



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

Announcement Pursuant To Rule 705 Of The Listing Manual – Material Adjustments To The Financial Statements and Dividend Announcement for Quarter Ended 30 September 2017

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 2017 in relation to the Financial Statements and Dividend Announcement for Quarter Ended 30 September 2017 (the “**Announcement**”).

Subsequent to the Announcement, the Company’s associate BRC Asia Limited listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has released its results announcement for the financial year ended 30 September 2017 on 29 November 2017.

Pursuant to Rule 705 of the Listing Manual of the SGX-ST, the Company wishes to inform shareholders that there are revisions made in the Statement of Comprehensive Income and Cash Flows due to the difference between the estimated and actual share of associate results in relation to BRC Asia Limited. However, the Company wishes to clarify that the revisions have no overall impact on the Company and the Group’s financial results.

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

HG METAL MANUFACTURING LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	3Q 2017			YTD 2017		
	Announced S\$'000	Revised S\$'000	(+/--%)	Announced S\$'000	Revised S\$'000	(+/--%)
Revenue	36,802	36,802	0.0%	120,570	120,570	0.0%
Cost of sales	(34,228)	(34,228)	0.0%	(113,652)	(113,652)	0.0%
Gross profit	2,574	2,574	0.0%	6,918	6,918	0.0%
Gross margin	7.0%	7.0%		5.7%	5.7%	
Other operating income	1,943	1,943	0.0%	6,471	6,471	0.0%
Selling & distribution costs	(159)	(159)	0.0%	(400)	(400)	0.0%
Administrative expenses	(2,131)	(2,131)	0.0%	(6,174)	(6,174)	0.0%
Other operating expenses	(13,163)	(13,363)	1.5%	(18,651)	(18,851)	1.1%
Finance costs	(6)	(6)	0.0%	(15)	(15)	0.0%
Share of associate results	60	260	333.3%	(197)	3	nm*
Loss before income tax	(10,882)	(10,882)	0.0%	(12,048)	(12,048)	0.0%
Income tax expenses	(2)	(2)	0.0%	(4)	(4)	0.0%
Net loss for the period	(10,884)	(10,884)	0.0%	(12,052)	(12,052)	0.0%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss :						
Foreign currency translation	10	10	0.0%	12	12	0.0%
Share of other comprehensive income of associates	-	10	nm*	(81)	(71)	-12.3%
Reclassification of currency translation reserve to profit or loss	750	740	-1.3%	750	740	-1.3%
Reclassification of fair value reserve to profit or loss	4	4	0.0%	4	4	0.0%
Other comprehensive income for the period, net of tax	764	764	0.0%	685	685	0.0%
Total comprehensive income for the period	(10,120)	(10,120)	0.0%	(11,367)	(11,367)	0.0%
Loss attributable to:						
Owners of the Company	(10,853)	(10,853)	0.0%	(12,019)	(12,019)	0.0%
Non-controlling interests	(31)	(31)	0.0%	(33)	(33)	0.0%
	(10,884)	(10,884)	0.0%	(12,052)	(12,052)	0.0%
Total comprehensive income attributable to:						
Owners of the Company	(10,086)	(10,086)	0.0%	(11,331)	(11,331)	0.0%
Non-controlling interests	(34)	(34)	0.0%	(36)	(36)	0.0%
	(10,120)	(10,120)	0.0%	(11,367)	(11,367)	0.0%
Earnings per ordinary share						
Basic & Diluted (cents)	(8.52)	(8.52)	0.0%	(9.43)	(9.43)	0.0%

*nm denotes not meaningful

HG METAL MANUFACTURING LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Group		
	Announced S\$'000	Revised S\$'000	(+/--%)
Non-current assets			
Property, plant and equipment	12,084	12,084	0.0%
Intangible assets	58	58	0.0%
Investment in subsidiaries	-	-	0.0%
Investment in associates	-	-	0.0%
	12,142	12,142	0.0%
Current assets			
Investment held for sales	39,500	39,500	0.0%
Inventories	18,053	18,053	0.0%
Trade and other receivables	40,902	40,902	0.0%
Prepaid expenses	847	847	0.0%
Fixed deposits pledged with bank	7,000	7,000	0.0%
Cash and cash equivalent	21,449	21,449	0.0%
	127,751	127,751	0.0%
Current liabilities			
Trade and other payables	17,851	17,851	0.0%
Finance lease payables	198	198	0.0%
Bank borrowings	-	-	0.0%
Provision for taxation	13	13	0.0%
Deferred income	1,429	1,429	0.0%
Derivative financial instruments	33	33	0.0%
	19,524	19,524	0.0%
Net-current assets	108,227	108,227	0.0%
Non current liabilities			
Finance lease payables	3	3	0.0%
Provision for reinstatement costs	1,000	1,000	0.0%
Deferred income	1,905	1,905	0.0%
	2,908	2,908	0.0%
	117,461	117,461	0.0%
Equity attributable to owners of the Company			
Share capital	152,052	152,052	0.0%
Treasury shares	(2,215)	(2,215)	0.0%
Other reserves	2,097	2,097	0.0%
Accumulated losses	(34,474)	(34,474)	0.0%
	117,460	117,460	0.0%
Non-controlling interests	1	1	0.0%
Total equity	117,461	117,461	0.0%
Net asset value per ordinary share (S\$)	0.92	0.92	0.0%

HG METAL MANUFACTURING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

	Group			Group		
	3Q 2017			YTD 2017		
	Announced S\$'000	Revised S\$'000	(+/--%)	Announced S\$'000	Revised S\$'000	(+/--%)
Cash flows from operating activities						
Loss before income tax	(10,882)	(10,882)	0.0%	(12,048)	(12,048)	0.0%
Adjustments for:						
Depreciation of property, plant and equipment	646	646	0.0%	1,935	1,935	0.0%
Amortisation of intangible assets	2	2	0.0%	9	9	0.0%
Reversal of allowance for impairment of receivables	(17)	(17)	0.0%	(92)	(92)	0.0%
Bad debts recovered	(1)	(1)	0.0%	(1)	(1)	0.0%
Gain on disposal of property, plant and equipment	(12)	(12)	0.0%	(15)	(15)	0.0%
Write-off of property, plant and equipment	-	-	0.0%	-	-	0.0%
Impairment of property, plant and equipment	121	121	0.0%	121	121	0.0%
Reversal of impairment of inventories, net	-	-	0.0%	-	-	0.0%
Impairment on investment in associates	9,928	10,138	2.1%	10,065	10,275	2.1%
Fair value loss/(gain) on derivatives, net	72	72	0.0%	(370)	(370)	0.0%
Finance costs	6	6	0.0%	15	15	0.0%
Interest income	(28)	(28)	0.0%	(96)	(96)	0.0%
Share of associates' results	(60)	(260)	333.3%	197	(3)	nm*
Recognition of deferred income	(357)	(357)	0.0%	(1,071)	(1,071)	0.0%
Unrealised foreign exchange loss, net	604	594	-1.7%	1,354	1,344	-0.7%
Operating cash flow before working capital changes	22	22	0.0%	3	3	0.0%
Working capital changes:						
Inventories	3,081	3,081	0.0%	(3,909)	(3,909)	0.0%
Trade and other receivables	1,189	1,189	0.0%	(7,413)	(7,413)	0.0%
Trade and other payables	3,882	3,882	0.0%	3,964	3,964	0.0%
Cash generated from/(used in) operations	8,174	8,174	0.0%	(7,355)	(7,355)	0.0%
Interest expense paid	(6)	(6)	0.0%	(15)	(15)	0.0%
Interest income received	28	28	0.0%	96	96	0.0%
Income tax paid	(4)	(4)	0.0%	(4)	(4)	0.0%
Net cash flows generated from/(used in) operating activities	8,192	8,192	0.0%	(7,278)	(7,278)	0.0%
Cash flows from investing activities						
Dividend income received from investments & associates	-	-	0.0%	1,011	1,011	0.0%
Fixed deposit pledged with a bank	7	7	0.0%	38	38	0.0%
Proceeds from disposal of property, plant and equipment	12	12	0.0%	12	12	0.0%
Purchase of property, plant and equipment	(94)	(94)	0.0%	(217)	(217)	0.0%
Purchase of intangible assets	-	-	0.0%	(2)	(2)	0.0%
Net cash flows (used in)/generated from investing activities	(75)	(75)	0.0%	842	842	0.0%
Cash flows from financing activities						
Acquisition of non-controlling interests	(232)	(232)	0.0%	(232)	(232)	0.0%
Purchase of treasury shares	-	-	0.0%	-	-	0.0%
Dividends paid on ordinary shares of the Company	-	-	0.0%	(637)	(637)	0.0%
Proceeds from bank borrowings	5,157	5,157	0.0%	12,161	12,161	0.0%
Repayment of bank borrowings	(7,410)	(7,410)	0.0%	(14,104)	(14,104)	0.0%
Repayment of finance lease payables	(58)	(58)	0.0%	(177)	(177)	0.0%
Net cash flows used in financing activities	(2,543)	(2,543)	0.0%	(2,989)	(2,989)	0.0%
Net increase/(decrease) in cash and cash equivalents	5,574	5,574	0.0%	(9,425)	(9,425)	0.0%
Effects on exchange rate changes on cash and cash equivalents	73	73	0.0%	170	170	0.0%
Cash and cash equivalents at beginning of the period	15,802	15,802	0.0%	30,704	30,704	0.0%
Cash and cash equivalents at end of financial period	21,449	21,449	0.0%	21,449	21,449	0.0%

*nm denotes not meaningful

On behalf of the Board of Directors

Foo Sey Liang
Director

Teo Yi-Dar
Director

1 December 2017