



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

Second Quarter Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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		
	2Q 2014 S\$'000	2Q 2013 S\$'000	% (+/-)	1H 2014 S\$'000	1H 2013 S\$'000	% (+/-)
Revenue	44,517	67,081	(34)	97,969	140,203	(30)
Cost of sales	(42,281)	(62,551)	(32)	(92,062)	(130,460)	(29)
Gross profit	2,236	4,530	(51)	5,907	9,743	(39)
Gross margin	5.0%	6.8%		6.0%	6.9%	
Other operating income	1,202	1,306	(8)	2,489	2,288	9
Distribution expenses	(475)	(655)	(27)	(982)	(1,247)	(21)
Administrative expenses	(2,986)	(3,278)	(9)	(5,896)	(6,280)	(6)
Other operating expenses	(14,781)	(2,848)	419	(17,143)	(4,909)	249
Finance expenses	(253)	(519)	(51)	(638)	(909)	(30)
Share of associate profits	1,582	2,193	(28)	3,208	4,482	(28)
(Loss)/profit before tax	(13,475)	729	nm*	(13,055)	3,168	nm*
Income tax credit/ (expenses)	143	(16)	nm*	143	(10)	nm*
Net (loss)/ profit after tax	(13,332)	713	nm*	(12,912)	3,158	nm*
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Currency translation adjustments	(5)	(25)	nm*	17	63	nm*
Share of other comprehensive income of associates	4	(23)	nm*	2	(20)	nm*
Other comprehensive income for the period, net of tax	(1)	(48)	nm*	19	43	nm*
Total comprehensive income for the period	(13,333)	665	nm*	(12,893)	3,201	nm*
(Loss)/profit attributable to:						
Owners of the Company	(12,868)	707	nm*	(12,406)	3,150	nm*
Non-controlling interests	(464)	6	nm*	(506)	8	nm*
	(13,332)	713	nm*	(12,912)	3,158	nm*
Total comprehensive income attributable to:						
Owners of the Company	(12,876)	670	nm*	(12,397)	3,177	nm*
Non-controlling interests	(457)	(5)	nm*	(496)	24	nm*
	(13,333)	665	nm*	(12,893)	3,201	nm*

*nm denotes not meaningful

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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

	Group		Group	
	2Q 2014	2Q 2013	1H 2014	1H 2013
Profit before tax is arrived at after charging/(crediting) the following:	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for impairment of receivables, net	1,950	215	1,959	207
Bad debts write off	232	32	232	46
Amortisation of intangible assets	11	9	21	56
Recognition of deferred income	(357)	(357)	(714)	(595)
Depreciation of property, plant and equipment	664	666	1,286	1,270
Fair value loss/(gain) on investment held for trading	7	18	(9)	-
Fair value loss/(gain) on forward currency contracts, net	32	(73)	121	(149)
Foreign exchange loss/(gain), net	(74)	109	(324)	143
Interest income	(16)	(21)	(38)	(27)
Interest on borrowings	253	519	638	909
Loss/(gain) on disposal of property, plant and equipment	94	(16)	95	(2)
Write off property, plant and equipment	53	-	53	-
Impairment provision for property, plant and equipment	1,443	-	1,443	-
Impairment provision for intangible assets	69	-	69	-
Write off inventories	372	12	372	12
Impairment provision for inventories	8,144	9	8,137	9

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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	
	30.06.2014 S\$'000	31.12.2013 S\$'000	30.06.2014 S\$'000	31.12.2013 S\$'000
Non-current assets				
Property, plant and equipment	16,380	18,277	8,144	8,457
Intangible assets	252	340	244	326
Investment in subsidiaries	-	-	12,561	13,488
Investment in associates	49,248	48,628	713	713
Deferred tax assets	12	-	-	-
	65,892	67,245	21,662	22,984
Current assets				
Investment held for trading	61	53	-	-
Derivative financial instruments	-	44	-	34
Inventories	58,563	96,705	45,028	79,015
Trade and other receivables	38,878	55,495	66,121	85,597
Income tax recoverable	121	115	-	-
Prepaid expenses	578	281	424	154
Cash and cash equivalents	22,388	16,123	18,497	8,754
	120,589	168,816	130,070	173,554
Current liabilities				
Trade and other payables	17,038	24,913	23,521	30,848
Finance lease payables	62	66	-	-
Bank borrowings	26,011	51,052	22,447	44,860
Provision for taxation	57	77	-	-
Deferred income	1,429	1,429	1,429	1,429
Derivative financial instruments	78	-	77	-
	44,675	77,537	47,474	77,137
Net-current assets	75,914	91,279	82,596	96,417
Non current liabilities				
Finance lease payables	38	65	-	-
Bank borrowings	9,029	11,035	9,029	11,035
Provision for reinstatement costs	1,000	1,000	700	700
Deferred income	6,548	7,262	6,548	7,262
Deferred taxation	-	9	-	-
	16,615	19,371	16,277	18,997
	125,191	139,153	87,981	100,404
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	2,159	2,150	2,527	2,527
Accumulated profits/(losses)	(13,575)	(100)	(49,975)	(37,552)
Equity attributable to equity holders of the Company	124,013	137,479	87,981	100,404
Non-controlling interests	1,178	1,674	-	-
Total equity	125,191	139,153	87,981	100,404

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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

	As at 30 June 2014			As at 31 December 2013		
	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000
Repayable within one year	22,447	3,564	62	45,709	5,343	66
Repayable after one year	9,029	-	38	11,035	-	65
Total	31,476	3,564	100	56,744	5,343	131

Details of collaterals

The Group's borrowings of approximately S\$31.5 million is secured by way of:

- (i) fixed and floating charge over inventories, receivables and bank balance of the Company; and
- (ii) legal mortgage over properties of the Group and of the Company.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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	
	2Q 2014	2Q 2013	1H 2014	1H 2013
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/profit before tax	(13,475)	729	(13,055)	3,168
Adjustments for:				
Depreciation of property, plant and equipment	664	666	1,286	1,270
Amortisation of intangible assets	11	9	21	56
Allowance for impairment of receivables, net	1,950	215	1,959	207
Bad debts write off	232	32	232	46
Loss/(gain) on disposal of property, plant and equipment	94	(16)	95	(2)
Write off property, plant and equipment	53	-	53	-
Impairment provision for property, plant and equipment	1,443	-	1,443	-
Write off inventories	372	12	372	12
Impairment provision for inventories	8,144	9	8,137	9
Impairment provision for intangible assets	69	-	69	-
Fair value loss/(gain) on investment held for trading	7	18	(9)	-
Fair value loss/(gain) on derivatives, net	32	(73)	121	(149)
Interest expense	253	519	638	909
Interest income	(16)	(21)	(38)	(27)
Share of associates results	(1,582)	(2,193)	(3,208)	(4,482)
Recognition of deferred income	(357)	(357)	(714)	(595)
Unrealised foreign exchange difference	(191)	(24)	(556)	116
Operating cash flow before working capital changes	(2,297)	(475)	(3,154)	538
Working capital changes:				
Inventories	18,037	(23,899)	29,498	(40,144)
Trade and other receivables	7,645	(3,454)	8,966	(5,810)
Trade and other payables	(12,854)	(3,116)	(7,706)	9,860
Cash generated from/ (used in) operations	10,531	(30,944)	27,604	(35,556)
Interest expense paid	(253)	(519)	(638)	(909)
Interest income received	16	21	38	27
Income tax paid	-	(112)	-	(134)
Net cash flows generated from/(used in) operating activities	10,294	(31,554)	27,004	(36,572)
Cash flows from investing activities				
Dividend income received from quoted investment	2,590	-	2,590	2,107
Proceeds from disposal of property, plant and equipment	4,206	138	4,245	38,851
Purchase of property, plant and equipment	(113)	(633)	(905)	(1,931)
Purchase of intangible assets	(1)	(26)	(2)	(26)
Net cash flows generated from / (used in) investing activities	6,682	(521)	5,928	39,001
Cash flows from financing activities				
Dividends paid on ordinary shares of the Company	(1,069)	(3,208)	(1,069)	(3,208)
Proceeds from bank borrowings	10,582	58,116	36,142	104,458
Repayment of bank borrowings	(31,581)	(26,697)	(62,679)	(99,824)
Repayment of finance lease payables	(12)	(59)	(62)	(112)
Restricted cash	-	(1,519)	-	(3,960)
Amount due from shareholders of a subsidiary	964	-	964	-
Net cash flows (used in) / generated from financing activities	(21,116)	26,633	(26,704)	(2,646)
Net change in cash and cash equivalents	(4,140)	(5,442)	6,228	(217)
Effects on exchange rate changes on cash and cash equivalents	91	24	37	(67)
Cash and cash equivalents at beginning of the period	26,437	23,001	16,123	17,867
Cash and cash equivalents at end of period	22,388	17,583	22,388	17,583

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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	
	30 June 2014 S\$'000	30 June 2013 S\$'000
Cash and bank balances	21,669	21,543
Fixed deposits	719	663
	22,388	22,206
<i>Less</i> : Fixed deposits pledged with banks	-	(663)
<i>Less</i> : Restricted cash pledged with banks	-	(3,960)
Cash and cash equivalents per consolidated cash flow statement	22,388	17,583

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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 2014	137,314	(1,885)	2,527	(4)	(373)	(100)	137,479	1,674	139,153
Loss for the period	-	-	-	-	-	(12,406)	(12,406)	(506)	(12,912)
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	7	-	7	10	17
Share of other comprehensive income of associate	-	-	-	-	2	-	2	-	2
Other comprehensive income for the period, net of tax	-	-	-	-	9	-	9	10	19
Total comprehensive income/(loss) for the period	-	-	-	-	9	(12,406)	(12,397)	(496)	(12,893)
<u>Contribution by and distributions to owners</u>									
Dividend on ordinary shares	-	-	-	-	-	(1,069)	(1,069)	-	(1,069)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(1,069)	(1,069)	-	(1,069)
Balance as at 30 June 2014	137,314	(1,885)	2,527	(4)	(364)	(13,575)	124,013	1,178	125,191

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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 for the period	-	-	-	-	-	3,150	3,150	8	3,158
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	-	-	47	-	47	16	63
Share of other comprehensive income of associate	-	-	-	-	(20)	-	(20)	-	(20)
Other comprehensive income for the period, net of tax	-	-	-	-	27	-	27	16	43
Total comprehensive income for the period	-	-	-	-	27	3,150	3,177	24	3,201
<u>Contribution by and distributions to owners</u>									
Dividend on ordinary shares	-	-	-	-	-	(3,208)	(3,208)	-	(3,208)
Total transactions with owners in their capacity as owners	-	-	-	-	-	(3,208)	(3,208)	-	(3,208)
Balance as at 30 June 2013	137,314	(1,885)	2,527	(4)	(595)	(360)	136,997	1,885	138,882

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2014	137,314	(1,885)	2,527	(37,552)	100,404
Loss for the period, representing total comprehensive income for the period	-	-	-	(11,354)	(11,354)
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares	-	-	-	(1,069)	(1,069)
Total transactions with owners in their capacity as owners	-	-	-	(1,069)	(1,069)
Balance as at 30 June 2014	137,314	(1,885)	2,527	(49,975)	87,981
Balance as at 1 January 2013	137,314	(1,885)	2,527	(32,860)	105,096
Profit for the period, representing total comprehensive income for the period	-	-	-	384	384
<u>Contributions by and distributions to owners</u>					
Dividend on ordinary shares	-	-	-	(3,208)	(3,208)
Total transactions with owners in their capacity as owners	-	-	-	(3,208)	(3,208)
Balance as at 30 June 2013	137,314	(1,885)	2,527	(35,684)	102,272

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 2nd quarter ended 30 June 2014.

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 June 2014	31 December 2013
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.

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.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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 period and the most recent audited financial statements for the financial year ended 31 December 2013.

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 2013.

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	
	2Q 2014	2Q 2013	1H 2014	1H 2013
Earnings per ordinary shares:				
(a) Basic (cents)	(1.20)	0.07	(1.16)	0.29
(b) Diluted (cents)	(1.20)	0.07	(1.16)	0.29

- (a) Earnings per share were calculated based on weighted average number of shares of 1,069,253,962 for the period ended 30 June 2014 and 30 June 2013 respectively.
- (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.

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	
	30.06.2014	31.12.2013	30.06.2014	31.12.2013
Net asset value per ordinary share (cents)	11.60	12.86	8.23	9.39

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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 2Q 2014 versus 2Q 2013

Revenue and Gross Profit

The Group's revenue decreased by 34% from S\$67.1 million in the quarter ended 30 June 2013 (2Q2013) to S\$44.5 million in the quarter ended 30 June 2014 (2Q2014). Sales volume declined by 24% compared to 2Q2013 due to lower demand for steel products.

The Group recorded lower gross profit of S\$2.2 million in 2Q2014 compared to S\$4.5 million in 2Q2013 as a result of lower sales volume and gross profit margin.

Other Operating Income

Other operating income declined from S\$1.3 million in 2Q2013 to S\$1.2 million in 2Q2014 mainly due to the absence of fair value gain from forward currency contracts in 2Q2014.

Distribution ,Administrative Expenses, Other Operating and Finance Expenses

The Group's distribution expenses decreased 27% from S\$0.7 million in 2Q2013 to S\$0.5 million in 2Q2014, in tandem with lower sales volume reported in 2Q2014.

Administrative expenses decreased by 9% from S\$3.3 million in 2Q2013 to S\$3.0 million in 2Q2014, mainly due to reduced headcount and overall reduction in other administrative expenses.

Other operating expenses increased by 419% from S\$2.8 million in 2Q2013 to S\$14.8 million in 2Q2014. This was mainly attributable to one-time provisions as follows :

(1) Provision for inventories :

Going forward, the Group will no longer be a general stockist carrying a wide range of steel products but be transformed to a steel solution providers focusing on meeting our customers' steel requirements. With this change and to convert slow-moving inventories to cash, a detailed analysis has been done and a provision for inventories of S\$8.1 million has been made. Every effort will be made to minimize such impact on the Group.

(2) Provision for doubtful debts :

A provision for doubtful debts of S\$2.2 million has been made on a number of customers. There was a customer with outstanding debt of S\$1.7 million who had defaulted on an agreed instalment plan. Legal actions will be taken to recover such debts.

(3) Provision for assets :

The Group planned to cease its manufacturing activities in a Malaysia facility. The management has intention to dispose the factory assets and a provision for assets impairment amounting to S\$1.4 million has been made.

Lower finance expenses were incurred in 2Q2014 as compared to 2Q2013 as a result of early repayment of bank borrowings and reduced bank borrowings.

Profitability

The Group recorded a net loss after tax of S\$13.3 million in 2Q2014, compared to a profit of S\$0.7 million in 2Q2013. This was mainly attributable to the one-time provisions as described above.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

Results for 1H 2014 versus 1H 2013

Revenue and Gross Profit

The Group's revenue decreased by 30% from S\$140.2 million in first half of FY2013 (1H2013) to S\$98.0 million in first half of FY2014 (1H2014). Overall sales volume declined by 20% with lower sales for local and Malaysia markets. In view of the lower Group revenue, gross profit declined by 39% from S\$9.7 million in 1H2013 to S\$5.9 million in 1H2014.

Distribution ,Administrative Expenses, Other Operating and Finance Expenses

The Group's distribution expenses decreased 21% from S\$1.2 million in 1H2013 to S\$1.0 million in 1H2014, in tandem with lower sales volume reported in 1H2014

Administrative expenses decreased by 6% from S\$6.3 million in 1H2013 to S\$5.9 million in 1H2014, mainly due to reduction in headcount and reduced management fee.

Other operating expenses increased by 249% from S\$4.9 million in 1H2013 to S\$17.1 million in 1H2014. The increase was primarily due to the one-time provisions made in 2Q2014 as explained above.

Finance expenses decreased to S\$0.6 million in 1H2014 as compared to S\$0.9 million in 1H2013 due to early repayment of bank borrowings and lower bank borrowings required.

Profitability

The Group recorded a net loss after tax of S\$12.9 million in 1H2014, compared to a profit of S\$3.2 million in 1H2013 attributable to lower sales volume, one-time provisions mentioned above and reduced share of associate profits in the current financial period.

Balance Sheet

The Group held an inventory level of S\$58.6 million as at 30 June 2014, as compared to S\$96.7 million as at 31 December 2013. This was due to lower purchase activities for the recent months and the one-time provision for of inventories of S\$8.1 million.

Excluding the disposal proceeds of S\$0.3 million (2013 : S\$4.6 million) from the sale and leaseback of the Group's property at Jurong Port Road in 2013, trade and other receivables decreased in line with lower revenue and improved collection to S\$38.6 million as at 30 June 2014 as compared to S\$50.9 million as at 31 December 2013.

Trade and other payables decreased to S\$17.0 million as at 30 June 2014 compared to S\$24.9 million as at 31 December 2013 due to lower purchase volume.

Statement of Cash Flows

The Group's cash and cash equivalents were S\$22.4 million as at 30 June 2014 in comparison to S\$17.6 million as at 30 June 2013.

The net cashflow generated from operating activities for 1H2014 was S\$27.0 million. This was mainly due to better management of working capital, particularly from inventory of S\$29.5 million.

The Group recorded net cash used in financing activities of S\$26.7 million mainly due to substantial repayment of bank borrowings and reduced financing requirement for its purchasing activities.

HG METAL MANUFACTURING LIMITED

Financial Statements and Dividend Announcement for Financial Period Ended 30 June 2014

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 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

The factors that may significantly affect the Group in the next 12 months are :

1. The demand for steel products based on the health of the Singapore economy
2. The intensity of the competition in the industry
3. The fluctuation of the US dollar against Singapore dollar

The Group will continue to rationalise its operations and optimise the Group's expenditure.

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 2014

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)*
	1H 2014 S\$'000	1H 2014 S\$'000
Arcelor International Steel Trading (Shanghai) Co. Ltd. Purchases	-	1,190
Chye Hin Hardware Pte Ltd Sales	-	598
Oriental Sheet Piling Sdn Bhd Sales	-	154
Oriental Sheet Piling Pte Ltd Purchase	-	842
Oriental SP Steelwork Sdn Bhd Other Charges	372	-
Esun International Pte Ltd Sales	119	-
Himetal Enterprise Pte Ltd Sales	201	-

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 June 2014 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ang Yew Lai
Executive Director

Foo Sey Liang
Executive Director

6 August 2014