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HG Metal posts 25% growth in FY08 PATMI to register record earnings of S\$22.6 million

- **FY08 revenue increased 67% to a record S\$733 million with higher steel prices and strong demand for steel products**
- **Successful acquisition of BRC Asia Limited creates synergies for HG Metal's business model**

Singapore, 25 November 2008 – Mainboard-listed HG Metal Manufacturing Limited (“HG Metal” or “The Group”), one of the largest steel stockists in Singapore and Southeast Asia, is pleased to announce record earnings for the full year ended 30 September 2008 (“FY08”).

Financial Review

Financial Highlights (S\$ million)	FY08	FY07	%Change		4QFY08	4QFY07	%Change
Revenue	732.9	438.1	67		199.4	100.7	98
Gross Profit	117.2	49.9	135		27.7	10.8	156
Gross Profit Margin	16.0%	11.4%	+4.6 ppt		13.9%	10.7%	+3.2 ppt
Profit Before Tax	27.6	22.5	22		(38.3)	5.7	(777)
Net Profit Attributable to Shareholders	22.6	18.1	25		(33.3)	4.8	nm
Basic EPS * (Singapore cents)	5.31	7.58	-		(7.83)	2.01	-

**Weighted average number of shares as of 30.9.2008 is 424,711,061 shares, which included the bonus shares of 106,177,458. The weighted average number of shares as of 30.09.2007 is 239,050,834.*

“We are delighted to have produced another year of record earnings in spite of the write down of inventory to net realizable value. In FY08, steel prices fluctuated widely in a volatile economic environment. This has resulted in many casualties in the global steel industry. But HG Metal has been able to leverage on our experience to navigate our business through this storm.”

Mr Wee Piew, CEO of HG Metal

With strong demand for steel and increase in steel prices during the year, HG Metal's revenue grew 67% to S\$732.9 million in FY08, as compared to S\$438.1 million in FY07. Gross profit margin improved significantly by 4.6 ppt to 16.0% in FY08 as the Group stocked up inventory in light of the strong demand and rising prices for steel products during the year.

In line with higher sales turnover, distribution expense increased 58% to S\$8.6 million, while administrative expenses remained relatively unchanged. As a result of a sharp correction in global steel prices since September 2008, the Group recognized a S\$47.0 million write down of inventory to net realizable value.

Despite the inventory write down in 4Q08, HG Metal registered record profit attributable to equity holders of the Company of S\$22.6 million in FY08, a 25% increase from FY07. As at 30 September 2008, the shareholders' equity stood at S\$136.5 million with S\$50.0 million of cash and cash equivalents on the balance sheet.

Going Forward

Synergies with BRC

In October 2008, the Group successfully completed the takeover offer for BRC Asia Limited (BRC), the largest prefabricated steel reinforcement provider in Singapore.

“We are excited with the possibilities ahead as BRC joins our family. The Group's business model is now leaner as we are able to provide a more holistic range of products to serve our customers. Furthermore, we will be working closely with BRC in sourcing and selling of steel products to enhance our cost competitiveness.”

Mr Wee Piew, CEO of HG Metal

Industry Outlook

Global economic conditions have deteriorated sharply in the recent months. With fears of contracting demand with the economic slowdown, almost all commodities, including steel, saw a sharp correction in prices.

However, the Group is optimistic that Singapore's public infrastructure and building projects would provide a buffer in the downturn as Minister for National Development Mr Mah Bow Tan reassures in his recent speech that such government projects will be proceeding as planned.

“As we move into a challenging year ahead in 2009, we are adopting a cautious approach towards our business and strive towards a lower inventory level until market conditions turn for the better. Expansion plans for the construction of the steel pipe project in Nusayja will also be deferred until market conditions are more stable. ”

Mr Wee Piew, CEO of HG Metal

--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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