment in subsidiaries	-	-	13,488	12,520
Investment in associates	38,954	36,667	713	713
	76,933	68,872	45,163	38,275
<b>Current assets</b>				
Investment held for trading	85	135	-	-
Derivative financial instruments	121	-	121	-
Inventories	98,071	96,732	88,245	86,704
Trade and other receivables	58,725	44,909	62,800	50,457
Cash and cash equivalents	16,742	9,851	9,590	2,773
	173,744	151,627	160,756	139,934
<b>Current liabilities</b>				
Trade and other payables	61,879	42,863	62,189	38,004
Finance lease payables	216	291	130	204
Bank borrowings	52,294	37,840	39,298	32,722
Provision for taxation	69	94	-	-
Derivative financial instruments	20	329	16	329
	114,478	81,417	101,633	71,259
<b>Net-current assets</b>	59,266	70,210	59,123	68,675
<b>Non current liabilities</b>				
Finance lease payables	201	356	22	108
Bank borrowings	-	1,915	-	791
Provision for reinstatement costs	1,650	1,650	1,350	1,350
Deferred taxation	212	212	-	-
	2,063	4,133	1,372	2,249
	134,136	134,949	102,914	104,701
<b>Capital and reserves</b>				
Share capital	137,314	130,046	137,314	130,046
Treasury Share	(362)	-	(362)	-
Other reserves	2,010	2,064	2,527	2,527
Accumulated (losses) / profits	(6,768)	704	(36,565)	(27,872)
Equity attributable to equity holders of the Company	132,194	132,814	102,914	104,701
Non-controlling interests	1,942	2,135	-	-
<b>Total equity</b>	134,136	134,949	102,914	104,701

## HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

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

	As at 30 June 2012			As at 30 September 2011		
	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000
Repayable within one year	42,135	10,159	216	32,473	5,367	291
Repayable after one year	-	-	201	-	1,915	356
Total	42,135	10,159	417	32,473	7,282	647

#### Details of collaterals

The Group's borrowings of approximately S\$52.3 million is secured by way of fixed and floating charge over all assets of the Company, legal mortgage over properties of the Company and fixed deposits pledged to banks by Malaysian subsidiaries.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

## 1(c)(i) A Statement of Cash Flows for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	3Q2012 S\$'000	3Q2011 S\$'000	YTD2012 S\$'000	YTD2011 S\$'000
<b>Cash flows from operating activities</b>				
Profit / (Loss) before tax	447	6,568	(1,007)	15,147
Adjustments for:				
Depreciation of property, plant and equipment	736	1,330	2,191	2,422
Amortisation of computer software	43	42	127	125
Loss (Gain) on disposal of property, plant and equipment	57	(47)	57	(47)
Allowance for doubtful debts, net	(17)	(40)	(57)	(18)
Write down of inventories	197	-	197	-
Dividend income from quoted investment	-	-	-	(5)
Fair value loss (gain) on investment held for trading	15	(5)	50	195
Fair value gain on derivatives, net	(536)	(3,611)	(430)	(3,727)
Interest expense	320	719	1,577	1,489
Interest income	-	-	(1)	(3)
Share of associates results	(1,348)	(513)	(2,301)	(2,257)
Foreign currency realignment	(70)	341	(52)	480
<b>Operating cash flow before working capital changes</b>	(156)	4,784	351	13,801
Working capital changes:				
Fixed deposits pledged	(8)	(8)	(24)	(25)
Inventories	(8,178)	(11,715)	(2,201)	(31,358)
Trade and other receivables	(2,775)	(9,211)	(13,758)	(10,216)
Trade and other payables	14,075	6,989	15,393	12,753
<b>Cash generated from (used in) operations</b>	2,958	(9,161)	(239)	(15,045)
Interest expense paid	(320)	(719)	(1,577)	(1,489)
Interest income received	-	-	1	3
Income tax (paid) refund	(29)	(11)	(93)	108
<b>Net cash flows generated from (used in) operating activities</b>	2,609	(9,891)	(1,908)	(16,423)
<b>Cash flows from investing activities</b>				
Dividend income received from quoted investment	-	-	-	5
Proceeds from disposal of property, plant and equipment	53	120	56	134
Purchase of property, plant and equipment	(1,685)	(1,221)	(3,714)	(2,058)
Purchase of intangible assets	-	-	(217)	-
<b>Net cash flows used in investing activities</b>	(1,632)	(1,101)	(3,875)	(1,919)

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

## 1(c)(i) A Statement of Cash Flows for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

	Group		Group	
	3Q2012 S\$'000	3Q2011 S\$'000	YTD2012 S\$'000	YTD2011 S\$'000
<b>Cash flows from financing activities</b>				
Proceeds from issue of new shares in the Company	-	-	7,268	15,565
Purchase of treasury shares	(362)	-	(362)	-
Dividends paid on ordinary shares of the Company	(6,555)	-	(6,555)	-
Net proceeds from (repayment of) bank borrowings	(655)	9,757	12,485	6,740
Repayment of finance lease payables	(84)	(34)	(231)	(267)
<b>Net cash flows (used in) generated from financing activities</b>	<b>(7,656)</b>	<b>9,723</b>	<b>12,605</b>	<b>22,038</b>
Net change in cash and cash equivalents	(6,679)	(1,269)	6,822	3,696
Cash and cash equivalents at beginning of the period	22,567	9,313	9,066	4,348
<b>Cash and cash equivalents at end of period</b>	<b>15,888</b>	<b>8,044</b>	<b>15,888</b>	<b>8,044</b>

## 1(c)(ii) Note to the Consolidated Statement of Cash Flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	Group	
	As at 30 June 2012 S\$'000	As at June 2011 S\$'000
Cash and bank balances	16,091	8,044
Fixed deposits	651	604
	16,742	8,648
<u>Less</u> : Fixed deposits pledged with banks <sup>(1)</sup>	(651)	(604)
<u>Less</u> : Bank overdrafts <sup>(2)</sup>	(203)	-
Cash and cash equivalents per consolidated cash flow statement	15,888	8,044

<sup>(1)</sup> The Group's Malaysian subsidiaries have fixed deposits pledged with banks to secure credit facilities granted to them.

<sup>(2)</sup> Bank overdrafts are classified as part of current secured borrowings in the consolidated statement of financial position.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

## 1(d)(i) Statements of Changes in Equity (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	Treasury Share	Capital Reserve	Fair Value Reserve	Currency Translation Reserve	Accumulated Profits (Losses)	Total	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2011	130,046	-	2,527	(9)	(454)	704	132,814	2,135	134,949
Other comprehensive income for the financial period	-	-	-	-	(54)	-	(54)	(22)	(76)
Loss for the financial period	-	-	-	-	-	(917)	(917)	(158)	(1,075)
Issuance of ordinary shares	7,268	-	-	-	-	-	7,268	-	7,268
Purchase of treasury shares	-	(362)	-	-	-	-	(362)	-	(362)
Dividend on ordinary shares	-	-	-	-	-	(6,555)	(6,555)	(13)	(6,568)
Balance as at 30 June 2012	137,314	(362)	2,527	(9)	(508)	(6,768)	132,194	1,942	134,136

Group	Attributable to equity shareholders of the Company								
	Share Capital	Treasury Share	Capital Reserve	Fair Value Reserve	Currency Translation Reserve	Accumulated Profits / (Losses)	Total	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2010	111,730	-	2,527	1	(275)	(15,412)	98,571	2,043	100,614
Other comprehensive income for the financial period	-	-	-	(4)	(211)	-	(215)	(78)	(293)
Profit for the financial period	-	-	-	-	-	15,193	15,193	69	15,262
Issuance of ordinary shares	11,049	-	-	-	-	-	11,049	-	11,049
Balance as at 30 June 2011	122,779	-	2,527	(3)	(486)	(219)	124,598	2,034	126,632

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

Company	Share Capital	Treasury Share	Capital Reserve	Accumulated Profits / (Losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2011	130,046	-	2,527	(27,872)	104,701
Loss for the period	-	-	-	(2,138)	(2,138)
Issuance of ordinary shares	7,268	-	-	-	7,268
Purchase of treasury shares	-	(362)	-	-	(362)
Dividend on ordinary shares	-	-	-	(6,555)	(6,555)
Balance as at 30 June 2012	137,314	(362)	2,527	(36,565)	102,914
Balance as at 1 October 2010	111,730	-	2,527	(40,527)	73,730
Profit for the period	-	-	-	12,890	12,890
Issuance of ordinary shares	11,049	-	-	-	11,049
Balance as at 30 June 2011	122,779	-	2,527	(27,637)	97,669

**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**

Share Capital	Number of ordinary shares	Share Capital (S\$)
	At 31 March 2012 (2011: 939,521,962)	1,092,521,962
Warrant exercised during the period 1 April 12 to 30 June 12	-	-
At 30 June 2012 (2011: 939,521,962)	1,092,521,962	137,313,803

As at 30 June 2012, the number of ordinary shares in issue was 1,092,521,962 of which 4,497,000 were held by the Company as treasury shares. The share capital was \$137,313,803. (30 June 2011: 939,521,962 of which nil was held as treasury shares.)

## Warrant:

The Company issued 60,000,000 warrants to United Overseas Bank Limited and Oversea-Chinese Banking Corporation Limited. The warrants carry the rights to subscribe for shares at an exercise price of S\$0.1248 per share for a period of 3 years from 23 November 2009.

The outstanding warrants were 60,000,000 as at 30 June 2012 and 30 June 2011.



# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

**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 end of the immediately preceding year.**

	<b>30 June 2012</b>	<b>30 September 2011</b>
Total number of issued shares	1,092,521,962	1,016,021,962
Treasury shares	(4,497,000)	-
Total number of issued shares excluding treasury shares	<u>1,088,024,962</u>	<u>1,016,021,962</u>

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

The figures have not been reviewed or audited by the 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**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial year and the most recent audited annual financial statements for the financial year ended 30 September 2011.

**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 Group has adopted the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2011. The revised FRS that is relevant to the Group includes Revised FRS 24 Related Party Disclosures. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

#### Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities.

The adoption of this revised FRS did not have any significant impact on the financial statements of the Group.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

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	
	3Q2012	3Q2011	YTD2012	YTD2011
Earnings per ordinary shares:				
(a) Basic (cents)	0.05	0.72	(0.09)	1.67
(b) Diluted (cents)	0.05	0.59	(0.09)	1.36

- (a) Earnings per share were calculated based on weighted average number of shares of 1,053,851,906 for the period ended 30 June 2012 and 912,213,629 for the period ended 30 June 2011.
- (b) Diluted earnings per share were calculated based on adjusted weighted average number of shares during the period.

Adjusted weighted average number of shares for the period end 30 June 2012 and 30 June 2011 were 1,053,851,906 and 1,119,760,226 shares respectively.

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	
	31.03.2012	30.09.2011	31.03.2012	30.09.2011
Net asset value per ordinary share (cents)	12.15	13.07	9.46	10.30

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**

## **Results for 3Q2012 vs. 3Q2011**

### **Revenue and Gross Profit**

The Group's revenue increased by 28% from S\$67.2 million in 3Q2011 to S\$85.7 million in 3Q2012, on the back of a higher sales volume.

However, gross profit margin slid by 5.5 percentage points from 11.0% in 3Q2011 to 5.5% in 3Q2012 as a result of lower steel prices coupled with the sales of higher cost inventories purchased in the preceding quarter. This led to a subsequent decline of the Group's 3Q2012 gross profit by 36% to S\$4.7 million.

### **Other Operating Income**

Other operating income reduced by S\$4.0 from S\$4.9 million in 3Q2011 to S\$0.9 million in 3Q2012. The decrease was mainly due to a foreign exchange gain of S\$0.8 million, and a S\$3.1 million higher fair value gain on the warrants and call option recorded in 3Q2011.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

---

## **Administrative Expenses, Other Operating and Finance Expenses**

Administrative expenses in 3Q2012 maintained at S\$3.0 million as compared to 3Q2011, despite the additional pre-operating expenses of S\$0.3 million incurred for the newly incorporated subsidiary in Indonesia during the quarter under review.

Other operating expenses increased from S\$2.0 million in 3Q2011 to S\$2.8 million in 3Q2012. The increase was mainly due to foreign exchange loss as a result of the strengthening of the United States Dollar during the current quarter under review, together with expenses relating to the write down of inventory and the downsizing of non-core business operations in an overseas subsidiary, Kunshan Niho Co., Ltd. Finance expenses decreased by S\$0.4 million from S\$0.7 million in 3Q2011 to S\$0.3 million in 3Q2012. The decrease was mainly due to the lower interest rate secured upon renewal of the trade banking facilities during the reporting period, as well as a reversal of S\$0.2 million over-accrued interest expenses from the previous quarters.

## **Profitability**

The Group recorded a net profit after tax of S\$0.4 million in 3Q2012, compared to S\$6.6 million in 3Q2011.

## **Results for YTD2012 vs. YTD2011**

### **Revenue and Gross Profit**

The Group's revenue for the first 9 months in FY2012 increased by 41% to S\$244.2 million from S\$172.7 million in the first 9 months in FY2011, whilst gross profit decreased by 41% from S\$20.9 million to S\$12.4 million due to the competitive business environment and decline in steel prices.

### **Other Operating Income**

Other operating income decreased by 79% from S\$6.3 million in the first 9 months in FY2011 to S\$1.3 million in the first 9 months in FY2012. The decrease was mainly due to a) a foreign exchange gain of S\$1.5 million recorded in the first 9 months in FY2011 as a result of weakening of the United States Dollar, and b) a fair value gain of S\$3.5 million for the call option recorded in the first 9 months in FY2011, which had been exercised in 4Q2011.

## **Administrative Expenses, Other Operating and Finance Expenses**

Administrative expenses increased from S\$7.2 million in the first 9 months in FY2011 to S\$8.7 million in the first 9 months in FY2012. The increase was mainly due to consultancy and legal services related to the new warehouse construction project; higher manpower expenses due to the Group's business development and expansion plans; and higher property tax following the increased market value of the leasehold land and property.

Other operating expenses increased by 29% from S\$4.2 million in the first 9 months in FY2011 to S\$5.4 million in the first 9 months in FY2012. On top of the higher business activities, the increase was also due to a foreign exchange loss of S\$0.6 million recorded in the first 9 months in FY2012 as a result of the strengthening of the United States dollar during the first 9 months in FY2012.

In line with higher sales and business activities, finance expenses increased by 6% from S\$1.5 million to S\$1.6 million.

## **Profitability**

The Group recorded a net loss after tax of S\$1.1 million in the first 9 months FY2012, compared to a profit of S\$15.3 million in the first 9 months in FY2011.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

---

## **Balance Sheet**

The Group held an inventory level of S\$98.1 million as at 30 June 2012, as compared to S\$96.7 million as at 30 September 2011, in line with the growth in sales. The improvement in the inventory turnover days from 137 days to 115 days was the result of the effective implementation of supply chain management during the current financial year.

Trade and other receivables increased in tandem with the increased revenue to S\$58.7 million as at 30 June 2012 as compared to S\$44.9 million as at 30 September 2011, with debtor turnover days maintained at approximately 56 days.

Trade and other payables increased to S\$61.9 million as at 30 June 2012 as compared to S\$42.9 million as at 30 September 2011 due to higher purchases to support sales growth.

The Group's net debt-equity gearing ratio remained low at 0.3 times and shareholders' equity stood at S\$132.2 million as at 30 June 2012 after the dividend payout of S\$6.6 million during the reporting period.

## **Cash Flow Statement**

As at 30 June 2012, the Group recorded higher cash and cash equivalents of S\$15.9 million as compared to S\$8.0 million as at 30 June 2011. The increase was largely from the higher drawdown of bank facilities to cater to higher level of working capital requirements, as well as extension of additional temporary credit granted by some of the major suppliers.

Net cash flows used in operating activities and investing activities for the first 9 months of FY2012 were S\$1.9 million and S\$3.9 million respectively.

**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**

The global economy continues to face uncertainties with the Eurozone debt situation. In addition, China, being the world's second largest economy and the largest steel producer by volume, is forecasted to experience slower economic growth this year.

In general, the weaker global economy has eroded the demand for steel and resulted in a slowdown of global steel production output in recent months. However, global steel production continues to grow at a rate that outpaces the rate of steel consumption, which has in turn led to an oversupply of steel and a downward pressure on steel prices.

Looking ahead, the Group remains cautiously optimistic about its growth prospects and will continue to focus on its multi-pronged strategy for growth. In 3Q2012, the Group incorporated a subsidiary to trade and distribute steel products in Indonesia, and will continue to look into possible strategic expansion opportunities in the region.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

---

## 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/recommended, a statement to that effect.

No dividend has been declared for the reporting period.

# HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2012

## 13. Interested persons transactions

Name of Interested persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)*		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)*	
	YTD 2012 S\$'000	YTD 2011 S\$'000	YTD 2012 S\$'000	YTD 2011 S\$'000
<b>Chye Hin Hardware Pte Ltd</b>				
Sales	-	552	2,819	-
Purchases	-	1,656	7,055	-
Other Charges	-	35	169	-
<b>Oriental Sheet Piling Pte Ltd</b>				
Sales	-	-	3,086	-
Purchase	-	-	918	-
<b>Oriental Sheet Piling (China)</b>				
Purchase	2,425	-	-	-
<b>Oriental Castle Sdn Bhd</b>				
Other Charges	-	-	288	-
<b>Oriental Housetop Sdn Bhd</b>				
Other Charges	4	-	-	-
<b>Timuran Engineering Sdn Bhd</b>				
Other Charges	32	-	-	-
<b>Managing Director</b>				
Option to purchase club membership	236	-	-	-

\* The above includes all transactions regardless of value

The Company had in its Annual General Meeting on 12 January 2012 obtained approval from its shareholders for the renewal of a general mandate for transactions with certain interested persons. Please refer to the Company's Annual Report 2011 for details. The Company's Annual Report 2011 can be accessed through the Company's website [www.hgmetal.com](http://www.hgmetal.com) and the website [www.sgx.com](http://www.sgx.com).

## 14. Negative confirmation pursuant to Rule 705(5)

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results for the quarter ended 30 June 2012 to be false or misleading in any material respect.

**On behalf of the Board,**

**Mr Goh Kian Sin**  
**Managing Director**

**13 August 2012**