



HG METAL MANUFACTURING LIMITED

(Company Registration No. 198802660D)

Financial Statements and Dividend Announcement for Year Ended 31 December 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3& Q4), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) Consolidated Statement of Comprehensive Income together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			Group		
	4Q 2015 S\$'000	4Q 2014 S\$'000	% (+/-)	FY 2015 S\$'000	FY 2014 S\$'000	% (+/-)
Revenue	25,283	49,263	(49)	127,869	187,850	(32)
Cost of sales	(24,732)	(46,538)	(47)	(122,848)	(176,595)	(30)
Gross profit	551	2,725	(80)	5,021	11,255	(55)
Gross margin	2.2%	5.5%		3.9%	6.0%	
Other operating income	2,397	1,314	82	8,923	5,562	60
Selling & distribution costs	(133)	(342)	(61)	(816)	(1,721)	(53)
Administrative expenses	(2,373)	(2,327)	2	(9,284)	(10,477)	(11)
Other operating expenses	(5,101)	(2,358)	116	(12,278)	(25,308)	(51)
Finance costs	(57)	(84)	(32)	(239)	(851)	(72)
Share of associate profits	288	(234)	nm*	3,036	4,606	(34)
Loss before income tax	(4,428)	(1,306)	nm*	(5,637)	(16,934)	nm*
Income tax credit/(expenses)	-	43	nm*	(11)	183	nm*
Net loss for the year	(4,428)	(1,263)	nm*	(5,648)	(16,751)	nm*
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss :						
Foreign currency translation	138	53	nm*	(23)	61	nm*
Share of other comprehensive income of associates	145	(115)	nm*	(281)	(103)	nm*
Other comprehensive income for the year, net of tax	283	(62)	nm*	(304)	(42)	nm*
Total comprehensive income for the year	(4,145)	(1,325)	nm*	(5,952)	(16,793)	nm*
Loss attributable to:						
Owners of the Company	(4,278)	(1,189)	nm*	(5,455)	(16,090)	nm*
Non-controlling interests	(150)	(74)	nm*	(193)	(661)	nm*
	(4,428)	(1,263)	nm*	(5,648)	(16,751)	nm*
Total comprehensive income attributable to:						
Owners of the Company	(4,015)	(1,237)	nm*	(5,712)	(16,132)	nm*
Non-controlling interests	(130)	(88)	nm*	(240)	(661)	nm*
	(4,145)	(1,325)	nm*	(5,952)	(16,793)	nm*

*nm denotes not meaningful

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

	Group		Group	
	4Q 2015	4Q 2014	FY 2015	FY 2014
Loss before tax is arrived at after crediting/(charging) the following:	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for impairment of receivables	(129)	(738)	(195)	(2,669)
Bad debts recovered/(write off)	28	(4)	37	(237)
Other receivables written off	-	(368)	-	(368)
Amortisation of intangible assets	(8)	(9)	(31)	(40)
Recognition of deferred income	357	358	1,429	1,429
Depreciation of property, plant and equipment	(706)	(585)	(2,420)	(2,466)
Fair value gain on investment held for trading	34	44	234	57
Fair value gain/(loss) on derivatives, net	468	1	(59)	(45)
Foreign exchange (loss)/gain, net	(454)	(221)	(7)	224
Interest income	49	2	74	45
Finance cost	(57)	(84)	(239)	(851)
Gain on disposal of property, plant and equipment	53	96	95	135
Loss on disposal of intangible assets	-	-	-	(69)
Write off of property, plant and equipment	-	(23)	(46)	(76)
Impairment of property, plant and equipment	(538)	(213)	(538)	(1,659)
Write off of inventories	(26)	(264)	(34)	(638)
(Impairment)/reversal of impairment of inventories, net	(2,009)	1,805	(2,139)	(9,783)

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(b)(i) Statements 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	
	31.12.2015 S\$'000	31.12.2014 S\$'000	31.12.2015 S\$'000	31.12.2014 S\$'000
Non-current assets				
Property, plant and equipment	14,905	15,652	9,400	8,215
Intangible assets	92	79	89	75
Investment in subsidiaries	-	-	13,147	13,147
Investment in associates	49,503	49,488	505	68
Deferred tax assets	-	12	-	-
	64,500	65,231	23,141	21,505
Current assets				
Investment held for trading	-	110	-	-
Inventories	5,381	28,058	4,381	25,645
Trade and other receivables	31,889	35,549	46,362	49,906
Income tax recoverable	61	135	-	-
Prepaid expenses	191	184	178	145
Cash and cash equivalents	50,514	52,661	33,701	45,222
	88,036	116,697	84,622	120,918
Current liabilities				
Trade and other payables	8,853	25,471	9,254	29,643
Finance lease payables	246	44	239	-
Bank borrowings	4,171	5,857	4,171	5,857
Provision for taxation	13	13	-	-
Deferred income	1,429	1,429	1,429	1,429
Derivative financial instruments	59	-	59	-
	14,771	32,814	15,152	36,929
Net current assets	73,265	83,883	69,470	83,989
Non-current liabilities				
Finance lease payables	378	23	378	-
Bank borrowings	2,646	6,855	2,646	6,855
Provision for reinstatement costs	1,000	1,000	700	700
Deferred income	4,405	5,833	4,405	5,833
	8,429	13,711	8,129	13,388
	129,336	135,403	84,482	92,106
Equity attributable to owners of the Company				
Share capital	152,052	152,052	152,052	152,052
Treasury shares	(1,906)	(1,885)	(1,906)	(1,885)
Other reserves	1,640	1,931	2,527	2,527
Accumulated losses	(22,714)	(17,259)	(68,191)	(60,588)
	129,072	134,839	84,482	92,106
Non-controlling interests	264	564	-	-
Total equity	129,336	135,403	84,482	92,106

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

	As at 31 December 2015			As at 31 December 2014		
	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000	Secured S\$'000	Unsecured S\$'000	Finance lease S\$'000
Repayable within one year	4,171	-	246	5,857	-	44
Repayable after one year	2,646	-	378	6,855	-	23
Total	6,817	-	624	12,712	-	67

Details of collaterals

The Group's borrowings of approximately S\$6.8 million are secured by way of:

- (i) fixed charge over shares in the share capital of BRC Asia Limited; and
- (ii) legal mortgage over properties of the Group and of the Company.

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1(c)(i) Consolidated Statement of Cash Flows, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	4Q 2015	4Q 2014	FY 2015	FY 2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss before income tax	(4,428)	(1,306)	(5,637)	(16,934)
Adjustments for:				
Depreciation of property, plant and equipment	706	585	2,420	2,466
Amortisation of intangible assets	8	9	31	40
Allowance for impairment of receivables	129	738	195	2,669
Bad debts (recovered)/write off	(28)	4	(37)	237
Other receivables written off	-	368	-	368
Gain on disposal of property, plant and equipment	(53)	(96)	(95)	(135)
Loss on disposal of intangible assets	-	-	-	69
Write off of property, plant and equipment	-	23	46	76
Impairment of property, plant and equipment	538	213	538	1,659
Write off of inventories	26	264	34	638
Impairment/(reversal of impairment) of inventories, net	2,009	(1,805)	2,139	9,783
Fair value gain on investment held for trading	(34)	(44)	(234)	(57)
Fair value (gain)/loss on derivatives, net	(468)	(1)	59	45
Finance cost	57	84	239	851
Interest income	(49)	(2)	(74)	(45)
Share of associate results	(288)	234	(3,036)	(4,606)
Recognition of deferred income	(357)	(358)	(1,429)	(1,429)
Unrealised foreign exchange (gain)/loss, net	(97)	710	275	232
Operating cash flow before working capital changes	(2,329)	(380)	(4,566)	(4,073)
Working capital changes:				
Inventories	5,348	12,264	19,391	57,171
Trade and other receivables	(4,120)	(2,791)	3,527	12,555
Trade and other payables	(3,593)	12,087	(16,569)	428
Cash (used in)/generated from operations	(4,694)	21,180	1,783	66,081
Interest expense paid	(57)	(84)	(239)	(851)
Interest income received	49	2	74	45
Income tax refund	-	-	55	-
Net cash flows (used in)/generated from operating activities	(4,702)	21,098	1,673	65,275
Cash flows from investing activities				
Dividend income received from investments & associates	-	-	2,739	3,643
Proceeds from disposal of investment held for trading	344	-	344	-
Proceeds from disposal of property, plant and equipment	49	150	175	4,789
Proceeds from disposal of intangible assets	5	-	5	161
Purchase of property, plant and equipment	(398)	(27)	(724)	(986)
Purchase of intangible assets	(48)	(3)	(50)	(10)
Net cash flows (used in)/generated from investing activities	(48)	120	2,489	7,597
Cash flows from financing activities				
Acquisition of non-controlling interests	-	-	(94)	(390)
Proceeds from issue of ordinary shares in the Company	-	14,738	-	14,738
Purchase of treasury shares	(21)	-	(21)	-
Dividends paid on ordinary shares of the Company	-	-	-	(1,069)
Proceeds from bank borrowings	-	108	-	38,641
Repayment of bank borrowings	(1,040)	(2,570)	(5,895)	(87,909)
Repayment of finance lease payables	(69)	(18)	(159)	(84)
Amount due from shareholders of a subsidiary	-	(604)	-	-
Net cash flows (used in)/generated from financing activities	(1,130)	11,654	(6,169)	(36,073)
Net (decrease)/increase in cash and cash equivalents	(5,880)	32,872	(2,007)	36,799
Effects on exchange rate changes on cash and cash equivalents	138	(280)	(140)	(261)
Cash and cash equivalents at beginning of financial year	56,256	20,069	52,661	16,123
Cash and cash equivalents at end of financial year	50,514	52,661	50,514	52,661

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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	
	31 December 2015 S\$'000	31 December 2014 S\$'000
Cash and bank balances	27,481	52,661
Fixed deposits	23,033	-
	50,514	52,661
Cash and cash equivalents per consolidated cash flow statement	50,514	52,661

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1(d)(i) Statements of Changes in Equity (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 owners of the Company									
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2015	152,052	(1,885)	2,527	(4)	(177)	(415)	(17,259)	134,839	564	135,403
Loss for the year	-	-	-	-	-	-	(5,455)	(5,455)	(193)	(5,648)
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	-	-	-	24	-	24	(47)	(23)
Share of other comprehensive income of associate	-	-	-	-	-	(281)	-	(281)	-	(281)
Other comprehensive income for the year, net of tax	-	-	-	-	-	(257)	-	(257)	(47)	(304)
Total comprehensive income for the year	-	-	-	-	-	(257)	(5,455)	(5,712)	(240)	(5,952)
<u>Contribution by and distributions to owners</u>										
Purchase of treasury shares	-	(21)	-	-	-	-	-	(21)	-	(21)
Total contribution by and distributions to owners	-	(21)	-	-	-	-	-	(21)	-	(21)
<u>Change in ownership interest in subsidiary</u>										
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(60)	(60)
Premium paid on acquisition of non-controlling interest	-	-	-	-	(34)	-	-	(34)	-	(34)
Total change in ownership interest in subsidiary	-	-	-	-	(34)	-	-	(34)	(60)	(94)
Total transactions with owners in their capacity as owners	-	(21)	-	-	(34)	-	-	(55)	(60)	(115)
Closing balance at 31 December 2015	152,052	(1,906)	2,527	(4)	(211)	(672)	(22,714)	129,072	264	129,336

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Group	Attributable to owners of the Company									
	Share capital	Treasury shares	Capital reserve	Fair value reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2014	137,314	(1,885)	2,527	(4)	-	(373)	(100)	137,479	1,674	139,153
Loss for the year	-	-	-	-	-	-	(16,090)	(16,090)	(661)	(16,751)
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	-	-	-	61	-	61	-	61
Share of other comprehensive income of associate	-	-	-	-	-	(103)	-	(103)	-	(103)
Other comprehensive income for the year, net of tax	-	-	-	-	-	(42)	-	(42)	-	(42)
Total comprehensive income for the year	-	-	-	-	-	(42)	(16,090)	(16,132)	(661)	(16,793)
<u>Contribution by and distributions to owners</u>										
Issuance of ordinary shares	14,738	-	-	-	-	-	-	14,738	-	14,738
Dividend on ordinary shares	-	-	-	-	-	-	(1,069)	(1,069)	-	(1,069)
Total contribution by and distributions to owners	14,738	-	-	-	-	-	(1,069)	13,669	-	13,669
<u>Change in ownership interest in subsidiary</u>										
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(449)	(449)
Premium paid on acquisition of non-controlling interest	-	-	-	-	(177)	-	-	(177)	-	(177)
Total change in ownership interest in subsidiary	-	-	-	-	(177)	-	-	(177)	(449)	(626)
Total transactions with owners in their capacity as owners	14,738	-	-	-	(177)	-	(1,069)	13,492	(449)	13,043
Closing balance at 31 December 2014	152,052	(1,885)	2,527	(4)	(177)	(415)	(17,259)	134,839	564	135,403

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Company	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Opening balance at 1 January 2015	152,052	(1,885)	2,527	(60,588)	92,106
Loss for the year, representing total comprehensive loss for the year	-	-	-	(7,603)	(7,603)
<u>Contributions by and distributions to owners</u>					
Purchase of treasury shares	-	(21)	-	-	(21)
Total transactions with owners in their capacity as owners	-	(21)	-	-	(21)
Closing balance at 31 December 2015	152,052	(1,906)	2,527	(68,191)	84,482
Opening balance at 1 January 2014	137,314	(1,885)	2,527	(37,552)	100,404
Loss for the year, representing total comprehensive loss for the year	-	-	-	(21,967)	(21,967)
<u>Contributions by and distributions to owners</u>					
Issuance of ordinary shares	14,738	-	-	-	14,738
Dividend on ordinary shares	-	-	-	(1,069)	(1,069)
Total transactions with owners in their capacity as owners	14,738	-	-	(1,069)	13,669
Closing balance at 31 December 2014	152,052	(1,885)	2,527	(60,588)	92,106

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

On 31 October 2014, the Company issued and allotted 213,600,000 new ordinary shares in the capital of the Company (the "Placement Share") pursuant to a private placement at an issue price of S\$0.069 for each Placement Share to raise net proceeds of approximately S\$14.7 million.

As at date of this announcement, the Company has not utilised the net proceeds of approximately S\$14.7 million.

There was no change in the Company's issued and paid-up share capital during the financial year.

The Company does not have any outstanding shares convertibles as at 31 December 2015 and 31 December 2014.

During the quarter, the Company purchased 529,100 shares of its own shares for a total consideration of S\$0.02 million by way of market acquisition. There were 23,797,100 treasury shares and 23,268,000 treasury shares as at 31 December 2015 and 31 December 2014 respectively.

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.

	31 December 2015	31 December 2014
Total number of issued shares	1,306,121,962	1,306,121,962
Treasury shares	(23,797,100)	(23,268,000)
Total number of issued shares excluding treasury shares	<u>1,282,324,862</u>	<u>1,282,853,962</u>

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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.

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 2014.

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 2014.

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	
	4Q 2015	4Q 2014	FY 2015	FY 2014
Earnings per ordinary shares:				
(a) Basic (cents)	(0.33)	(0.11)	(0.43)	(1.46)
(b) Diluted (cents)	(0.33)	(0.11)	(0.43)	(1.46)

(a) Earnings per share were calculated based on weighted average number of shares of 1,282,826,058 and 1,104,853,962 during the period ended 31 December 2015 and 31 December 2014 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 year and the comparative last year.

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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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Net asset value per ordinary share (cents)	10.07	10.51	6.59	7.18

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 4Q2015 versus 4Q2014

Revenue and Gross Profit

The Group's revenue decreased by 49% from S\$49.3 million in the quarter ended 31 December 2014 (4Q2014) to S\$25.3 million in the quarter ended 31 December 2015 (4Q2015). The Group's business continues to be affected by the decline in global steel prices and subdued demand for steel products. Sales volume and average selling price declined by an average of 36% and 20% respectively in 4Q2015 compared to 4Q2014.

The Group recorded lower gross profit of S\$0.6 million in 4Q2015 compared to S\$2.7 million in 4Q2014 as a result of lower sales volume and gross profit margin. The gross margin was 2.2% in 4Q2015 compared with 5.5% for 4Q2014, mainly due to falling steel prices, efforts to clear slow moving stocks at lower selling prices and increase in export sales with lower gross profit margin.

Other Operating Income

Other operating income increased from S\$1.3 million in 4Q2014 to S\$2.4 million in 4Q2015. This was mainly attributed to increase in warehouse rental and services income by S\$0.5 million and foreign exchange gain increased by S\$0.2 million.

Distribution, Administrative, Other Operating and Finance Expenses

The Group's selling and distribution expenses decreased by 61% from S\$0.3 million in 4Q2014 to S\$0.1 million in 4Q2015, due to the lower sales volume reported in 4Q2015.

Administrative expenses increased by 2% from S\$2.3 million in 4Q2014 to S\$2.4 million in 4Q2015, mainly due to increase in legal fees and property tax.

Other operating expenses increased by 116% from S\$2.4 million in 4Q2014 to S\$5.1 million in 4Q2015. This was mainly due to a provision for inventories of S\$2.0 million in 4Q2015, non-recurrent write back of provision for inventories of S\$1.8 million in 4Q2014, offset by reduced provision for doubtful debts and bad debts write off of S\$1.0 million.

The Group recorded lower finance expenses in 4Q2015 as compared to 4Q2014 due to repayment of bank borrowings.

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Profitability

Due to the reasons given above, the Group recorded a net loss after tax of S\$4.4 million in 4Q2015 compared to a net loss of S\$1.3 million in 4Q2014.

Results for FY2015 versus FY2014

Revenue and Gross Profit

The Group recorded revenue of S\$127.9 million in FY2015 as compared to S\$187.9 million in FY2014. The decrease of revenue in FY2015 was attributed to 19% reduction in sales volume and decline of steel prices.

Gross profit declined by 55% from S\$11.3 million in FY2014 to S\$5.0 million in FY2015 in view of lower sales revenue. Gross profit margin was lower mainly due to the decline of steel prices and efforts to clear slow moving stocks at lower selling prices and increase in export sales with lower gross profit margin.

Other Operating Income

Other operating income increased 60% from S\$5.6 million in FY2014 to S\$8.9 million in FY2015, mainly due to increased warehouse rental and services income.

Distribution, Administrative, Other Operating and Finance Expenses

The Group's selling and distribution expenses for FY2015 decreased to S\$0.8 million from S\$1.7 million in FY2014, due to the lower sales revenue reported in FY2015.

Administrative expenses decreased by 11% from S\$10.5 million in FY2014 to S\$9.3 million in FY2015, mainly due to reduced headcount and reduction in other administrative expenses.

Other operating expenses declined to S\$12.3 million in FY2015 from S\$25.3 million in FY2014. This was mainly due to lower provision for inventory and provision for doubtful debts by S\$7.6 million and S\$2.5 million respectively as well as reduced provision for impairment by fixed assets of S\$1.1 million in FY2015 compared to FY2014

Lower finance expenses were incurred in FY2015 as compared to FY2014 as result of repayment of bank borrowings.

Net Profit after Tax

The Group recorded a net loss after tax of S\$5.6 million in FY2015, compared to a loss S\$16.8 million reported in FY2014.

Balance Sheet

As at 31 December 2015, inventory stood at S\$5.4 million compared with S\$28.1 million as at 31 December 2014. This was mainly attributable to lower purchase activities during FY2015 and the stock clearance efforts put in by the Group.

Trade and other receivables decreased in line with lower revenue and improved collection to S\$31.9 million as at 31 December 2015 as compared to S\$35.5 million as at 31 December 2014.

Trade and other payables decreased to S\$8.9 million as at 31 December 2015 compared to S\$25.5 million as at 31 December 2014 due to lower purchase volume.

Total bank borrowings decreased from S\$12.7 million as at 31 December 2014 to S\$6.8 million as at 31 December 2015 due to repayment made during FY2015.

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Cash Flow Statement

Net cash generated from operating activities was S\$1.7 million. This was mainly attributable to decreased in inventories of S\$19.4 million and decreased in trade and other receivables of S\$3.5 million, offset by decrease in trade and other payables of S\$16.6 million.

Net cash flows generated from investing activities for FY2015 was S\$2.5 million, mainly derived from dividends received from quoted investment.

Net cash flows used in financing activities for FY2015 was S\$6.2 million, mainly due to repayment of bank borrowings of S\$5.9 million.

The Group's cash and cash equivalents was S\$50.5 million as at 31 December 2015 in comparison to S\$52.7 million as at 31 December 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 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 business outlook for the steel industry is expected to remain tough and challenging.

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

1. The fluctuation of steel prices which are driven by global demand and supply of steel products
2. The state of Singapore economy and the growth of the construction sector
3. The political and economy of our export markets
4. The intensity of the competition in the industry
5. The fluctuations of the US dollar against Singapore dollar

The demand for steel products is expected to remain soft given the current state of global economy. The Group will seek to optimise its business operations to the challenging environment, especially on its inventory holding.

The Group will continue to explore business opportunities, locally and overseas.

11. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial year 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

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(d) Books closure date

Not applicable

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

Not applicable

13. Interested persons transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the listing manual of the Singapore Exchange Securities Trading Limited.

There was no interested person transaction with aggregate value of more than S\$100,000 during FY2015 pursuant to Rule 907 of the listing manual of the Singapore Exchange Securities Trading Limited.

14. Confirmation pursuant to Rule 720(1) of the Listing Manual

We confirm that the group has procured undertakings to comply with the Listing Manual of the Singapore Exchange Securities Trading Limited from all its directors and executive officers.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Business Segment

	Trading	Manufacturing	Eliminations	Group
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial year ended 31 Dec 2015</u>				
Revenue				
Sales to external customers	110,486	17,383	-	127,869
Inter-segment sales	13,238	1,219	(14,457)	-
Total	<u>123,724</u>	<u>18,602</u>	<u>(14,457)</u>	<u>127,869</u>
Results				
(Loss)/profit from operations	(8,969)	1,281	(820)	(8,508)
Interest expense	(239)	-	-	(239)
Interest income	42	32	-	74
Share of associates results	415	2,621	-	3,036
Segment (loss)/profit	<u>(8,751)</u>	<u>3,934</u>	<u>(820)</u>	<u>(5,637)</u>
Income tax expenses				<u>(11)</u>
Loss for the year				<u>(5,648)</u>
Other information				
Debit/(credit)				
Investment in associates	475	49,028	-	49,503
Additions to non-current assets	2,690	129	(237)	2,582
Depreciation and amortisation of assets	1,520	918	13	2,451
Recognition of deferred income	(1,429)	-	-	(1,429)
Impairment of property, plant and equipment	538	-	-	538
Write down/write off of inventories	1,953	220	-	2,173
Fair value loss from derivatives	59	-	-	59
Assets & liabilities				
Segment assets	143,763	26,937	(18,225)	152,475
Income tax recoverable				<u>61</u>
Total assets				<u>152,536</u>
Segment liabilities	46,836	8,638	(32,287)	23,187
Tax payable				<u>13</u>
Total liabilities				<u>23,200</u>

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	Trading	Manufacturing	Adjustment/ elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial year ended 31 Dec 2014</u>				
Revenue				
Sales to external customers	158,072	29,778	-	187,850
Inter-segment sales	16,105	10,656	(26,761)	-
Total	<u>174,177</u>	<u>40,434</u>	<u>(26,761)</u>	<u>187,850</u>
Results				
(Loss)/Profit from operations	(24,855)	(2,737)	6,858	(20,734)
Interest expense	(763)	(114)	26	(851)
Interest income	70	1	(26)	45
Share of associates results	(1,003)	5,609	-	4,606
Segment (loss)/profit	<u>(26,551)</u>	<u>2,759</u>	<u>6,858</u>	<u>(16,934)</u>
Income tax credit				<u>183</u>
Loss for the year				<u>(16,751)</u>
Other information				
Debit/(Credit)				
Investment in associates	60	49,428	-	49,488
Additions to non-current assets	1,315	650	-	1,965
Depreciation and amortisation of assets	1,389	1,117	-	2,506
Recognition of deferred income	(1,429)	-	-	(1,429)
Impairment of property, plant and equipment	896	763	-	1,659
Write down/write off of inventories	8,919	1,502	-	10,421
Fair value loss from derivatives	35	10	-	45
Assets & liabilities				
Segment assets	191,556	31,816	(41,591)	181,781
Income tax recoverable				135
Deferred tax assets				12
Total assets				<u>181,928</u>
Segment liabilities	88,326	16,330	(58,144)	46,512
Tax payable				13
Total liabilities				<u>46,525</u>

Non-current assets information presented above consist of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

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Geographical Segment

	Singapore S\$'000	Malaysia S\$'000	Indonesia S\$'000	Myanmar S\$'000	Others S\$'000	Group S\$'000
<u>Financial year ended 31 Dec 2015</u>						
Sales to external customers	49,190	5,270	10,895	59,504	3,010	127,869
Non-current assets	14,179	679	-	139	-	14,997
<u>Financial year ended 31 Dec 2014</u>						
Sales to external customers	115,668	31,278	25,387	10,212	5,305	187,850
Non-current assets	14,073	1,658	-	-	-	15,731

16. 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

17. A breakdown of sales as follows:

	Group		
	FY 2015	FY 2014	%
	S\$'000	S\$'000	(+/-)
<u>First Half</u>			
Sales reported for first half year	71,496	97,969	(27)
Operating profit/loss after tax before deducting non-controlling interests reported for first half year	(1,283)	(12,912)	(90)
<u>Second Half</u>			
Sales reported for remaining period	56,373	89,881	(37)
Operating profit after tax before deducting non-controlling interests reported for remaining period	(4,365)	(3,839)	14

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

Not applicable

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- 19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Not applicable

On behalf of the Board,

**Foo Sey Liang
Executive Director**

23 February 2016