



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

**Third Quarter Financial Statements and Dividend Announcement
for Financial Period Ended 30 September 2013**

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 | | |
|---|----------------|---------------|-------------|----------------|----------------|-------------|
| | Jul to Sep | Jul to Sep | % | Jan to Sep | Jan to Sep | % |
| | 2013 | 2012 | % | 2013 | 2012 | % |
| | S\$'000 | S\$'000 | (+/-) | S\$'000 | S\$'000 | (+/-) |
| Revenue | 70,675 | 83,643 | (16) | 210,878 | 255,888 | (18) |
| Cost of sales | (67,802) | (81,718) | (17) | (198,262) | (246,471) | (20) |
| Gross profit | 2,873 | 1,925 | 49 | 12,616 | 9,417 | 34 |
| Gross margin | 4.1% | 2.3% | | 6.0% | 3.7% | |
| Other operating income | 840 | 1,823 | (54) | 3,299 | 2,275 | 45 |
| Distribution expenses | (798) | (1,192) | (33) | (2,045) | (2,432) | (16) |
| Administrative expenses | (3,076) | (3,122) | (1) | (9,356) | (9,312) | 0 |
| Other operating expenses | (3,368) | (1,264) | 166 | (8,448) | (3,906) | 116 |
| Finance expenses | (446) | (566) | (21) | (1,355) | (1,561) | (13) |
| Share of associate profits | 2,140 | 1,860 | 15 | 6,622 | 3,501 | 89 |
| (Loss)/Profit before tax | (1,835) | (536) | nm* | 1,333 | (2,018) | nm* |
| Income tax (expense) /credit | (49) | (62) | nm* | (59) | (116) | nm* |
| Net (loss)/ profit after tax | (1,884) | (598) | nm* | 1,274 | (2,134) | nm* |
| Other comprehensive income/(loss) | | | | | | |
| Currency translation adjustments | 16 | (49) | nm* | 79 | (147) | nm* |
| Share of other comprehensive income of associates | 38 | (17) | nm* | 18 | (36) | nm* |
| net of tax | 54 | (66) | nm* | 97 | (183) | nm* |
| Total comprehensive (loss)/income for the period | (1,830) | (664) | nm* | 1,371 | (2,317) | nm* |
| (Loss)/Profit attributable to: | | | | | | |
| Equity holders of the Company | (1,824) | (555) | nm* | 1,326 | (1,901) | nm* |
| Non-controlling interests | (60) | (43) | nm* | (52) | (233) | nm* |
| | (1,884) | (598) | nm* | 1,274 | (2,134) | nm* |
| Total comprehensive (loss)/income attributable to: | | | | | | |
| Equity holders of the Company | (1,744) | (612) | nm* | 1,433 | (2,043) | nm* |
| Non-controlling interests | (86) | (52) | nm* | (62) | (274) | nm* |
| | (1,830) | (664) | nm* | 1,371 | (2,317) | nm* |

*nm denotes not meaningful

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

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

| | Group | | Group | |
|---|--------------------|--------------------|--------------------|--------------------|
| | Jul to Sep 2013 | Jul to Sep 2012 | Jan to Sep 2013 | Jan to Sep 2012 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Profit before tax is arrived at after charging/(crediting) the following: | | | | |
| Allowance/ (Reversal of allowance) for impairment of receivables, net | 41 | (20) | 293 | (52) |
| Amortisation of computer software | 10 | 53 | 65 | 139 |
| Amortisation of deferred income | (357) | - | (952) | - |
| Depreciation of property, plant and equipment | 477 | 753 | 1,747 | 2,222 |
| Dividend income from quoted investment | - | (5) | - | (5) |
| Fair value (gain) /loss on investment held for trading | (10) | 12 | (10) | 52 |
| Fair value loss on derivatives, net | 217 | 793 | 68 | 300 |
| Foreign exchange loss /(gain), net | 1,177 | (1,830) | 1,320 | (1,431) |
| Interest income | (42) | - | (69) | - |
| Interest on borrowings | 446 | 566 | 1,355 | 1,561 |
| Gain on sale of property, plant and equipment | (45) | (110) | (47) | (53) |
| Write off of inventories | - | - | 12 | - |
| Write (back) /down of inventories | - | (28) | 9 | 169 |

Note

- The share of associate results for BRC Asia Limited is based on estimation as BRC has not announced its quarter results ended 30.09.2013. The Group will issue another management's announcement to update the results if the estimation is significantly different from the BRC announcement of its Quarter 4 results.
- Certain comparative figures in the Statement of Comprehensive Income for the financial period ended 31 December 2012 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 period. Costs incurred for carriage outwards previously included in Other Operating Expenses are appropriately reclassified to Distribution Expenses. Support service charges previously included in Other Operating Expenses are now appropriately reclassified to Administrative expenses.

| | <u>As previously reported</u> | | <u>As restated</u> | |
|--------------------------|-------------------------------|------------------------|------------------------|------------------------|
| | <u>Jul to Sep 2012</u> | <u>Jan to Sep 2012</u> | <u>Jul to Sep 2012</u> | <u>Jan to Sep 2012</u> |
| Distribution Expenses | 1,192 | 2,076 | 1,192 | 2,432 |
| Administrative Expenses | 2,933 | 9,123 | 3,122 | 9,312 |
| Other Operating Expenses | 1,453 | 4,451 | 1,264 | 3,906 |

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

1(b)(i) A Statement 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 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 30.09.2013 S\$'000 | 31.12.2012 S\$'000 | 30.09.2013 S\$'000 | 31.12.2012 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 17,178 | 17,637 | 8,823 | 9,403 |
| Intangible assets | 342 | 381 | 325 | 361 |
| Investment in subsidiaries | - | - | 13,488 | 13,488 |
| Investment in associates | 46,271 | 42,853 | 713 | 713 |
| Investment in joint venture | - | - | - | - |
| Available for sale financial assets | - | - | - | - |
| Deferred tax assets | - | - | - | - |
| | 63,791 | 60,871 | 23,349 | 23,965 |
| Current assets | | | | |
| Investment held for trading | 85 | 75 | - | - |
| Derivative financial instruments | - | 22 | - | 22 |
| Inventories | 94,196 | 86,202 | 74,945 | 71,571 |
| Trade and other receivables | 64,355 | 96,629 | 84,483 | 114,140 |
| Prepaid expenses | 457 | 320 | 244 | 128 |
| Cash and cash equivalents | 15,720 | 18,522 | 5,590 | 5,589 |
| | 174,813 | 201,770 | 165,262 | 191,450 |
| Current liabilities | | | | |
| Trade and other payables | 29,350 | 47,377 | 26,916 | 42,614 |
| Finance lease payables | 83 | 183 | - | 87 |
| Bank borrowings | 54,576 | 55,743 | 44,792 | 47,971 |
| Provision for taxation | 104 | 108 | - | - |
| Deferred income | 1,429 | 1,310 | 1,429 | 1,310 |
| Derivative financial instruments | 58 | 12 | 51 | - |
| | 85,600 | 104,733 | 73,188 | 91,982 |
| Net-current assets | 89,213 | 97,037 | 92,074 | 99,468 |
| Non current liabilities | | | | |
| Finance lease payables | 133 | 195 | - | - |
| Bank borrowings | 7,203 | 8,947 | 7,203 | 8,947 |
| Provision for reinstatement costs | 1,000 | 1,000 | 700 | 700 |
| Deferred income | 7,619 | 8,690 | 7,619 | 8,690 |
| Deferred taxation | 9 | 187 | - | - |
| | 15,964 | 19,019 | 15,522 | 18,337 |
| | 137,040 | 138,889 | 99,901 | 105,096 |
| Capital and reserves | | | | |
| Share capital | 137,314 | 137,314 | 137,314 | 137,314 |
| Treasury shares | (1,885) | (1,885) | (1,885) | (1,885) |
| Other reserves | 2,008 | 1,901 | 2,527 | 2,527 |
| Accumulated losses | (2,184) | (302) | (38,055) | (32,860) |
| Equity attributable to equity holders of the Company | 135,253 | 137,028 | 99,901 | 105,096 |
| Non-controlling interests | 1,787 | 1,861 | - | - |
| Total equity | 137,040 | 138,889 | 99,901 | 105,096 |

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

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

| | As at 30 September 2013 | | | As at 31 December 2012 | | |
|---------------------------|-------------------------|----------------------|-----------------------------|------------------------|----------------------|-----------------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Finance lease S\$'000 | Secured S\$'000 | Unsecured S\$'000 | Finance lease S\$'000 |
| Repayable within one year | 44,983 | 9,593 | 83 | 49,230 | 6,513 | 183 |
| Repayable after one year | 7,203 | - | 133 | 8,947 | - | 195 |
| Total | 52,186 | 9,593 | 216 | 58,177 | 6,513 | 378 |

Details of collaterals

The Group's borrowings of approximately S\$52.2 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 September 2013

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 | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Jul to Sep 2013 S\$'000 | Jul to Sep 2012 S\$'000 | Jan to Sep 2013 S\$'000 | Jan to Sep 2012 S\$'000 |
| Cash flows from operating activities | | | | |
| (Loss)/Profit before tax | (1,835) | (536) | 1,333 | (2,018) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 477 | 753 | 1,747 | 2,222 |
| Amortisation of computer software | 10 | 53 | 65 | 139 |
| Gain on disposal of property, plant and equipment | (45) | (110) | (47) | (53) |
| Allowance /(Reversal of allowance) for impairment of receivables, net | 41 | (20) | 293 | (52) |
| Write (back) / down of inventories | - | (28) | 9 | 169 |
| Write off of inventories | - | - | 12 | - |
| Dividend income from quoted investment | - | (5) | - | (5) |
| Fair value(gain)/ loss on investment held for trading | (10) | 12 | (10) | 52 |
| Fair value loss on derivatives, net | 217 | 793 | 68 | 300 |
| Interest expense | 446 | 566 | 1,355 | 1,561 |
| Interest income | (42) | - | (69) | - |
| Share of associates results | (2,140) | (1,860) | (6,622) | (3,501) |
| Amortisation of deferred income | (357) | - | (952) | - |
| Foreign currency realignment | 18 | (34) | 68 | (109) |
| Operating cash flow before working capital changes | (3,220) | (416) | (2,750) | (1,295) |
| Working capital changes: | | | | |
| Inventories | 31,857 | (541) | (8,287) | 9,812 |
| Trade and other receivables | (1,110) | 596 | (6,920) | (10,840) |
| Trade and other payables | (27,143) | (14,484) | (17,283) | (13,552) |
| Cash generated from/ (used in) operations | 384 | (14,845) | (35,240) | (15,875) |
| Interest expense paid | (446) | (566) | (1,355) | (1,561) |
| Interest income received | 42 | - | 69 | - |
| Income tax paid | (107) | (65) | (241) | (147) |
| Net cash flows used in operating activities | (127) | (15,476) | (36,767) | (17,583) |
| Cash flows from investing activities | | | | |
| Dividend income received from quoted investment | 1,115 | 5 | 3,222 | 5 |
| Fixed deposits pledged | (8) | (8) | (8) | (24) |
| Proceeds from disposal of property, plant and equipment | 418 | 121 | 39,269 | 177 |
| Purchase of property, plant and equipment | (330) | (6,714) | (2,260) | (9,892) |
| Purchase of intangible assets | (1) | (125) | (27) | (144) |
| Net cash flows from/(used in) investing activities | 1,194 | (6,721) | 40,196 | (9,878) |
| Cash flows from financing activities | | | | |
| Proceeds from issue of new shares in the Company | - | - | - | 7,268 |
| Purchase of treasury shares | - | (827) | - | (1,189) |
| Dividends paid on ordinary shares of the Company | - | - | (3,208) | (6,555) |
| Dividends paid to minority shareholders of a subsidiary | (12) | - | (12) | - |
| Proceeds from bank borrowings | 38,452 | 73,506 | 142,910 | 164,423 |
| Repayment of bank borrowings | (45,938) | (47,269) | (145,762) | (129,238) |
| Repayment of finance lease payables | (50) | (15) | (162) | (177) |
| Restricted cash release | 3,960 | - | - | - |
| Net cash flows (used in) /generated from financing activities | (3,588) | 25,395 | (6,234) | 34,532 |
| Net change in cash and cash equivalents | (2,521) | 3,198 | (2,805) | 7,071 |
| Cash and cash equivalents at beginning of the period | 17,583 | 15,888 | 17,867 | 12,015 |
| Cash and cash equivalents at end of period | 15,062 | 19,086 | 15,062 | 19,086 |

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

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 2013 S\$'000 | As at 30 Sept 2012 S\$'000 |
| Cash and bank balances | 15,062 | 19,086 |
| Fixed deposits | 658 | 657 |
| | 15,720 | 19,743 |
| <u>Less</u> : Fixed deposits pledged with banks ⁽¹⁾ | (658) | (657) |
| Cash and cash equivalents per consolidated cash flow statement | 15,062 | 19,086 |

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

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | Attributable to equity shareholders of the Company | | | | | | | | |
|--|--|-----------------|-----------------|--------------------|--------------------------------------|-------------------------------|---------|---------------------------|--------------|
| | Share capital | Treasury shares | Capital reserve | Fair value reserve | Foreign currency translation reserve | Accumulated (losses)/ profits | 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 January 2013 | 137,314 | (1,885) | 2,527 | (4) | (622) | (302) | 137,028 | 1,861 | 138,889 |
| Profit /(loss) for the period | - | - | - | - | - | 1,326 | 1,326 | (52) | 1,274 |
| <u>Other comprehensive income/(loss)</u> | | | | | | | | | |
| Foreign currency translation | - | - | - | - | 89 | - | 89 | (10) | 79 |
| Share of other comprehensive income of associate | - | - | - | - | 18 | - | 18 | - | 18 |
| Other comprehensive income/(loss) for the period, net of tax | - | - | - | - | 107 | - | 107 | (10) | 97 |
| Total comprehensive income/(loss) for the period | - | - | - | - | 107 | 1,326 | 1,433 | (62) | 1,371 |
| <u>Contribution by and distributions to owners</u> | | | | | | | | | |
| Dividend on ordinary shares | - | - | - | - | - | (3,208) | (3,208) | (12) | (3,220) |
| Total contributions by and distributions to owners | - | - | - | - | - | (3,208) | (3,208) | (12) | (3,220) |
| Balance as at 30 September 2013 | 137,314 | (1,885) | 2,527 | (4) | (515) | (2,184) | 135,253 | 1,787 | 137,040 |

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

| Group | Attributable to equity shareholders of the Company | | | | | | | | |
|--|--|-----------------|-----------------|--------------------|--------------------------------------|-------------------------------|---------|---------------------------|--------------|
| | Share capital | Treasury shares | Capital reserve | Fair value reserve | Foreign currency translation reserve | Accumulated (losses)/ profits | 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 January 2012 | 130,046 | - | 2,527 | (9) | (424) | 1,133 | 133,273 | 2,178 | 135,451 |
| (Loss) for the period | - | - | - | - | - | (1,901) | (1,901) | (233) | (2,134) |
| <u>Other comprehensive (loss)</u> | | | | | | | | | |
| Foreign currency translation | - | - | - | - | (106) | - | (106) | (41) | (147) |
| Share of other comprehensive income/(loss) of associate | - | - | - | 5 | (41) | - | (36) | - | (36) |
| Other comprehensive income/(loss) for the period, net of tax | - | - | - | 5 | (147) | - | (142) | (41) | (183) |
| Total comprehensive income/(loss) for the period | - | - | - | 5 | (147) | (1,901) | (2,043) | (274) | (2,317) |
| <u>Contribution by and distributions to owners</u> | | | | | | | | | |
| 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) | (14) | (6,569) |
| Total contributions by and distributions to owners | 7,268 | (1,189) | - | - | - | (6,555) | (476) | (14) | (490) |
| Balance as at 30 September 2012 | 137,314 | (1,189) | 2,527 | (4) | (571) | (7,323) | 130,754 | 1,890 | 132,644 |

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

| Company | Share capital S\$'000 | Treasury shares S\$'000 | Capital reserve S\$'000 | Accumulated (losses) S\$'000 | Total S\$'000 |
|---|--------------------------|----------------------------|----------------------------|---------------------------------|------------------|
| Balance as at 1 January 2013 | 137,314 | (1,885) | 2,527 | (32,860) | 105,096 |
| Loss for the period, representing total comprehensive income for the period | - | - | - | (1,987) | (1,987) |
| Contributions by and distributions to owners | | | | | |
| Dividend on ordinary shares | - | - | - | (3,208) | (3,208) |
| Total contributions by and distributions to owners | - | - | - | (3,208) | (3,208) |
| Balance as at 30 September 2013 | 137,314 | (1,885) | 2,527 | (38,055) | 99,901 |
| | | | | | |
| Balance as at 1 January 2012 | 130,046 | - | 2,527 | (27,836) | 104,737 |
| Loss for the period, representing total comprehensive income for the period | - | - | - | (4,098) | (4,098) |
| Contributions by and distributions to owners | | | | | |
| Issuance of ordinary shares | 7,268 | - | - | - | 7,268 |
| Purchase of treasury shares | - | (1,189) | - | - | (1,189) |
| Dividend on ordinary shares | - | - | - | (6,555) | (6,555) |
| Total contributions by and distributions to owners | 7,268 | (1,189) | - | (6,555) | (476) |
| Balance as at 30 September 2012 | 137,314 | (1,189) | 2,527 | (38,489) | 100,163 |

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There was no change in the Company's share capital during the 3rd quarter ended 30 September 2013.

The Company does not have any outstanding shares convertibles as at 30 September 2013. As at 30 September 2012, there were 60,000,000 outstanding warrants.

There were 23,268,000 treasury shares as at 30 September 2013 and 14,637,000 treasury shares as at 30 September 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.

| | 30 September 2013 | 31 December 2012 |
|---|----------------------|----------------------|
| Total number of issued shares | 1,092,521,962 | 1,092,521,962 |
| Treasury shares | (23,268,000) | (23,268,000) |
| Total number of issued shares excluding treasury shares | <u>1,069,253,962</u> | <u>1,069,253,962</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.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

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 financial statements for the financial period ended 31 December 2012.

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 or revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which became effective for the current financial year, where applicable. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies and there is no material impact on the financial statements of the Group since 31 December 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 | |
|-------------------------------|-----------|-----------|------------|------------|
| | Jul - Sep | Jul - Sep | Jan to Sep | Jan to Sep |
| | 2013 | 2012 | 2013 | 2012 |
| Earnings per ordinary shares: | | | | |
| (a) Basic (cents) | (0.17) | (0.05) | 0.12 | (0.18) |
| (b) Diluted (cents) | (0.17) | (0.05) | 0.12 | (0.18) |

(a) Earnings per share were calculated based on weighted average number of shares of 1,069,253,962 for the period ended 30 September 2013 and 1,076,211,018 for the period ended 30 September 2012.

(b) Diluted earnings per share were calculated based on adjusted weighted average number of shares during the period.

There was no dilution in earnings per ordinary share this quarter and the comparative quarter last year.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 30.09.2013 | 31.12.2012 | 30.09.2013 | 31.12.2012 |
| Net asset value per ordinary share (cents) | 12.65 | 12.82 | 9.34 | 9.83 |

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Results for Jul to Sep 2013 ("3Q2013") versus Jul to Sep 2012 ("4Q2012")

(Note: There are 5 quarters in financial period ended 31 December 2012 due to change of its year end.)

Revenue and Gross Profit

The Group's revenue decreased by 16% from S\$83.6 million in 4Q2012 to S\$70.7 million in 3Q2013 due mainly to lower selling prices and lower volume of an average of 3% and 13% respectively.

However, the Group's gross profit increased by S\$1 million from S\$1.9 million in 4Q2012 to S\$2.9 million in 3Q2013 driven by better profit margin from 2.3% in 4Q2012 to 4.1% in 3Q2013.

Other Operating Income

The decrease of other operating income from S\$1.8 million in 4Q2012 to S\$0.8 million in 3Q2013 can be explained by the non-recurrence foreign exchange gain reported in 4Q2012, and the decrease is partially offset by increase in rental income and deferred revenue of sales of office and warehouse at Jurong Port Road ("JPR").

Distribution, Other Operating and Finance Expenses

Distribution expenses decreased 33% from S\$1.2million in 4Q2012 to S\$0.8million in 3Q 2013 mainly due to lower carriage outward costs incurred and lower sales volume.

Other operating expenses increased by 166% from S\$1.2 million in 4Q2012 compared to S\$3.3 million in 3Q2013. The increase was due to the additional rental payments of S\$1.2million for the office and warehouse at JPR following the completion of the sale and leaseback of JPR in January 2013. Additionally, the increase also arose from foreign exchange difference and rental of vehicles and machinery of S\$0.7 million and S\$0.4 million respectively. These increases in other operating expenses were partially offset by the reduced depreciation of S\$0.2 million in 3Q2013.

Lower finance expenses in 3Q2013 as compared to 4Q2012 resulted from reduced bank borrowings.

Profitability

The Group recorded a net loss after tax of S\$1.9 million in 3Q2013, compared to a net loss of S\$0.6 million in 4Q2012.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

Results for Jan to Sep 2013 (“YTD2013”) versus Jan to Sep 2012 (“YTD2012”)

(Note: “YTD2012” refers to the corresponding nine months of the immediately preceding financial period ended 31 December 2012)

Revenue and Gross Profit

Despite the Group’s revenue decreased by 18% from S\$255.9 million in YTD2012 to S\$210.9 million in YTD2013, the gross profit increased by 34% from S\$9.4 million in YTD2012 to S\$12.6 million in YTD2013 contributed by the improvement in gross profit margin of 2.3 percentage points to 6.0% from 3.7%, as compared to the last financial period.

Other Operating Income

Other operating income increased by 45% from S\$2.3 million in YTD2012 to S\$3.3 million in YTD2013. The increase in other operating income was principally due to the amortization of deferred revenue on sales of JPR and warehouse handling & rental income.

Other Operating Expenses

Other operating expenses increased by 116% from S\$3.9 million in YTD2012 to S\$8.4 million in YTD2013 mainly due to the additional rental payment for office and warehouse at JPR and foreign exchange differences.

Profitability

The Group recorded a net profit after tax of S\$1.3 million in YTD2013, compared to a loss of S\$2.0 million in YTD12.

Balance Sheet

The Group held an inventory level of S\$94.2 million as at 30 September 2013, as compared to S\$86.2 million as at 31 December 2012 due to slower sales activities during the quarter under review.

Out of the S\$96.6 million trade and other receivables as at 31 December 2012, S\$38.7 million was received in 1Q2013 from the sale and leaseback of the Group’s property at Jurong Port Road. Excluding the disposal proceeds, the increase in trade and other receivables of 11% from S\$57.9 million as at 31 December 2012 to S\$64.4 million as at 30 September 2013 was attributable to increase in debtor’s turnover days from 55 days to 70 days.

The proceed received from sales and leaseback of the Property were partially utilised to reduce trade and other payables to S\$29.3 million as at 30 September 2013 from S\$47.4 million as at 31 December 2012.

Statement of Cash Flows

The Group’s cash and cash equivalents were S\$15.1 million as at 30 September 2013 in comparison to S\$19.1 million as at 30 September 2012.

The net cash flows used in operating activities for the period was S\$36.8 million, supported by the proceeds received of S\$39.0 million from the disposal of the property at Jurong Port Road presented in the net cash flows from investing activities for the period.

Net cash flows used in financing activities for the financial period ended 30 September 2013 amounted to S\$6.2 million due to repayment of bank facilities.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 September 2013

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

The Company did not make any forecast and prospect statement in respect of its results for the quarter ended 30 September 2013. The Group's actual results for the third quarter ended 30 September 2013 are in line with the commentary under paragraph 10 of the Group's previous results announcement in respect of the second quarter ended 30 June 2013.

10. A commentary at the date of the announcement of the significant trends and 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

Steel demand in Southeast Asian region is expected to remain relatively stable driven by new investment and strong infrastructure spending. As reported by OECD recently, growth in Southeast Asian region will remain robust in the medium term, growing at a pace which is comparable to the pre-global financial crisis.

The Group continues its' efforts to pursue opportunities in business expansion strategies and pursue initiatives in cost management. The Group takes note of the challenges faced by steel distribution companies as global demand is lagged behind supply, with replenishing activities remaining cautious influenced by steel price volatility and global economy conditions.

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 September 2013

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) |
|--|---|---|
| | Jan - Sep 2013 S\$'000 | Jan - Sep 2013 S\$'000 |
| Arcelor International Steel Trading (Shanghai) Co. Ltd. Sales | - | 142 |
| Chye Hin Hardware Pte Ltd Sales Purchases | - - | 2,887 3,578 |
| Foklien Hardware (M) Sdn Bhd Sales Purchases | 368 210 | - - |
| Oriental Castle Sdn Bhd Support services | - | 134 |
| Oriental Sheet Piling Sdn Bhd Sales | - | 120 |
| Oriental Sheet Piling Pte Ltd Sales Purchase Other Charges | - - - | 5,223 6,388 577 |
| Oriental SP Steelwork Sdn Bhd Sales Other Charges | - 127 | - - |

14. Statement pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of HG Metal Manufacturing Limited which may render the unaudited financial results for the quarter ended 30 September 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors

Yap Xi Ming
Chairman

Goh Kian Sin
Managing Director

13 November 2013