



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

Financial Statements and Dividend Announcement for Quarter Ended 30 September 2012

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF YEAR AND FULL YEAR RESULTS

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

	Group			Group		
	4Q2012	4Q2011	%	YTD2012 (12 months)	YTD2011 (12 months)	%
	S\$'000	S\$'000	(+/-)	S\$'000	S\$'000	(+/-)
Revenue	83,643	66,144	26	327,860	238,842	37
Cost of sales	(81,718)	(61,031)	34	(313,586)	(212,849)	47
Gross profit	1,925	5,113	(62)	14,274	25,993	(45)
Other operating income	1,823	1,740	5	2,558	6,572	(61)
Distribution expenses	(1,192)	(803)	48	(2,525)	(2,169)	16
Administrative expenses	(2,932)	(2,132)	38	(11,627)	(9,353)	24
Other operating expenses	(1,453)	(3,957)	(63)	(6,241)	(6,703)	(7)
Finance expenses	(566)	(434)	30	(2,143)	(1,923)	11
Share of associate profits	1,518	1,491	2	3,818	3,748	2
Profit/(Loss) before tax	(877)	1,018	nm*	(1,886)	16,165	nm*
Income tax (expense) /credit	(62)	(9)	nm*	(130)	107	nm*
Net profit/(loss) after tax	(939)	1,009	nm*	(2,016)	16,272	nm*
Other comprehensive income						
Currency translation adjustments	(49)	30	nm*	(111)	(209)	nm*
Share of other comprehensive income of associates	(5)	10	nm*	(19)	(44)	nm*
Other comprehensive income for the period, net of tax	(54)	40	nm*	(130)	(253)	nm*
Total comprehensive income for the period	(993)	1,049	nm*	(2,146)	16,019	nm*
Profit/(Loss) attributable to:						
Equity holders of the Company	(896)	922	nm*	(1,814)	16,116	nm*
Non-controlling interests	(43)	87	nm*	(202)	156	nm*
	(939)	1,009	nm*	(2,016)	16,272	nm*
Total comprehensive income attributable to:						
Equity holders of the Company	(943)	948	nm*	(1,914)	15,927	nm*
Non-controlling interests	(50)	101	nm*	(232)	92	nm*
	(993)	1,049	nm*	(2,146)	16,019	nm*

*nm denotes not meaningful

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

	Group		Group	
	4Q2012	4Q2011	YTD2012 (12 months)	YTD2011 (12 months)
	S\$'000	S\$'000	S\$'000	S\$'000
Writeback / (Allowance) for doubtful debts, net	20	(76)	77	(58)
Amortisation of computer software	(53)	(42)	(180)	(167)
Depreciation of property, plant and equipment	(753)	(895)	(2,945)	(3,317)
Dividend income from quoted investment	5	10	5	15
Fair value loss on investment held for trading	(12)	(50)	(62)	(245)
Fair value (loss) / gain on derivatives, net	(793)	1,509	(363)	5,236
Foreign exchange (loss) / gain, net	1,830	(2,796)	1,217	(1,340)
Interest income	-	25	1	28
Interest on borrowings	(566)	(434)	(2,143)	(1,923)
Gain on sale of property, plant and equipment	110	4	53	51
Write back /(down)of inventories	28	-	(169)	-

NOTE

1. The Group changed its financial year end from 30 September to 31 December on 25 October 2012. This set of results is for 12 months period from 1 October 2011 to 30 September 2012 and 1 October 2010 to 30 September 2011 in the comparative period.
2. The share of associate results for BRC Asia Limited is based on estimation as BRC has not announced its quarter results ended 30.09.2012. The Group will issue another announcement to ratify the results if the estimation is significantly different from the actual after BRC has announced its Quarter 4 results.
3. Certain comparative figures in the Statement of Comprehensive Income for the financial year ended 30 September 2011 have been restated to conform to the current year's classification to better reflect the nature of the items. The reclassification has no effect on the results as reported for the previous financial year and quarter. Costs incurred as carriage outwards were previously included in Other Operating expenses and are appropriately reclassified to Distribution Expenses.

	As previously reported	As restated
Quarter 4	2011	2011
	S\$'000	S\$'000
Distribution Expenses	410	803
Other Operating Expenses	4,350	3,957
YTD (12 months)		
Distribution Expenses	1,776	2,169
Other Operating Expenses	7,096	6,703

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

	Group		Company	
	30.09.2012 S\$'000	30.09.2011 S\$'000	30.09.2012 S\$'000	30.09.2011 S\$'000
Non-current assets				
Property, plant and equipment	40,746	31,938	31,550	24,812
Intangible assets	428	267	405	230
Investment in subsidiaries	-	-	13,488	12,520
Investment in associates	40,467	36,667	713	713
	81,641	68,872	46,156	38,275
Current assets				
Investment held for trading	73	135	-	-
Derivative financial instruments	-	-	-	-
Inventories	97,944	96,732	85,627	86,704
Trade and other receivables	58,149	44,909	69,680	50,457
Cash and cash equivalents	19,743	9,851	9,073	2,773
	175,909	151,627	164,380	139,934
Current liabilities				
Trade and other payables	43,887	42,863	39,241	38,004
Finance lease payables	204	291	120	204
Bank borrowings	65,395	37,840	56,106	32,722
Provision for taxation	66	94	-	-
Derivative financial instruments	692	329	623	329
	110,244	81,417	96,090	71,259
Net-current assets	65,665	70,210	68,290	68,675
Non current liabilities				
Finance lease payables	197	356	-	108
Bank borrowings	12,933	1,915	12,933	791
Provision for reinstatement costs	1,650	1,650	1,350	1,350
Deferred taxation	212	212	-	-
	14,992	4,133	14,283	2,249
	132,314	134,949	100,163	104,701
Capital and reserves				
Share capital	137,314	130,046	137,314	130,046
Treasury Share	(1,189)	-	(1,189)	-
Other reserves	1,964	2,064	2,527	2,527
Accumulated (losses) / profits	(7,665)	704	(38,489)	(27,872)
Equity attributable to equity holders of the Company	130,424	132,814	100,163	104,701
Non-controlling interests	1,890	2,135	-	-
Total equity	132,314	134,949	100,163	104,701

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

	As at 30 September 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	58,705	6,690	204	32,473	5,367	291
Repayable after one year	12,933	-	197	-	1,915	356
Total	71,638	6,690	401	32,473	7,282	647

Details of collaterals

The Group's borrowings of approximately S\$71.6 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.

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

	Group		Group	
	4Q2012	4Q2011	YTD2012 (12 months)	YTD2011 (12 months)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit / (Loss) before tax	(877)	1,018	(1,886)	16,165
Adjustments for:				
Depreciation of property, plant and equipment	753	895	2,945	3,317
Amortisation of computer software	53	42	180	167
Write off of property, plant and equipment	-	-	-	13
Gain on disposal of property, plant and equipment	(110)	(4)	(53)	(51)
(Writeback) / Allowance made for doubtful debts, net	(20)	76	(77)	58
Write (back) / down of inventories	(28)	-	169	-
Dividend income from quoted investment	(5)	(10)	(5)	(15)
Fair value loss on investment held for trading	12	50	62	245
Fair value loss/ (gain) on derivatives, net	793	(1,509)	363	(5,236)
Interest expense	566	434	2,143	1,923
Interest income	-	(25)	(1)	(28)
Share of associates results	(1,518)	(1,491)	(3,818)	(3,748)
Foreign currency realignment	(35)	2,174	(85)	(122)
Operating cash flow before working capital changes	(416)	1,650	(63)	12,688
Working capital changes:				
Fixed deposits pledged	(8)	(33)	(32)	-
Inventories	(541)	(2,768)	(2,742)	(34,228)
Trade and other receivables	596	(3,550)	(13,162)	(19,242)
Trade and other payables	(14,484)	(3,115)	905	11,511
Cash generated from (used in) operations	(14,853)	(7,816)	(15,094)	(29,271)
Interest expense paid	(566)	(434)	(2,143)	(1,923)
Interest income received	-	25	1	28
Income tax (paid) refund	(65)	(12)	(157)	97
Net cash flows generated from (used in) operating activities	(15,484)	(8,237)	(17,393)	(31,069)
Cash flows from investing activities				
Increase in fixed deposits	-	-	-	(49)
Dividend income received from quoted investment	5	10	5	15
Proceeds from disposal of property, plant and equipment	121	365	177	5,095
Purchase of property, plant and equipment	(6,714)	(216)	(10,428)	(1,708)
Purchase of intangible assets	(125)	-	(342)	-
Net cash flows used in investing activities	(6,713)	159	(10,588)	3,353

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	Group		Group	
	4Q2012	4Q2011	YTD2012 (12 months)	YTD2011 (12 months)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities				
Proceeds from issue of new shares in the Company	-	-	7,268	22,833
Proceeds from issue of call option shares in the company	-	7,267	-	-
Purchase of treasury shares	(827)	-	(1,189)	-
Dividends paid on ordinary shares of the Company	-	-	(6,555)	-
Net proceeds from (repayment of) bank borrowings	26,237	2,004	38,722	9,940
Repayment of finance lease payables	(15)	(171)	(245)	(339)
Net cash flows (used in) generated from financing activities	25,395	9,100	38,001	32,434
Net change in cash and cash equivalents	3,198	1,022	10,020	4,718
Cash and cash equivalents at beginning of the period	15,888	8,044	9,066	4,348
Cash and cash equivalents at end of period	19,086	9,066	19,086	9,066

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 Sept 2012 S\$'000	As at 30 Sept 2011 S\$'000
Cash and bank balances	19,086	9,215
Fixed deposits	657	636
	19,743	9,851
<u>Less</u> : Fixed deposits pledged with banks ⁽¹⁾	(657)	(636)
<u>Less</u> : Bank overdrafts ⁽²⁾	0	(149)
Cash and cash equivalents per consolidated cash flow statement	19,086	9,066

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

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

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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	-	-	-	-	(100)	-	(100)	(30)	(130)
Loss for the financial period	-	-	-	-	-	(1,814)	(1,814)	(202)	(2,016)
Issuance of ordinary shares	7,268	-	-	-	-	-	7,268	-	7,268
Purchase of treasury shares	-	(1,189)	-	-	-	-	(1,189)	-	(1,189)
Dividend on ordinary shares	-	-	-	-	-	(6,555)	(6,555)	(13)	(6,568)
Balance as at 30 September 2012	137,314	(1,189)	2,527	(9)	(554)	(7,665)	130,424	1,890	132,314

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	-	-	-	(10)	(179)	-	(189)	(64)	(253)
Profit for the financial period	-	-	-	-	-	16,116	16,116	156	16,272
Issuance of ordinary shares	11,049	-	-	-	-	-	11,049	-	11,049
Issuance of option shares	7,267	-	-	-	-	-	7,267	-	7,267
Balance as at 30 September 2011	130,046	-	2,527	(9)	(454)	704	132,814	2,135	134,949

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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	-	-	-	(4,062)	(4,062)
Issuance of ordinary shares	7,268	-	-	-	7,268
Purchase of treasury shares	-	(1,189)	-	-	(1,189)
Dividend on ordinary shares	-	-	-	(6,555)	(6,555)
Balance as at 30 September 2012	137,314	(1,189)	2,527	(38,489)	100,163
Balance as at 1 October 2010	111,730	-	2,527	(40,527)	73,730
Profit for the period	-	-	-	12,655	12,655
Issuance of ordinary shares	11,049	-	-	-	11,049
Issuance of option shares	7,267	-	-	-	7,267
Balance as at 30 September 2011	130,046	-	2,527	(27,872)	104,701

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
4Q2012		S\$
As at 30 June 2012(2011: 939,521,962)	1,092,521,962	137,313,803
Warrant exercised during the quarter 1 Jul to 30 Sept 2012	-	-
As at 30 September 2012 (2011:1016,021,962)	1,092,521,962	137,313,803
YTD2012		
As at 1 October 2011 (2010: 775,671,962)	1,016,021,962	130,046,304
Issuance of 76,500,000 ordinary shares for settlement of Tranche 2 of the Option Shares at S\$0.095 per share	76,500,000	7,267,500
Warrant exercised during the financial period 1 Oct to 30 Sept 2012	-	-
As at 30 September 2012 (2011:1016,021,962)	1,092,521,962	137,313,804

As at 30 Sept 2012, the number of ordinary shares in issue was 1,092,521,962 of which 14,637,000 were held by the Company as treasury shares. The share capital was \$137,313,804. (30 Sept 2011: 130,046,304 of which nil was held as treasury shares.)

Call Option:

In November 2010, the Company granted a call option to Oriental Castle Sdn. Bhd ("OCS"), to subscribe for 153,000,000 (or such other number representing 14% of the enlarged share capital of the Company after the exercise of the Call Option) new ordinary shares in the capital of the Company at an exercise price of S\$0.095 for each option share.

On 25 July 2011, the Company issued 76,500,000 shares arising from the exercise of the Call Option. The remaining 50% of the Option Shares (being an additional 76,500,000 shares in the capital of the

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Company) were issued and allotted on 22 February 2012 upon full payment being made by OCS for such Option 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 September 2012 and 30 September 2011.

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.

	30 September 2012	30 September 2011
Total number of shares	1,092,521,962	1,016,021,962
Treasury shares	(14,637,000)	-
Total number of shares excluding treasury shares	<u>1,077,884,962</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.

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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.

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	
	4Q2012	4Q2011	YTD2012	YTD2011
Earnings per ordinary shares:				
(a) Basic (cents)	(0.08)	0.09	(0.17)	1.72
(b) Diluted (cents)	(0.08)	0.09	(0.17)	1.70

(a) Earnings per share were calculated based on weighted average number of shares of 1,061,163,754 during the period ended 30 September 2012 and 934,978,212 number of shares as at 30 September 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 as of 30 September 2012 and 30 September 2011 1,061,163,754 were and 946,513,000 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	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Net asset value per ordinary share (cents)	12.10	13.07	9.29	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 4Q2012 vs. 4Q2011

Revenue and Gross Profit

The Group's revenue for 4Q2012 increased by 26% to S\$83.6 million from S\$66.1 million in 4Q2011 on the back of higher sales volume.

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However, the gross profit margin slid down by 5.4percentage points from 7.7% in 4Q2011to 2.3% in 4Q2012 as a result of the steep falling prices in steel products by 12.4% on average, offset by the 7.2% reduction in the overall cost of inventories purchased. This led to a decline of the Group's 4Q2012 gross profit by 62% to S\$1.9million.

Distribution, Administrative, Other Operating and Finance Expenses

Distribution expenses for 4Q2012 increased by 48% to S\$1.2 million from S\$0.8 million in 4Q2011 due to the increase in carriage and handling expenses in tandem with higher overall sales volume coupled with higher export volumes to Malaysia and Indonesia.

Administrative expenses for 4Q2012 increased by 38% to S\$2.9 million from S\$2.1 million in 4Q2011.The increase was mainly due to the higher staff costs of S\$0.64 million as the Group gears up for the development of new businesses and the payment of facility fee of S\$0.12 million for the extension of new loan facilities.

Other operating expenses declined significantly by S\$2.5 million to S\$1.5 million in 4Q2012, from S\$4.0 million in 4Q2011. The decline was due to a foreign exchange loss of S\$2.8 million recorded as a result of the strengthening of the USD in 4Q2011 whereas 4Q2012 recorded a foreign exchange gain of S\$1.8 million as a result of the weakening USD against Singapore Dollars.

Finance expenses increased by 30% to S\$0.6 million in 4Q2012 from S\$0.4 million in 4Q2011 in line with the higher business activities.

Net Loss After Tax

The Group posted a net loss after tax S\$0.9 million in 4Q2012, compared to a net profit after tax of S\$1.0 million.

Results for YTD2012(12 months) vs. YTD2011(12 months)

Revenue and Gross Profit

For YTD2012, the Group's revenue increased by 37% to S\$327.8 million, whilst the gross profit declined by 45% to S\$14.3 million. The significant dip in the gross margin from 10.9% in YTD2011 to 4.4% in YTD2012 was due to the competitive business environment as well as the decline in the steel commodity prices.

Other Operating Income

Other operating income for YTD2012 declined significantly by S\$4 million to S\$2.6 million from S\$6.6 million in YTD2011. The S\$4 million reduction in operating income is summarised as follows:

	S\$ million
Fair value gain on call options in YTD2011 not recurring this year	((4.5)
Loss on forward contracts	(0.7)
Foreign exchange gain	<u>1.2</u>
Total	<u>4.0</u>

Distribution, Administrative and Finance Expenses

Distribution expenses for YTD2012 increased by 16% to S\$2.5 million from S\$2.2 million in YTD2011 mainly due to the increase in carriage outwards cost in tandem with higher sales volume and operation activities.

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Administrative expenses for YTD2012 increased by 24% to S\$11.6 million from S\$9.4 million in YTD2011. 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 and development plans; and the higher property tax following the increased market value of the leasehold land and property.

Other operating expenses declined by S\$0.5 million to S\$6.2 million in YTD2012, from S\$6.7 million in YTD2011. The reduction was mainly due to lesser allowance set aside for doubtful debts as well as lower fair value loss on investment held for trading.

Finance expense for YTD2012 increased by 11% to S\$2.1 million from S\$1.9 million in YTD2011 in line with higher sales and business activities.

Net Loss after tax

The Group posted a net loss after tax of S\$2.0 million in YTD2012, compared to a net profit after tax of S\$16.3 million in YTD2011.

Balance Sheet

The Group's level of inventory was maintained at S\$98.0 million as at 30 September 2012 as compared to S\$96.7 million as at 30 September 2011. Nevertheless, inventory days improved to 113 days as at 30 September 2012 compared to 137 days as at 30 September 2011 as a result of the effective implementation of supply chain management during the current financial year.

Trade and other receivables as at 30 September 2012 was S\$58.2 million as compared to S\$44.9 million as at 30 September 2011. Debtor days remained within the general credit period extended to customers at 55 days.

Trade and other payables increased to S\$43.9 million as at 30 September 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 increased to 0.61 times as at 30 September 2012 attributed to the financing of the Group's newly completed building at Jurong Port Road as well as the Group's expansion plans with the first newly set up Cut and Bend plant.

Cash Flow Statement

As at 30 September 2012, the Group recorded higher cash and cash equivalents of S\$19.1 million as compared to S\$9.1 million as at 30 September 2011 funded by the draw down of new term loans to finance the Group's newly completed building at Jurong Port Road as well as the expansion plans with the newly set up Cut and Bend plant.

The YTD2012 net cash flows used in operating activities was S\$17.4 million as a result of higher working capital usage to support accounts receivable in line with the increase in the Group's turnover.

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

2012 has seen a downward trend in steel prices as steel production continues to grow at a rate that outpaces the rate of steel consumption. Against weakening steel demand from China which is the

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world's largest steel consumer, and prolonged economic uncertainties in Europe, global steel prices are expected to face downward pressures and volatility.

However, global steel demand is expected to rise in 2013, conditional on improvements in the Chinese and Euro-zone economies, according to the World Steel Association. ASEAN is expected to maintain a healthy demand for steel with the region producing less than its steel consumption.

The Group has expanded its presence in Malaysia and Indonesia, and recently opened its new warehousing facilities and construction steel production lines at 15 Jurong Port Road in Singapore. Looking forward, the Group remains cautiously optimistic about its prospects and will continue to focus on its multi-pronged growth strategy.

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.

13. Interested persons transactions

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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
Chye Hin Hardware Pte Ltd				
Sales	-	552	4,609	-
Purchases	-	1,656	7,138	-
Other Charges	-	35	239	-
Oriental Sheet Piling Pte Ltd				
Sales	-	-	3,086	-
Purchase	-	-	1,558	-
Oriental Castle Sdn Bhd				
Other Charges	-	-	393	-
Oriental Sheet Piling (China)				
Purchase	2,425	-	-	-
Oriental Housetop Sdn Bhd				
Other Charges	4	-	-	-
Timuran Engineering Sdn Bhd				
Other Charges	32	-	-	-
Oriental SP Steelwork Sdn Bhd				
Sales	85			
Oriental Sheet Piling Sdn Bhd				
Other Charges	21			
Managing Director				
Option to purchase club membe	227	-	-	-

* The above includes all transactions regardless of value

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14. A breakdown of sales as follows:

	Group		
	YTD 2012 S\$'000	YTD 2011 S\$'000	% (+/-)
<u>First Half</u>			
Sales reported for first half year	158,480	105,531	50
Operating profit/loss after tax before deducting non-controlling interests reported for first half year	(1,505)	8,705	(117)
<u>Second Half</u>			
Sales reported for second half year	169,380	133,311	27
Operating profit/loss after tax before deducting non-controlling interests reported for second half year	(511)	7,567	(107)

15. 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 September 2012 to be false or misleading in any material respect.

On behalf of the Board,

**Mr Goh Kian Sin
Managing Director**

12 November 2012