



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 2014**

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 14 November 2014 in relation to the Financial Statements and Dividend Announcement for Quarter Ended 30 September 2014 (the “Announcement”).

Subsequent to the Announcement, the Company has managed to obtain the results of its associate, BRC Asia Limited, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Pursuant to Rule 705 of the Listing Manual of the SGX-ST, the Company wishes to highlight that there are revisions made in the Statement of Comprehensive Income, Balance Sheet and Cash Flows. Such revisions arose as a result of the estimation of the share of associate results in relation to BRC Asia Limited, which was different from the financial results actually announced by BRC Asia Limited. The revisions however have no impact on the Company Balance Sheet but only at the Group level.

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 2014			YTD 2014		
	Announced	Revised	(+/--%)	Announced	Revised	(+/--%)
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	40,618	40,618	nm*	138,586	138,586	nm*
Cost of sales	(37,996)	(37,996)	nm*	(130,058)	(130,058)	nm*
Gross profit	2,622	2,622	nm*	8,528	8,528	nm*
Gross margin	6.5%	6.5%		6.2%	6.2%	
Other operating income	1,760	1,760	nm*	4,174	4,174	nm*
Distribution expenses	(398)	(398)	nm*	(1,380)	(1,380)	nm*
Administrative expenses	(2,253)	(2,253)	nm*	(8,149)	(8,149)	nm*
Other operating expenses	(5,807)	(5,807)	nm*	(22,874)	(22,874)	nm*
Finance expenses	(129)	(129)	nm*	(767)	(767)	nm*
Share of associate profits	1,554	1,632	4.8	4,762	4,840	1.6
Profit/(loss) before tax	(2,651)	(2,573)	(3.0)	(15,706)	(15,628)	(0.5)
Income tax credit/(expenses)	(3)	(3)	nm*	140	140	nm*
Net profit/(loss) after tax	(2,654)	(2,576)	(3.0)	(15,566)	(15,488)	(0.5)
Other comprehensive income:						
Currency translation adjustments	(9)	(9)	nm*	8	8	nm*
Share of other comprehensive income of associates	-	10	100.0	2	12	83.3
Other comprehensive income for the period, net of tax	(9)	1	nm*	10	20	nm*
Total comprehensive income for the period	(2,663)	(2,575)	(3.4)	(15,556)	(15,468)	(0.6)
Profit/(loss) attributable to:						
Owners of the Company	(2,574)	(2,496)	(3.1)	(14,979)	(14,901)	(0.5)
Non-controlling interests	(80)	(80)	nm*	(587)	(587)	nm*
	(2,654)	(2,576)	(3.0)	(15,566)	(15,488)	(0.5)
Total comprehensive income attributable to:						
Owners of the Company	(2,586)	(2,498)	(3.5)	(14,982)	(14,894)	(0.6)
Non-controlling interests	(77)	(77)	nm*	(574)	(574)	nm*
	(2,663)	(2,575)	(3.4)	(15,556)	(15,468)	(0.6)
Earnings per ordinary share						
Basic & Diluted (cents)	(0.24)	(0.23)	(4.3)	(1.40)	(1.39)	(0.7)
* nm denotes not meaningful						

HG METAL MANUFACTURING LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	Group		
	Announced S\$'000	Revised S\$'000	(+/-%)
Non-current assets			
Property, plant and equipment	16,594	16,594	nm*
Intangible assets	85	85	nm*
Investment in subsidiaries	-	-	nm*
Investment in associates	49,748	49,836	0.2
Deferred tax assets	12	12	nm*
	66,439	66,527	0.1
Current assets			
Investment held for trading	66	66	nm*
Derivative financial instruments	-	-	nm*
Inventories	38,782	38,782	nm*
Trade and other receivables	32,754	32,754	nm*
Income tax recoverable	127	127	nm*
Prepaid expenses	704	704	nm*
Cash and cash equivalents	20,069	20,069	nm*
	92,502	92,502	nm*
Current liabilities			
Trade and other payables	13,428	13,428	nm*
Finance lease payables	56	56	nm*
Bank borrowings	6,893	6,893	nm*
Provision for taxation	57	57	nm*
Deferred income	1,429	1,429	nm*
Derivative financial instruments	2	2	nm*
	21,865	21,865	nm*
Net-current assets	70,637	70,637	nm*
Non current liabilities			
Finance lease payables	28	28	nm*
Bank borrowings	7,956	7,956	nm*
Provision for reinstatement costs	1,000	1,000	nm*
Deferred income	6,190	6,190	nm*
Deferred taxation	-	-	nm*
	15,174	15,174	nm*
	121,902	121,990	0.1
Capital and reserves			
Share capital	137,314	137,314	nm*
Treasury shares	(1,885)	(1,885)	nm*
Other reserves	1,970	1,980	0.5
Accumulated losses	(16,148)	(16,070)	(0.5)
Equity attributable to equity holders of the Company	121,251	121,339	0.1
Non-controlling interests	651	651	nm*
Total equity	121,902	121,990	0.1
Net asset value per ordinary share (cents)	11.34	11.35	0.1
* nm denotes not meaningful			

HG METAL MANUFACTURING LIMITED

CONSOLIDATED CASH FLOW STATEMENT

	Group			Group		
	3Q 2014			YTD 2014		
	Announced	Revised	(+/--%)	Announced	Revised	(+/--%)
	S\$'000	S\$'000		S\$'000	S\$'000	
Cash flows from operating activities						
Profit/(loss) before tax	(2,651)	(2,573)	(3.0)	(15,706)	(15,628)	(0.5)
Adjustments for:						
Depreciation of property, plant and equipment	596	596	nm*	1,881	1,881	nm*
Amortisation of intangible assets	10	10	nm*	32	32	nm*
Allowance/(reversal of allowance) for impairment of receivables, net	(28)	(28)	nm*	1,931	1,931	nm*
Bad debts write off	1	1	nm*	233	233	nm*
Gain on disposal of property, plant and equipment	(135)	(135)	nm*	(40)	(40)	nm*
Loss on disposal of intangible assets	69	69	nm*	69	69	nm*
Write off property, plant and equipment	-	-	nm*	53	53	nm*
Impairment provision for property, plant and equipment	3	3	nm*	1,446	1,446	nm*
Write off inventories	2	2	nm*	374	374	nm*
Impairment provision for inventories	3,451	3,451	nm*	11,588	11,588	nm*
Reversal of provision for intangible assets	(69)	(69)	nm*	-	-	nm*
Fair value gain on investment held for trading	(5)	(5)	nm*	(13)	(13)	nm*
Fair value (gain)/loss on derivatives, net	(75)	(75)	nm*	46	46	nm*
Interest expense	129	129	nm*	767	767	nm*
Interest income	(5)	(5)	nm*	(43)	(43)	nm*
Share of associates results	(1,554)	(1,632)	4.8	(4,762)	(4,840)	1.6
Recognition of deferred income	(357)	(357)	nm*	(1,071)	(1,071)	nm*
Unrealised foreign exchange difference	77	77	nm*	(478)	(478)	nm*
Operating cash flow before working capital changes	(541)	(541)	nm*	(3,693)	(3,693)	nm*
Working capital changes:						
Inventories	15,408	15,408	nm*	44,906	44,906	nm*
Trade and other receivables	6,381	6,381	nm*	15,346	15,346	nm*
Trade and other payables	(3,952)	(3,952)	nm*	(11,658)	(11,658)	nm*
Cash generated from/(used in) operations	17,296	17,296	nm*	44,901	44,901	nm*
Interest expense paid	(129)	(129)	nm*	(767)	(767)	nm*
Interest income received	5	5	nm*	43	43	nm*
Income tax paid	-	-	nm*	-	-	nm*
Net cash flows generated from/(used in) operating activities	17,172	17,172	nm*	44,177	44,177	nm*
Cash flows from investing activities						
Dividend income received from quoted investment	1,054	1,054	nm*	3,644	3,644	nm*
Increase/(decrease) in fixed deposits	-	-	nm*	-	-	nm*
Proceeds from disposal of property, plant and equipment	394	394	nm*	4,639	4,639	nm*
Proceeds from disposal of intangible assets	161	161	nm*	161	161	nm*
Purchase of property, plant and equipment	(54)	(54)	nm*	(959)	(959)	nm*
Purchase of intangible assets	(5)	(5)	nm*	(7)	(7)	nm*
Net cash flows generated from investing activities	1,550	1,550	nm*	7,478	7,478	nm*
Cash flows from financing activities						
Acquisition of non-controlling interests	(390)	(390)	nm*	(390)	(390)	nm*
Dividends paid on ordinary shares of the Company	-	-	nm*	(1,069)	(1,069)	nm*
Dividends paid to minority shareholders of a subsidiary	-	-	nm*	-	-	nm*
Proceeds from bank borrowings	2,391	2,391	nm*	38,533	38,533	nm*
Repayment of bank borrowings	(22,660)	(22,660)	nm*	(85,339)	(85,339)	nm*
Repayment of finance lease payables	(4)	(4)	nm*	(67)	(67)	nm*
Restricted cash	-	-	nm*	-	-	nm*
Amount due from shareholders of a subsidiary	(360)	(360)	nm*	604	604	nm*
Net cash flows used in financing activities	(21,023)	(21,023)	nm*	(47,728)	(47,728)	nm*
Net change in cash and cash equivalents	(2,301)	(2,301)	nm*	3,927	3,927	nm*
Effects on exchange rate changes on cash and cash equivalents	(18)	(18)	nm*	19	19	nm*
Cash and cash equivalents at beginning of the period	22,388	22,388	nm*	16,123	16,123	nm*
Cash and cash equivalents at end of period	20,069	20,069	nm*	20,069	20,069	nm*
* nm denotes not meaningful						

HG METAL MANUFACTURING LIMITED

BY ORDER OF THE BOARD

Ang Yew Lai
Executive Director

Foo Sey Liang
Executive Director

2 December 2014