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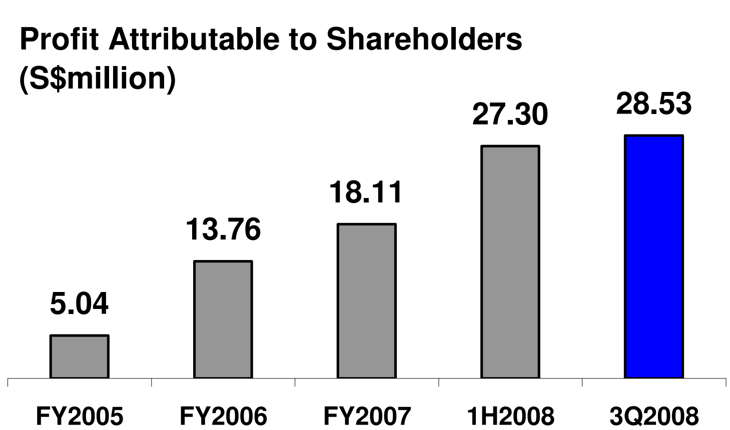
HG Metal's 3Q2008 earnings jump a whopping 277% to S$28.5 million

- Revenue for the quarter increased by 90% to S$234 million with continued high steel prices and strong demand for steel products
- Net profit attributable to shareholders for 3Q2008 is 57% more than the net profit for the entire of FY2007
- The Group is looking at merger and acquisition opportunities

Singapore, 25 July 2008 – Mainboard-listed HG Metal Manufacturing Limited ("HG Metal" or "The Group"), one of the largest steel stockists in Singapore and Southeast Asia, has registered an impressive set of results for the quarter ("3Q2008") and nine months ("9M2008") ended 30 June 2008.



Financial Review

Financial Highlights (S$ million)	3Q2008	3Q2007	Change		9M2008	9M2007	Change
Revenue	234.0	123.4	90%		533.6	337.4	58%
Gross Profit	42.7	18.9	126%		89.5	39.1	129%
Gross Profit Margin	18.3%	15.3%	-		16.8%	11.6%	-
Profit Before Tax	33.7	9.3	262%		65.9	18.8	250%
Net Profit Attributable to Shareholders	28.5	7.6	277%		55.8	15.2	267%
Net Profit Margin	12.2%	6.2%	-		10.5%	4.5%	-
Basic EPS (Singapore cents)	6.72	2.34	NA		13.15	4.71	NA

"It gives us a sense of pride in announcing this set of results as we moved beyond our target of achieving annual sales revenue of S$500 million well before the end of the targeted period. The demand for steel products both domestically and globally is staying strong and we would position ourselves accordingly to reap maximum benefits from this opportune situation."

Mr Wee Piew, CEO of HG Metal

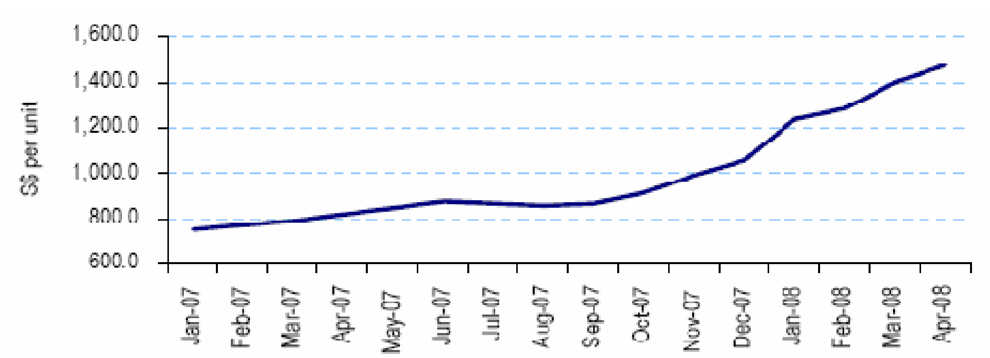
HG Metal's gross profit increased by 126% from S$18.9 million in 3Q2007 to S$42.7 million in 3Q2008, against a 90% increase in turnover to S$234 million for the same period. The higher turnover is a direct outcome of higher steel prices and robust demand for steel products from both the construction and the shipbuilding and ship repair sectors. Following the strong demand for steel products, the Group expanded its warehousing capacity last year and is keeping a relatively high level of inventory. At the end of 3Q2008, the inventories were at S$220.9 million. Stocking more with rising steel prices helped the Group's gross profit margin to improve from 15.3% in 3Q2007 to 18.3% in 3Q2008.

The operating expenses[1] were kept under control with an increase of only 5% from S$8.4 million in 3Q2007 to S$8.8million in 3Q2008, in line with the increase in turnover. This helped the net profit attributable to shareholders jump 277% from S$7.6 million in 3Q2007 to S$28.5 million in 3Q2008 and the net profit margin to double from 6.2% to 12.2% in the same period.

As at 30 June 2008, the shareholders' equity stood at S$169.8 million with S$41.9 million of cash and cash equivalents on the balance sheet.

Industry Trend

The main boost to higher steel prices and increased demand for steel products in Singapore is coming from the robust construction and marine sectors. For the construction sector, major developments coming up include the Integrated Resorts, hotel projects, new expressways and others. Also, the government spending in this sector would remain substantially high with additional MRT lines coming up, notably the new Downtown Line for connecting the Bukit Timah area to town. For the marine sector, high demand for steel is coming from record rig and ship building order books with visibility of projects till 2011 and the regional yards operating almost at full capacity.



Steel Prices, *Source: Singapore Building and Construction Authority*

Globally the cost of production for steel increased substantially pushing the steel prices higher and the trend shows no signs of slowing down. As per a recent report[2], BHP Billiton, Rio Tinto and the Chinese steelmakers settled on an annual price increase of 85-96% for iron ores from Australia. Moreover, there is huge demand coming from massive infrastructure projects in China, India, Brazil and other emerging nations.

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[1] Operating expenses include distribution, administrative and other operating expenses.
[2] "Marine Sector", DBS Group Research, 25 June 2008

Going Forward

Having already announced its plans for further warehousing capacity expansion in the past few months, the Group aims to keep adequate level of inventories in tandem with the strong demand in the construction and marine industries. At the same time, HG Metal is seriously considering merger and acquisition opportunities and is in the midst of discussions with specific parties.

--The End--

About HG Metal Manufacturing Limited (Bloomberg Code: HGM.SP)

HG Metal is a premier stockist and manufacturer of steel products. With more than 30 years in the steel business, HG Metal offers more than 2,000 different types of steel products of various dimensions for a wide variety of industrial and engineering applications. With their "one-stop supermarket" strategy, HG Metal is able to satisfy the needs of their customers with one visit to their extensive stockyard and manufacturing facility.

HG Metal has also differentiated itself from its peers in its strategic move to custom-manufacture steel products. HG Metal currently manufactures customized flat steel bars in a wide variety of engineering processes and mild steel lip channels commonly used as roofing support in commercial and industrial buildings. The Directors believe that HG Metal is the only steel stockist in Singapore with such manufacturing capability. This gives HG Metal a distinct competitive advantage against their competitors, as they can fulfill their customers' requirements more quickly and completely, especially for specifications that are not readily available in the market.

You may also visit the Company's website at www.hgmetal.com

Issued for and on behalf of HG Metal Manufacturing Limited

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