



## **HG METAL MANUFACTURING LIMITED**

**(Company Registration No. 198802660D)**

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### **Announcement Pursuant to Rule 705 of the Listing Manual – Material Adjustments to The Financial Statements and Related Announcement for Quarter Ended 30 September 2013**

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The Board of Directors (the “Board”) of HG Metal Manufacturing Limited (the “Company”) refers to the announcement released by the Company via the SGXNet on 13 November 2013 in relation to the Financial Statements and Related Announcement for Quarter Ended 30 September 2013 (the “Announcement”).

Subsequent to the Announcement, the Company has managed to obtain the results of its associate, BRC Asia Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Pursuant to Rule 705 of the Listing Manual of the SGX-ST, the Company wishes to highlight that there are revisions made in the Statement of Comprehensive Income, Balance Sheet and Cash Flows. Such revisions arose as a result of the estimation of the share of associate results in relation to BRC Asia Limited, which was different from the financial results actually announced by BRC Asia Limited. The revisions however have no impact on the Company’s Balance Sheet but only at the Group level.

Below is a comparison between the earlier announced results of the Group’s Statement of Comprehensive Income, Balance Sheet and Cash Flows reflecting the aforesaid differences, which have been highlighted in blue.

# HG METAL MANUFACTURING LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	Jul to Sep			Jan to Sep		
	2013			2013		
	Announced	Revised		Announced	Revised	
	S\$'000	S\$'000	(+/--%)	S\$'000	S\$'000	(+/--%)
<b>Revenue</b>	70,675	70,675	nm*	210,878	210,878	nm*
Cost of sales	(67,802)	(67,802)	nm*	(198,262)	(198,262)	nm*
<b>Gross profit</b>	2,873	2,873	nm*	12,616	12,616	nm*
<b>Gross margin</b>	4.1%	4.1%		6.0%	6.0%	
Other operating income	840	840	nm*	3,299	3,299	nm*
Distribution expenses	(798)	(798)	nm*	(2,045)	(2,045)	nm*
Administrative expenses	(3,076)	(3,076)	nm*	(9,356)	(9,356)	nm*
Other operating expenses	(3,368)	(3,368)	nm*	(8,448)	(8,448)	nm*
Finance expenses	(446)	(446)	nm*	(1,355)	(1,355)	nm*
Share of associate profits	<b>2,140</b>	<b>2,300</b>	<b>7</b>	<b>6,622</b>	<b>6,782</b>	<b>2</b>
<b>(Loss)/Profit before tax</b>	(1,835)	(1,675)	(10)	1,333	1,493	11
Income tax expense	(49)	(49)	nm*	(59)	(59)	nm*
<b>Net (loss)/ profit after tax</b>	(1,884)	(1,724)	(9)	1,274	1,434	11
<b>Other comprehensive income/(loss)</b>						
Currency translation adjustments	16	16	nm*	79	79	nm*
Share of other comprehensive income of associates	<b>38</b>	<b>179</b>	<b>79</b>	<b>18</b>	<b>160</b>	<b>89</b>
<b>Other comprehensive income for the period, net of tax</b>	54	195	nm*	97	239	nm*
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,830)</b>	<b>(1,529)</b>	<b>nm*</b>	<b>1,371</b>	<b>1,673</b>	<b>nm*</b>
<b>(Loss)/Profit attributable to:</b>						
Equity holders of the Company	(1,824)	(1,664)	nm*	1,326	1,486	nm*
Non-controlling interests	(60)	(60)	nm*	(52)	(52)	nm*
	(1,884)	(1,724)	nm*	1,274	1,434	nm*
<b>Total comprehensive (loss)/income attributable to:</b>						
Equity holders of the Company	(1,744)	(1,443)	nm*	1,433	1,735	nm*
Non-controlling interests	(86)	(86)	nm*	(62)	(62)	nm*
	<b>(1,830)</b>	<b>(1,529)</b>	<b>nm*</b>	<b>1,371</b>	<b>1,673</b>	<b>nm*</b>
<b>Earnings per ordinary share</b>						
<b>Basic &amp; Diluted (cents)</b>	<b>(0.17)</b>	<b>(0.16)</b>	<b>(6)</b>	<b>0.12</b>	<b>0.14</b>	<b>14</b>
* nm denotes not meaningful						

# HG METAL MANUFACTURING LIMITED

## STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	Group		
	Announced S\$'000	Revised S\$'000	(+/--%)
<b>Non-current assets</b>			
Property, plant and equipment	17,178	17,178	nm*
Intangible assets	342	342	nm*
<b>Investment in Associates</b>	<b>46,271</b>	<b>46,573</b>	<b>1</b>
	63,791	64,093	nm*
<b>Current assets</b>			
Investment held for trading	85	85	nm*
Inventories	94,196	94,196	nm*
Trade and other receivables	64,355	64,355	nm*
Prepaid expenses	457	457	nm*
Cash and cash equivalents	15,720	15,720	nm*
	174,813	174,813	nm*
<b>Current liabilities</b>			
Trade and other payables	29,350	29,350	nm*
Finance lease payables	83	83	nm*
Bank borrowings	54,576	54,576	nm*
Provision for taxation	104	104	nm*
Deferred income	1,429	1,429	
Derivative financial instruments	58	58	nm*
	85,600	85,600	nm*
<b>Net-current assets</b>	<b>89,213</b>	<b>89,213</b>	<b>nm*</b>
<b>Non current liabilities</b>			
Finance lease payables	133	133	nm*
Bank borrowings	7,203	7,203	nm*
Provision for reinstatement costs	1,000	1,000	nm*
Deferred income	7,619	7,619	
Deferred taxation	9	9	nm*
	15,964	15,964	nm*
	137,040	137,342	nm*
<b>Capital and reserves</b>			
Share capital	137,314	137,314	nm*
Treasury Share	(1,885)	(1,885)	nm*
<b>Other reserves</b>	<b>2,008</b>	<b>2,150</b>	<b>7</b>
<b>Accumulated losses</b>	<b>(2,184)</b>	<b>(2,024)</b>	<b>(8)</b>
Equity attributable to equity holders of the Company	135,253	135,555	nm*
Non-controlling interests	1,787	1,787	nm*
<b>Total equity</b>	<b>137,040</b>	<b>137,342</b>	<b>nm*</b>
<b>Net asset value per ordinary share (cents)</b>	<b>12.65</b>	<b>12.68</b>	
* nm denotes not meaningful			

# HG METAL MANUFACTURING LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

	Group			Group		
	Jul to Sep			Jan to Sep		
	2013			2013		
	Announced	Revised		Announced	Revised	
	S\$'000	S\$'000	(+/-%)	S\$'000	S\$'000	(+/-%)
<b>Cash flows from operating activities</b>						
<b>(Loss)/Profit before tax</b>	<b>(1,835)</b>	<b>(1,675)</b>	<b>(10)</b>	<b>1,333</b>	<b>1,493</b>	<b>11</b>
Adjustments for:						
Depreciation of property, plant and equipment	477	477	nm*	1,747	1,747	nm*
Amortisation of computer software	10	10	nm*	65	65	nm*
Gain on disposal of property, plant and equipment	(45)	(45)	nm*	(47)	(47)	nm*
Allowance for impairment of receivables, net	41	41	nm*	293	293	nm*
Write down of inventories	-	-	nm*	9	9	nm*
Write off of inventories	-	-	nm*	12	12	nm*
Fair value loss on investment held for trading	(10)	(10)	nm*	(10)	(10)	nm*
Fair value loss on derivatives, net	217	217	nm*	68	68	nm*
Interest expense	446	446	nm*	1,355	1,355	nm*
Interest income	(42)	(42)	nm*	(69)	(69)	nm*
<b>Share of associates results</b>	<b>(2,140)</b>	<b>(2,300)</b>	<b>7</b>	<b>(6,622)</b>	<b>(6,782)</b>	<b>2</b>
Amortisation of deferred income	(357)	(357)	nm*	(952)	(952)	nm*
Foreign currency realignment	18	18	nm*	68	68	nm*
<b>Operating cash flow before working capital changes</b>	<b>(3,220)</b>	<b>(3,220)</b>	<b>nm*</b>	<b>(2,750)</b>	<b>(2,750)</b>	<b>nm*</b>
Working capital changes:						
Inventories	31,857	31,857	nm*	(8,287)	(8,287)	nm*
Trade and other receivables	(1,110)	(1,110)	nm*	(6,920)	(6,920)	nm*
Trade and other payables	(27,143)	(27,143)	nm*	(17,283)	(17,283)	nm*
<b>Cash generated from/ (used in) operations</b>	<b>384</b>	<b>384</b>	<b>nm*</b>	<b>(35,240)</b>	<b>(35,240)</b>	<b>nm*</b>
Interest expense paid	(446)	(446)	nm*	(1,355)	(1,355)	nm*
Interest income received	42	42	nm*	69	69	nm*
Income tax paid	(107)	(107)	nm*	(241)	(241)	nm*
<b>Net cash flows used in operating activities</b>	<b>(127)</b>	<b>(127)</b>	<b>nm*</b>	<b>(36,767)</b>	<b>(36,767)</b>	<b>nm*</b>
<b>Cash flows from investing activities</b>						
Dividend income received from quoted investment	1,115	1,115	nm*	3,222	3,222	nm*
Fixed deposits pledged	(8)	(8)	nm*	(8)	(8)	nm*
Proceeds from disposal of property, plant and equipment	418	418	nm*	39,269	39,269	nm*
Purchase of property, plant and equipment	(330)	(330)	nm*	(2,260)	(2,260)	nm*
Purchase of intangible assets	(1)	(1)	nm*	(27)	(27)	nm*
<b>Net cash flows from investing activities</b>	<b>1,194</b>	<b>1,194</b>	<b>nm*</b>	<b>40,196</b>	<b>40,196</b>	<b>nm*</b>
<b>Cash flows from financing activities</b>						
Dividends paid on ordinary shares of the Company	-	-	nm*	(3,208)	(3,208)	nm*
Dividends paid to minority shareholders of a subsidiary	(12)	(12)	nm*	(12)	(12)	nm*
Proceeds from bank borrowings	38,452	38,452	nm*	142,910	142,910	nm*
Repayment of bank borrowings	(45,938)	(45,938)	nm*	(145,762)	(145,762)	nm*
Repayment of finance lease payables	(50)	(50)	nm*	(162)	(162)	nm*
Restricted cash release	3,960	3,960	nm*	-	-	nm*
<b>Net cash flows used in financing activities</b>	<b>(3,588)</b>	<b>(3,588)</b>	<b>nm*</b>	<b>(6,234)</b>	<b>(6,234)</b>	<b>nm*</b>
Net change in cash and cash equivalents	(2,521)	(2,521)	nm*	(2,805)	(2,805)	nm*
Cash and cash equivalents at beginning of the period	17,583	17,583	nm*	17,867	17,867	nm*
<b>Cash and cash equivalents at end of period</b>	<b>15,062</b>	<b>15,062</b>	<b>nm*</b>	<b>15,062</b>	<b>15,062</b>	<b>nm*</b>
* nm denotes not meaningful						

## **HG METAL MANUFACTURING LIMITED**

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### **BY ORDER OF THE BOARD**

Goh Kian Sin  
Managing Director and Chief Executive Officer  
25 November 2013