



## HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

### Financial Statements and Dividend Announcement for Financial Year Ended 30 September 2009

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

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Group		
	4Q FY09	4Q FY08	%	YTD FY09	YTD FY08	%
	S\$'000	S\$'000	(+/-)	S\$'000	S\$'000	(+/-)
<b>Revenue</b>	<b>125,205</b>	<b>199,377</b>	<b>(37)</b>	<b>581,819</b>	<b>732,944</b>	<b>(21)</b>
Cost of sales	(105,343)	(171,689)	(39)	(566,338)	(615,789)	(8)
<b>Gross profit</b>	<b>19,862</b>	<b>27,688</b>	<b>(28)</b>	<b>15,481</b>	<b>117,155</b>	<b>(87)</b>
Other operating income	2,010	2,332	(14)	5,051	2,833	78
Distribution expenses	(778)	(1,875)	(58)	(3,150)	(8,590)	(63)
Administrative expenses	(4,553)	2,063	(321)	(16,635)	(12,384)	34
Other operating expenses	(19,049)	(66,008)	(71)	(46,367)	(61,153)	(24)
Finance expenses	(1,543)	(2,498)	(38)	(11,681)	(10,279)	14
Share of joint venture profits (losses)	(90)	-	nm*	1,059	-	nm*
Share of associate losses	(67)	-	nm*	(67)	-	nm*
<b>(Loss) / Profit before tax</b>	<b>(4,208)</b>	<b>(38,298)</b>	<b>(89)</b>	<b>(56,309)</b>	<b>27,582</b>	<b>(304)</b>
Income tax expense	(1,596)	4,887	(133)	(2,493)	(4,844)	(49)
<b>Net (loss) / profit for the period</b>	<b>(5,804)</b>	<b>(33,411)</b>	<b>(83)</b>	<b>(58,802)</b>	<b>22,738</b>	<b>(359)</b>
Attributable to:						
Equity holders of the Company	(11,457)	(33,268)	(66)	(67,491)	22,562	(399)
Minority interest	5,653	(143)		8,689	176	
	(5,804)	(33,411)		(58,802)	22,738	
<b>Earnings per share:</b>						
- Basic (cents)	(2.19)	(7.83)		(12.92)	5.31	
- Diluted (cents)	(1.70)	(7.03)		(10.01)	4.77	

\*nm denotes not meaningful

The Group financial results for FY2009 includes the FY2009 financial results of BRC Asia Limited ("BRC Asia"), a subsidiary acquired on 18 September 2008 through HG Metal Pte Ltd, a 51% owned subsidiary of HG Metal Manufacturing Limited.

**1(a)(ii) Notes to the Consolidated Income Statement**

	Group		Group	
	4Q FY09 S\$'000	4Q FY08 S\$'000	YTD FY09 S\$'000	YTD FY08 S\$'000
Interest income	-	60	20	271
Interest on borrowings	(1,543)	(2,498)	(11,681)	(10,279)
Depreciation	(1,231)	(534)	(4,212)	(2,111)
Allowance for doubtful debts	(83)	(1,825)	(1,956)	(4,323)
Writeback of allowance for doubtful debts	536	371	1,948	1,990
Write down of inventories	(14,271)	(47,006)	(23,294)	(47,006)
Foreign exchange (loss) / gain, net	(1,139)	(13,065)	(12,143)	(3,183)
(Loss) / Profit on sale of property, plant and equipment	3	1	(92)	62
Amortisation of computer software	(42)	(38)	(157)	(77)
Amortisation of customer relationship	(1,474)	-	(1,474)	-
Fair value (loss) / gain on derivatives, net	(110)	67	(492)	67
Fair value gain / (loss) on investment held for trading	281	(650)	870	(1,000)
Loss on disposal of investment held for trading	(299)	-	(664)	-
Goodwill written off	(163)	-	(163)	-

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

	Group		Company	
	30.09.2009 S\$'000	Restated 30.09.2008 S\$'000	30.09.2009 S\$'000	30.09.2008 S\$'000
<b>Non current assets</b>				
Property, plant and equipment	60,569	54,062	18,389	13,527
Intangible assets	26,236	27,975	538	855
Investment in subsidiaries	-	-	12,520	9,167
Investment in associate	646	-	713	-
Investment in joint venture	9,468	8,490	-	-
Available for sale financial assets	28	29	-	-
Deferred tax assets	-	19	-	-
	96,947	90,575	32,160	23,549
<b>Current assets</b>				
Derivative financial instruments	-	67	-	67
Investment held for trading	270	1,000	-	-
Inventories	140,511	369,893	78,407	260,666
Trade and other receivables	84,730	167,900	59,078	132,746
Prepaid expenses	403	2,072	80	-
Cash and cash equivalents	16,373	49,983	1,387	29,315
	242,287	590,915	138,952	422,794
<b>Current liabilities</b>				
Trade and other payables	99,123	196,354	42,887	126,379
Finance lease payables	769	1,509	-	-
Bank borrowings	71,778	296,281	38,179	190,123
Provision for taxation	3,975	6,259	267	3,998
Provision for onerous contracts	-	1,417	-	-
Deferred revenue	1,541	2,558	-	-
Derivative financial instruments	723	298	-	-
	177,909	504,676	81,333	320,500
<b>Net current assets</b>	64,378	86,239	57,619	102,294
<b>Non current liabilities</b>				
Finance lease payables	1,265	675	-	-
Bank borrowings	19,568	1,662	3,339	650
Provision for retirement benefits	786	451	-	-
Deferred taxation	6,688	7,190	172	172
	28,307	9,978	3,511	822
	133,018	166,836	86,268	125,021
<b>Capital and reserves</b>				
Share capital	111,730	78,203	111,730	78,203
Capital reserves	2,527	2,527	2,527	2,527
Share option reserves	17	-	-	-
Other reserves	(539)	-	-	-
Foreign currency translation reserve	(293)	(120)	-	-
Accumulated (losses) / profits	(12,929)	55,938	(27,989)	44,291
Equity attributable to equity holders of the Company	100,513	136,548	86,268	125,021
Minority interests	32,505	30,288	-	-
Total equity	133,018	166,836	86,268	125,021

In FY2008, the Group had performed a preliminary purchase price allocation exercise to derive the fair value of the leasehold buildings and inventories acquired. The Group had carried out a detailed purchase price allocation exercise in FY2009 to determine the fair value of BRC Asia's assets liabilities and contingent liabilities acquired in accordance to FRS 103, Business Combination. The comparative figures for FY2008 had been restated accordingly.

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

	As at 30 September 2009			As at 30 September 2008		
	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000
Repayable in one year or less	5,101	66,677	769	3,711	292,570	1,509
Repayable after one year	12,886	6,682	1,265	1,662	-	675
Total	17,987	73,359	2,034	5,373	292,570	2,184

Details of collaterals:

The Group's borrowings of approximately \$18.0 million is secured by way of legal mortgage over properties, fixed deposits pledged to banks and corporate guarantee provided by the Company.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		Group	
	4Q FY09	4Q FY08	YTD FY09	YTD FY08
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
(Loss) / Profit before tax	(4,208)	(38,298)	(56,309)	27,582
Adjustments for non cash items:				
Depreciation of property, plant and equipment	1,231	534	4,212	2,111
Amortisation of computer software	42	38	157	77
Loss / (Gain) on disposal of property, plant and equipment	(3)	(1)	92	(62)
Loss on disposal of investment held for trading	299	-	664	-
(Write back) / Allowance for doubtful debts, net	(453)	1,454	10	2,333
Write down of inventories	14,271	47,006	23,294	47,006
Fair value (gain) loss on derivatives, net	110	(67)	492	(67)
Fair value (gain) loss on investment held for trading	(281)	650	(870)	1,000
Interest expense	1,543	2,498	11,681	10,279
Interest income	-	(60)	(20)	(271)
Share of joint venture results	90	-	(1,059)	-
Share of associate results	67	-	67	-
Share option expense	-	-	45	-
Amortisation of customer relationship	1,474	-	1,474	-
Retirement and gratuity benefits	335	-	335	-
Reversal of provision for onerous contracts	(1,417)	-	(1,417)	-
Goodwill written off	163	-	163	-
Foreign currency realignment	12	430	164	345
Operating (loss) profit before working capital changes	13,275	14,184	(16,825)	90,333
Working capital changes:				
Fixed deposits pledged	(2)	2	(29)	(21)
Inventories	5,858	(108,699)	206,088	(147,170)
Trade and other receivables	12,991	31,145	84,829	(22,933)
Trade and other payables	(7,550)	46,094	(83,546)	78,184
Cash (used in) generated from operations	24,572	(17,274)	190,517	(1,607)
Interest expense paid	(1,543)	(2,498)	(11,681)	(10,279)
Interest income received	-	60	20	271
Income tax paid	(797)	(517)	(5,259)	(3,556)
Net cash generated from (used in) operating activities	22,232	(20,229)	173,597	(15,171)
<b>Cash flows from investing activities</b>				
Net cash outflow from acquisition of a subsidiary	-	(29,558)	-	(29,558)
Proceeds from disposal of property, plant and equipment	373	68	661	313
Proceeds from disposal of investment held for trading	476	-	936	-
Purchase of property, plant and equipment	(1,046)	(6,548)	(10,839)	(16,956)
Purchase of intangible assets	(5)	-	(58)	(768)
Purchase of quoted equity shares	-	-	-	(2,000)
Investment in associate	-	-	(713)	-
Acquisition of minority interests	(9,726)	-	(24,931)	-
Net cash used in investing activities	(9,928)	(36,038)	(34,944)	(48,969)
<b>Cash flows from financing activities</b>				
Net (repayment of) proceeds from bank borrowings	(28,099)	64,487	(206,598)	87,460
Proceeds from warrant conversion	-	-	-	6
Net proceeds from issuance of new shares in the Company	22,191	-	33,527	-
Proceeds from issuance of shares in a subsidiary	-	-	3,311	-
Dividend paid to equity holders	(1,376)	-	(1,376)	(3,982)
Dividend paid to minority shareholders	-	-	(13)	(9)
Repayment of finance lease payables	(562)	(135)	(1,143)	(495)
Net cash (used in) generated from financing activities	(7,846)	64,352	(172,292)	82,980
Net change in cash and cash equivalents	4,458	8,085	(33,639)	18,840
Cash and cash equivalents at beginning of the period / year	11,385	41,397	49,482	30,642
Cash and cash equivalents at end of period / year	15,843	49,482	15,843	49,482

Group cash and cash equivalents comprise of the following:

	<b>Group</b>	
	As at 30 Sep 2009 S\$'000	As at 30 Sep 2008 S\$'000
Cash and bank balances	15,843	37,275
Fixed deposits	530	12,708
	16,373	49,983
Fixed deposits pledged with banks <sup>(1)</sup>	(530)	(501)
Cash and cash equivalents per consolidated cash flow statement	15,843	49,482

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

**1(d)(i) A statement (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	Capital Reserves	Share Option Reserves	Other Reserves	Hedging Reserves	Foreign Currency Translation Reserves	Accumulated Profits / (Losses)	Total	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2008	78,203	2,527	-	-	-	(120)	55,938	136,548	14,483	151,031
Purchase price allocation adjustment	-	-	-	-	-	-	-	-	15,805	15,805
As restated	78,203	2,527	-	-	-	(120)	55,938	136,548	30,288	166,836
Currency translation adjustments	-	-	-	-	-	(173)	-	(173)	(103)	(276)
Fair value loss on available for sale financial assets	-	-	-	-	-	-	-	-	(1)	(1)
Net loss directly recognised in equity	-	-	-	-	-	(173)	-	(173)	(104)	(277)
(Loss) Profit for the financial period	-	-	-	-	-	-	(67,491)	(67,491)	8,689	(58,802)
Total recognised net (loss) profit for the financial period	-	-	-	-	-	(173)	(67,491)	(67,664)	8,585	(59,079)
Employee share option scheme:										
- value of employee services	-	-	17	-	-	-	-	17	28	45
Issue of shares	33,527	-	-	-	-	-	-	33,527	3,311	36,838
Acquisition of minority interests	-	-	-	-	-	-	-	-	(23,874)	(23,874)
Premium paid on acquisition of minority interests	-	-	-	(539)	-	-	-	(539)	(518)	(1,057)
Capitalisation of advances from shareholders in a subsidiary	-	-	-	-	-	-	-	-	14,698	14,698
Dividends	-	-	-	-	-	-	(1,376)	(1,376)	(13)	(1,389)
Balance as at 30 September 2009	111,730	2,527	17	(539)	-	(293)	(12,929)	100,513	32,505	133,018

Group	Attributable to equity shareholders of the Company									
	Share Capital	Capital Reserves	Share Option Reserves	Other Reserves	Hedging Reserves	Foreign Currency Translation Account	Accumulated Profits	Total	Minority Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2007	78,197	2,527	-	-	(2,187)	(88)	37,358	115,807	1,504	117,311
Cash flow hedges	-	-	-	-	2,187	-	-	2,187	-	2,187
Currency translation adjustments	-	-	-	-	-	(32)	-	(32)	(39)	(71)
Net income directly recognised in equity	-	-	-	-	2,187	(32)	-	2,155	(39)	2,116
Profit for the financial period	-	-	-	-	-	-	22,562	22,562	176	22,738
Total recognised net income for the financial period	-	-	-	-	2,187	(32)	22,562	24,717	137	24,854
Issue of shares	6	-	-	-	-	-	-	6	-	6
Incorporation and acquisition of subsidiaries	-	-	-	-	-	-	-	-	12,747	12,747
Issuance of new shares by a subsidiary to minority shareholders	-	-	-	-	-	-	-	-	104	104
Dividends	-	-	-	-	-	-	(3,982)	(3,982)	(9)	(3,991)
Balance as at 30 September 2008	78,203	2,527	-	-	-	(120)	55,938	136,548	14,483	151,031



<b>Company</b>	Share Capital	Capital Reserves	Hedging Reserves	Accumulated Profits / (Losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2008	78,203	2,527	-	44,291	125,021
Loss for the year	-	-	-	(70,904)	(70,904)
Issue of shares	33,527	-	-	-	33,527
Dividends	-	-	-	(1,376)	(1,376)
Balance as at 30 September 2009	111,730	2,527	-	(27,989)	86,268
Balance as at 1 October 2007	78,197	2,527	(2,187)	27,730	106,267
Cash flow hedges	-	-	2,187	-	2,187
Profit for the year	-	-	-	20,543	20,543
Net income for the year	-	-	2,187	20,543	22,730
Issue of shares	6	-	-	-	6
Dividends	-	-	-	(3,982)	(3,982)
Balance as at 30 September 2008	78,203	2,527	-	44,291	125,021

**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**

Rights issue

In February 2009, a total of 125,957,401 shares were issued by the Company upon exercise of Rights at exercise price of S\$0.09 per Rights during the Rights Issue.

3,457,917 additional warrants were issued and the exercise price was adjusted to \$0.31 as a result of the Rights Issue.

Share Placement

In August 2009, a total of 225,000,000 shares were issued by the Company at S\$0.10 per share during a Share Placement exercise.

The exercise price of warrants were adjusted to \$0.29 as a result of the Share Placement.

As at 30 September 2009 and 20 September 2008, there were 62,049,369 and 58,591,452 outstanding warrants respectively.

Warrants

Pursuant to a facility agreement dated 23 October 2009 signed with United Overseas Bank Limited and Oversea-Chinese Banking Corporation Limited, the Company issued 60,000,000 free warrants to the two banks at an exercise price of \$0.1248 on 23 November 2009, entitling them to subscribe up to 60,000,000 new shares in the Company.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

The figures have not been reviewed or audited by the auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied**

During the financial year, the Company had adopted the same accounting policies and methods of computation as in the most recently audited financial statements for the financial year ended 30 September 2008.

**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**

Not applicable.

**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	
	3 mths ended 30.09.2009	3 mths ended 30.09.2008	12 mths ended 30.09.2009	12 mths ended 30.09.2008
Earnings per ordinary shares:				
(a) Basic (cents)	(2.19)	(7.83)	(12.92)	5.31
(b) Diluted (cents)	(1.70)	(7.03)	(10.01)	4.77

Earnings per share is calculated based on weighted average number of shares during the period. Weighted average number of shares as of 30.09.2009 and 30.09.2008 are 522,187,937 and 424,711,061 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	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Net asset value per ordinary share (cents)	12.96	32.15	11.12	29.44

Net asset value per ordinary share as of 30.09.2009 is calculated based on 775,671,962 shares. The net asset value as of 30.09.2008 is calculated based on 424,714,561 shares.

**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**

### **Revenue**

The Group's revenue for FY2009 declined by 21% from \$732.9 million in FY2008 to \$581.8 million in the current year. Revenue in 4Q FY2009 dropped by 37% to \$125.2 million from \$199.4 million in 4Q FY2008. The decline in steel prices since September 2008 and the weak demand for steel products caused by the prevailing global economic crisis were the main reasons for the decrease in the Group's revenue.

### **Gross Profit**

In line with the lower Group revenue, the gross profit margin declined significantly from 16% in FY2008 to 3% in FY2009. Gross profit was \$15.5 million for FY2009 as compared to \$117.2 million for FY2008 and \$19.9 million for 4Q FY2009 as compared to \$27.7 million for 4Q FY2008. The decline in the Group's gross profit was partially offset by gross profit generated by BRC Asia.

### **Other Operating Income**

The Group's other operating income in FY2009 increased by 78% from \$2.8 million in FY2008 to \$5.1 million in current year. Increase in other operating income was mainly due to rental income earned and fair value gain on investment held for trading.

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

Distribution expenses of the Group for the year ended 30 September 2009 decreased by 63% from \$8.6 million in FY2008 to \$3.2 million in FY2009 and 58% from \$1.9 million in 4Q FY2008 to \$0.8 million in 4Q FY2009 respectively, in line with lower sales shipments in FY2009.

Administrative expenses of the Group increased by 34% from \$12.4 million in FY2008 to \$16.6 million in FY2009. 4Q FY2009 administrative expenses amounted to \$4.6 million as compared to a gain of \$2.1 million in 4Q FY2008. The increase was mainly due to consolidation of BRC Asia's expenses in current year.

Other operating expenses of the Group for the year decreased by 24% from \$61.2 million in FY2008 to \$46.4 million in FY2009. Other operating expenses in 4Q FY2009 decreased by 71% to \$19.0 million as compared to \$66.0 million in 4Q FY2008. Other operating expenses in current year mainly consist of write down of inventories to net realisable value as a result of decline in steel prices. The significant decrease in other operating expenses was mainly due to lower write down of inventory value in FY2009.

Finance expenses increased by 14% from \$10.3 million in FY2008 to \$11.7 million in FY2009. Increase was mainly due to draw down of loan for acquisition of BRC Asia and consolidation of BRC Asia's finance expenses. In 4Q FY2009, the Group's finance expenses decreased by 38% to \$1.5 million as compared to \$2.5 million in 4Q FY2008. Decrease was a result of lower borrowings due to decrease in purchases.

### **Results For The Year/Period**

As a result of the factors mentioned above, the Group made a loss before tax of \$56.3 million in FY2009 as compared to a profit before tax of \$27.6 million in FY2008. Loss before tax for 4Q FY2009 was \$4.2 million as compared to \$38.3 million loss in 4Q FY2008.

## **Segmental Results**

Revenue generated by trading segment had decreased significantly from \$677.3 million in FY2008 to \$274.1 million in FY2009 as a result of decline in steel prices and the prevailing economic crisis. Revenue generated by the manufacturing arm, on the other hand, increased from \$55.6 million in FY2008 to \$307.7 million in FY2009 due to the consolidation of BRC Asia's revenue.

With the many ongoing constructions and infrastructural projects in Singapore and consolidation of BRC Asia's results, the profits generated from the manufacturing arm had increased from \$2.7 million in FY2008 to \$16.7 million in FY2009. As BRC Asia's sales are mainly made to Singapore customers, revenue generated from sales to Singapore customers had also increased from \$381.8 million in FY2008 to \$475.5 million in current financial year. On the other hand, revenue generated from sales to overseas customers had declined due to the prevailing economic crisis.

## **Balance Sheet**

Despite the reported losses, the Group's net assets and shareholders fund stood at \$133.0 million and \$100.5 million respectively as at 30 September 2009. The Group had reduced its inventory levels significantly from \$369.9 million as at 30 September 2008 to \$140.5 million as at 30 September 2009 in view of the challenging business conditions. Trade and other receivables, trade and other payables and bank borrowings had also decreased as a result of the slower market conditions.

The Group gearing improved from 2.76 times as at 30 September 2008 to 1.26 times as at 30 September 2009. At the Company's level, the gearing ratio was even lower at 0.48 times.

## **Cash Flow Statement**

The Group's cash and cash equivalents was \$16.4 million as at 30 September 2009. Net cash generated from operating activities improved significantly from a cash outflow of \$15.2 million as at 30 September 2008 to a cash inflow of \$173.6 million as a result of lower inventory and receivables balances.

The cash generated from the operating activities were mainly used for the acquisition of additional interest in BRC Asia and repayment of bank borrowings.

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

Not applicable.

### **10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Group has adopted a prudent and conservative approach towards its inventory management and financial position and will continue to do so for the coming financial year.

Since the recovery of steel prices in the middle of 2009, prices have softened by about 8% to 10% in recent months. At this moment, steel demand is not expected to increase significantly from current levels. While demand for construction steel is likely to remain healthy, the 2 major IR projects will be completing in 2010. At the same time, demand from shipyards continues to remain sluggish as the shipbuilding industry has not yet recovered.

On the whole, the directors remain cautious on the outlook for FY2010.

**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?*

Name of dividend	:	Final
Dividend type	:	Cash
Dividend rate	:	0.25 cent per ordinary share
Tax rate	:	Tax-exempted one tier

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

<b>Primary business segment</b>	<b>Trading</b>	<b>Manufacturing</b>	<b>Eliminations</b>	<b>Group</b>
<b><u>Financial year ended 30 Sept 2009</u></b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue</b>				
Sales to external parties	274,147	307,672	-	581,819
Inter-segment sales	10,457	11,002	(21,459)	-
Total	<u>284,604</u>	<u>318,674</u>	<u>(21,459)</u>	<u>581,819</u>
<b>Results</b>				
Segment results	(63,422)	18,374	(592)	(45,640)
Interest expense	(8,953)	(2,728)	-	(11,681)
Interest income	16	4	-	20
Share of joint venture results	-	1,059	-	1,059
Share of associate results	(67)	-	-	(67)
Profit (Loss) before income tax	<u>(72,426)</u>	<u>16,709</u>	<u>(592)</u>	<u>(56,309)</u>
Income tax expense				<u>(2,493)</u>
Profit (Loss) after income tax				<u>(58,802)</u>
Minority Interests				<u>(8,689)</u>
Net profit for the year				<u>(67,491)</u>
<b>Other information</b>				
Capital expenditure				
- Tangible assets	10,361	1,444	26	11,831
- Intangible assets	-	58	-	58
Depreciation	1,121	3,103	(12)	4,212
Amortisation	154	1,477	-	1,631
Write down of inventories to net realisable value	22,959	335	-	23,294
Fair value loss from derivatives	67	425	-	492
<b>Assets &amp; liabilities</b>				
Segment assets	213,356	199,359	(73,481)	339,234
Unallocated assets				-
Total assets				<u>339,234</u>
Segment liabilities	152,763	87,154	(44,364)	195,553
Unallocated liabilities				<u>10,663</u>
Total liabilities				<u>206,216</u>

<b><u>Financial year ended 30 Sept 2008</u></b>	<b>Trading</b>	<b>Manufacturing</b>	<b>Eliminations</b>	<b>Group</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue</b>				
Sales to external parties	677,334	55,610	-	732,944
Inter-segment sales	4,144	2,410	(6,554)	-
Total	<u>681,478</u>	<u>58,020</u>	<u>(6,554)</u>	<u>732,944</u>
<b>Results</b>				
Segment results	33,252	3,599	739	37,590
Interest expense	(9,336)	(943)	-	(10,279)
Interest income	262	9	-	271
Profit (Loss) before income tax	<u>24,178</u>	<u>2,665</u>	<u>739</u>	<u>27,582</u>
Income tax expense				<u>(4,844)</u>
Profit (Loss) after income tax				<u>22,738</u>
Minority Interests				<u>(176)</u>
Net profit for the year				<u>22,562</u>
<b>Other information (Restated)</b>				
Capital expenditure				
- Tangible assets	21,883	1,823	(6)	23,700
- Intangible assets	768	-	-	768
Arising from acquisition of subsidiary				
- Tangible assets	-	64,160	-	64,160
- Intangible assets	-	24,158	-	24,158
- Goodwill	-	3,114	-	3,114
Depreciation	958	1,170	(17)	2,111
Amortisation	77	-	-	77
Write down of inventories to net realisable value	44,413	2,593	-	47,006
Fair value gain from derivatives	67	-	-	67
<b>Assets &amp; liabilities (Restated)</b>				
Segment assets	510,948	248,376	(77,853)	681,471
Unallocated assets				<u>19</u>
Total assets				<u>681,490</u>
Segment liabilities	378,330	164,229	(41,354)	501,205
Unallocated liabilities				<u>13,449</u>
Total liabilities				<u>514,654</u>

<b>Secondary geographical segment</b>	<b>Singapore</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Financial year ended 30 Sept 2009</u></b>						
Sales to external parties	475,473	53,809	31,622	20,915	-	581,819
Inter-segment sales	21,459	-	-	-	(21,459)	-
<b>Total</b>	<b>496,932</b>	<b>53,809</b>	<b>31,622</b>	<b>20,915</b>	<b>(21,459)</b>	<b>581,819</b>
Segment assets	391,973	20,742	-	-	(73,481)	339,234
Unallocated assets						-
<b>Total assets</b>						<b>339,234</b>
Capital expenditure	7,837	3,968	-	-	26	11,831
<b><u>Financial year ended 30 Sept 2008 (Restated)</u></b>						
Sales to external parties	381,772	205,925	122,816	22,431	-	732,944
Inter-segment sales	6,554	-	-	-	(6,554)	-
<b>Total</b>	<b>388,326</b>	<b>205,925</b>	<b>122,816</b>	<b>22,431</b>	<b>(6,554)</b>	<b>732,944</b>
Segment assets	742,594	16,730	-	-	(77,853)	681,471
Unallocated assets						19
<b>Total assets</b>						<b>681,490</b>
Capital expenditure	11,705	12,001	-	-	(6)	23,700

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Note 8 above.

**15. A breakdown of sales**

**Sales Breakdown:**

	<b>Group</b>		
	<b>FY 2009</b>	<b>FY 2008</b>	<b>%</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>(+/-)</b>
<b><u>First Half</u></b>			
Sales reported for first half year	324,361	299,599	8
Operating (loss) / profit after tax before deducting minority interest reported for first half year	(33,416)	27,422	(222)
<b><u>Second Half</u></b>			
Sales reported for second half year	257,458	433,345	(41)
Operating loss after tax before deducting minority interest reported for second half year	(25,386)	(4,685)	442



**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total annual dividend breakdown:

	<b>Group</b>	
	<b>FY 2009</b>	<b>FY 2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Ordinary	-	1,376
Preference	-	-
<b>Total</b>	<b>-</b>	<b>1,376</b>

**17. Interested persons transactions**

**The aggregate value of transactions conducted pursuant to the IPT Mandate obtained during the Annual General Meeting held on 22 January 2009 are as follows:**

<b>Name of interested persons</b>	<b>FY 2009</b>	<b>FY 2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Sales</u></b>		
Super Marine Supplies Pte Ltd	66	639
Lingco Shipbuilding Pte Ltd	76	70
<b><u>Purchases</u></b>		
Lingco Shipbuilding Pte Ltd	2,414	-

**By Order of the Board**

**Wee Piew**  
**Chief Executive Officer**  
**25 November 2009**