



HG METAL MANUFACTURING LIMITED

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**HG Metal doubles first-half FY2005 net profit to \$10.5 million
as revenue doubles to \$154.4 million**

- *Expects group turnover for full-year FY2005 to cross \$250 million mark for the first time ever*
- *Net profit for the full-year FY2005 to be higher than FY2004*
- *To reward shareholders, company has proposed 1 bonus warrant for every four existing ordinary shares*

(Singapore, 13 May 2005) – Mainboard-listed HG Metal Manufacturing Limited, Singapore's only steel stockist with manufacturing capability, today announced that its net profit attributable to shareholders for the first half of financial year 2005 surged by 97.6%, as compared to the same period last year, from \$5.4 million to \$10.5 million, backed by turnover growth of 97.1% to \$154.4 million, from \$78.3 million previously.

To reward shareholders, the company has proposed 1 bonus warrant for every four existing ordinary shares with an exercise price of 50 cents to be exercised within five years from the date of issue, subject to the Singapore Exchange and shareholders' approval.

Overall Highlights	1HFY2005 (ended 31 Mar 2005) \$'000	1HFY2004 (ended 30 Apr 2004) \$'000	% increase yoy
Turnover	154,400	78,344	97.1
Gross Profit	20,705	13,504	53.3
Profit before tax	13,261	7,367	80.0
Net Profit Attributable to Shareholders	10,508	5,318	97.6
Earnings per share	7.34 cents	5.38 cents	36.4

HG Metal CEO Mr Wee Piew said, "We were able to build on last year's strong performance by further expanding our market presence and customer base, from about 400 customers at the start of FY2004 to about 500 currently."

HG Metal's Trading Division continued to be the key growth driver with trading activities accounting for approximately 93% of Group turnover while the Manufacturing Division, which also turned in strong first half results, posted \$11.2 million in sales (including Group's sales), already equivalent to about 75% of the Manufacturing Division's previous FY2004 full-year total sales.

Mr Wee said, "The first half of FY2005 also saw a pick-up in demand for construction-related steel products, in addition to the continuing strong demand for plates.

"We believe the underlying demand for steel products will still be strong in the near-term despite the mild correction and the consolidation phase of the steel market. Just last month, the International Iron & Steel Institute in its report said total global consumption of finished steel products for this year to exceed 1 billion tonne for the first time," he added.

Gross profit increased by 53.3% from \$13.5 million to \$20.7 million. On a margin basis, however, gross margin reduced from 17.2% to 13.4% as steel prices became relatively more stable during the first half of FY2005. Net profit margin maintained at about 6.8% due to better cost management including distribution and administration costs and also through exchange gains from the weakening of the US dollar.

Cash and cash equivalents strengthened from \$15.4 million to \$26.3 million. Earnings per share climbed by 36.4%, from 5.38 cents to 7.34 cents, despite an increase in the number of shares as a result of the 1-for-3 bonus shares exercised in February this year.

Group's shareholders funds crossed \$50 million for the first time to stand at \$55.8 million as at 31 March 2005.

On the outlook for the second half of FY2005, Mr Wee said, "We remain cautiously optimistic about the Group's outlook for the second half of FY2005. We expect the Group turnover for the whole of FY2005 to cross the \$250 million mark for the first time ever and net profit for the full year to be higher than FY2004."

Wee Piew
Chief Executive Officer
HG Metal Manufacturing Limited
13 May 2005