



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 2016

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 11 November 2016 in relation to the Financial Statements and Dividend Announcement for Quarter Ended 30 September 2016 (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 2016 on 24 November 2016.

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, Balance Sheet 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 impact on the Company’s financial results and have no material impact on the Group’s results.

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 | | |
|---|---------------|---------------|--------------|-------------|-------------|----------------|
| | 3Q 2016 | | | YTD 2016 | | |
| | Announced | Revised | (+/-)% | Announced | Revised | (+/-)% |
| | S\$'000 | S\$'000 | | S\$'000 | S\$'000 | |
| Revenue | 17,068 | 17,068 | 0.0% | 72,709 | 72,709 | 0.0% |
| Cost of sales | (16,536) | (16,536) | 0.0% | (68,578) | (68,578) | 0.0% |
| Gross profit | 532 | 532 | 0.0% | 4,131 | 4,131 | 0.0% |
| Gross margin | 3.1% | 3.1% | | 5.7% | 5.7% | |
| Other operating income | 2,713 | 2,713 | 0.0% | 7,092 | 7,092 | 0.0% |
| Selling & distribution costs | (34) | (34) | 0.0% | (170) | (170) | 0.0% |
| Administrative expenses | (2,091) | (2,091) | 0.0% | (6,099) | (6,099) | 0.0% |
| Other operating expenses | (2,118) | (2,118) | 0.0% | (6,642) | (6,642) | 0.0% |
| Finance costs | (5) | (5) | 0.0% | (91) | (91) | 0.0% |
| Share of associate results | 772 | 782 | 1.3% | 1,854 | 1,864 | 0.5% |
| (Loss)/Profit before income tax | (231) | (221) | -4.3% | 75 | 85 | 13.3% |
| Income tax credit/(expenses) | - | - | 0.0% | 10 | 10 | 0.0% |
| Net (loss)/profit for the period | (231) | (221) | -4.3% | 85 | 95 | 11.8% |
| Other comprehensive income: | | | | | | |
| Items that may be reclassified subsequently to profit or loss : | | | | | | |
| Foreign currency translation | (21) | (21) | 0.0% | 13 | 13 | 0.0% |
| Share of other comprehensive income of associates | - | (29) | nm* | (95) | (124) | 30.5% |
| Other comprehensive income for the period, net of tax | (21) | (50) | 138.1% | (82) | (111) | 35.4% |
| Total comprehensive income for the period | (252) | (271) | 7.5% | 3 | (16) | -633.3% |
| (Loss)/Profit attributable to: | | | | | | |
| Owners of the Company | (229) | (219) | -4.4% | 71 | 81 | 14.1% |
| Non-controlling interests | (2) | (2) | 0.0% | 14 | 14 | 0.0% |
| | (231) | (221) | -4.3% | 85 | 95 | 11.8% |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | (247) | (266) | 7.7% | (12) | (31) | 158.3% |
| Non-controlling interests | (5) | (5) | 0.0% | 15 | 15 | 0.0% |
| | (252) | (271) | 7.5% | 3 | (16) | -633.3% |
| Earnings per ordinary share | | | | | | |
| Basic & Diluted (cents) | (0.18) | (0.17) | -5.6% | 0.06 | 0.06 | 0.0% |

*nm denotes not meaningful

HG METAL MANUFACTURING LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

| | Group | | |
|---|----------------------|--------------------|--------------|
| | Announced S\$'000 | Revised S\$'000 | (+/-)% |
| Non-current assets | | | |
| Property, plant and equipment | 14,618 | 14,618 | 0.0% |
| Intangible assets | 70 | 70 | 0.0% |
| Investment in subsidiaries | - | - | 0.0% |
| Investment in associates | 50,419 | 50,400 | 0.0% |
| | 65,107 | 65,088 | 0.0% |
| Current assets | | | |
| Inventories | 14,828 | 14,828 | 0.0% |
| Trade and other receivables | 22,911 | 22,911 | 0.0% |
| Income tax recoverable | - | - | 0.0% |
| Prepaid expenses | 199 | 199 | 0.0% |
| Bank balances and fixed deposits | 40,556 | 40,556 | 0.0% |
| | 78,494 | 78,494 | 0.0% |
| Current liabilities | | | |
| Trade and other payables | 8,264 | 8,264 | 0.0% |
| Finance lease payables | 239 | 239 | 0.0% |
| Bank borrowings | - | - | 0.0% |
| Provision for taxation | 13 | 13 | 0.0% |
| Deferred income | 1,429 | 1,429 | 0.0% |
| Derivative financial instruments | 94 | 94 | 0.0% |
| | 10,039 | 10,039 | 0.0% |
| Net-current assets | 68,455 | 68,455 | 0.0% |
| Non current liabilities | | | |
| Finance lease payables | 199 | 199 | 0.0% |
| Bank borrowings | - | - | 0.0% |
| Provision for reinstatement costs | 1,000 | 1,000 | 0.0% |
| Deferred income | 3,333 | 3,333 | 0.0% |
| | 4,532 | 4,532 | 0.0% |
| | 129,030 | 129,011 | 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 | 1,557 | 1,528 | -1.9% |
| Accumulated losses | (22,643) | (22,633) | 0.0% |
| | 128,751 | 128,732 | 0.0% |
| Non-controlling interests | 279 | 279 | 0.0% |
| Total equity | 129,030 | 129,011 | 0.0% |
| Net asset value per ordinary share (S\$) | 1.01 | 1.01 | 0.0% |

HG METAL MANUFACTURING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

| | Group | | | Group | | |
|---|-----------------|-----------------|--------------|----------------|----------------|--------------|
| | 3Q 2016 | | | YTD 2016 | | |
| | Announced | Revised | | Announced | Revised | |
| S\$'000 | S\$'000 | (+/-%) | S\$'000 | S\$'000 | (+/-%) | |
| Cash flows from operating activities | | | | | | |
| (Loss)/Profit before income tax | (231) | (221) | -4.3% | 75 | 85 | 13.3% |
| Adjustments for: | | | | | | |
| Depreciation of property, plant and equipment | 645 | 645 | 0.0% | 1,894 | 1,894 | 0.0% |
| Amortisation of intangible assets | 8 | 8 | 0.0% | 22 | 22 | 0.0% |
| (Reversal of allowance)/allowance for impairment of receivables | (33) | (33) | 0.0% | (25) | (25) | 0.0% |
| Bad debts written off/(recovered) | 7 | 7 | 0.0% | 7 | 7 | 0.0% |
| (Gain)/loss on disposal of property, plant and equipment | (28) | (28) | 0.0% | (297) | (297) | 0.0% |
| Write off of property, plant and equipment | - | - | 0.0% | 33 | 33 | 0.0% |
| Write off inventories | - | - | 0.0% | - | - | 0.0% |
| (Reversal of impairment)/impairment of inventories, net | (17) | (17) | 0.0% | (17) | (17) | 0.0% |
| Fair value gain on investment held for trading | - | - | 0.0% | - | - | 0.0% |
| Fair value loss/(gain) on derivatives, net | 92 | 92 | 0.0% | 35 | 35 | 0.0% |
| Finance cost | 5 | 5 | 0.0% | 91 | 91 | 0.0% |
| Interest income | (54) | (54) | 0.0% | (224) | (224) | 0.0% |
| Share of associates results | (772) | (782) | 1.3% | (1,854) | (1,864) | 0.5% |
| Recognition of deferred income | (357) | (357) | 0.0% | (1,071) | (1,071) | 0.0% |
| Unrealised foreign exchange loss/(gain),net | 98 | 98 | 0.0% | (117) | (117) | 0.0% |
| Operating cash flow before working capital changes | (637) | (637) | 0.0% | (1,448) | (1,448) | 0.0% |
| Working capital changes: | | | | | | |
| Inventories | 2,444 | 2,444 | 0.0% | (11,017) | (11,017) | 0.0% |
| Trade and other receivables | 10,642 | 10,642 | 0.0% | 9,186 | 9,186 | 0.0% |
| Trade and other payables | (24,181) | (24,181) | 0.0% | (589) | (589) | 0.0% |
| Cash (used in)/generated from operations | (11,732) | (11,732) | 0.0% | (3,868) | (3,868) | 0.0% |
| Interest expense paid | (5) | (5) | 0.0% | (91) | (91) | 0.0% |
| Interest income received | 54 | 54 | 0.0% | 224 | 224 | 0.0% |
| Income tax refund | - | - | 0.0% | 71 | 71 | 0.0% |
| Net cash flows (used in)/generated from operating activities | (11,683) | (11,683) | 0.0% | (3,664) | (3,664) | 0.0% |
| Cash flows from investing activities | | | | | | |
| Dividend income received from investments & associates | - | - | 0.0% | 843 | 843 | 0.0% |
| Fixed deposit pledged with a bank | (7,000) | (7,000) | 0.0% | (7,000) | (7,000) | 0.0% |
| Proceeds from disposal of property, plant and equipment | 4 | 4 | 0.0% | 406 | 406 | 0.0% |
| Purchase of property, plant and equipment | (144) | (144) | 0.0% | (355) | (355) | 0.0% |
| Purchase of intangible assets | - | - | 0.0% | - | - | 0.0% |
| Net cash flows (used in)/generated from investing activities | (7,140) | (7,140) | 0.0% | (6,106) | (6,106) | 0.0% |
| Cash flows from financing activities | | | | | | |
| Acquisition of non-controlling interests | - | - | 0.0% | - | - | 0.0% |
| Purchase of treasury shares | - | - | 0.0% | (309) | (309) | 0.0% |
| Proceeds from bank borrowings | 1,716 | 1,716 | 0.0% | 1,716 | 1,716 | 0.0% |
| Repayment of bank borrowings | (1,716) | (1,716) | 0.0% | (8,533) | (8,533) | 0.0% |
| Repayment of finance lease payables | (62) | (62) | 0.0% | (187) | (187) | 0.0% |
| Net cash flows used in financing activities | (62) | (62) | 0.0% | (7,313) | (7,313) | 0.0% |
| Net (decrease)/increase in cash and cash equivalents | (18,885) | (18,885) | 0.0% | (17,083) | (17,083) | 0.0% |
| Effects on exchange rate changes on cash and cash equivalents | (115) | (115) | 0.0% | 125 | 125 | 0.0% |
| Cash and cash equivalents at beginning of the period | 52,556 | 52,556 | 0.0% | 50,514 | 50,514 | 0.0% |
| Cash and cash equivalents at end of financial period | 33,556 | 33,556 | 0.0% | 33,556 | 33,556 | 0.0% |

On behalf of the Board of Directors

Foo Sey Liang
Director

Teo Yi-Dar
Director

25 November 2016