

FOR IMMEDIATE RELEASE

CosmoSteel posts reduced revenue of \$38.8 million for HY2016

Summary of Financial Results for the period ended 31 March:

S\$' million	2QFY2016	2QFY2015	% Chg	1HY2016	1HY2015	% Chg
Revenue	21.6	33.2	(34.9)	38.8	59.7	(35.0)
Gross Profit	4.9	5.6	(12.6)	8.2	10.6	(22.8)
Gross Profit Margin (%)	22.4	16.7	5.7 pts	21.0	17.7	3.3 pts
Profit/(Loss) before tax	1.6	0.3	367.5	(0.3)	0.7	(134.3)
Net Profit/(Loss)	1.5	0.3	473.8	(0.4)	0.6	(160.6)
Earnings/(Loss) Per Share* (cents)	0.53	0.10	430.0	(0.12)	0.22	(154.5)

**Based on the following weighted average number of ordinary shares in issue: 290,399,997 for the period ended 31 March 2016 and 267,761,093 for the period ended 31 March 2015*

SINGAPORE – 11 May 2016 – CosmoSteel Holdings Limited (“CosmoSteel” or the “Group”), a leading supplier and distributor of piping system components to the Energy and Marine industries in Southeast Asia and other regions, today posted weakened top and bottom lines for the six months ended 31 March 2016 (“1HY2016”) due to the prolonged global energy slump.

Despite a 77.9% uptick in new orders from its Marine Sector customers amounting to \$5.8 million, overall revenue of the Group declined by 35.0% to \$38.8 million at half-time due to lower sales from its Energy Sector customers. These two sectors collectively accounted for \$35.3 million or 91.1% of CosmoSteel’s revenue for 1HY2016.

The on-going weakness in the industry, coupled with higher depreciation charges on its properties, resulted in a net loss of \$0.4 million for the Group in 1HY2016 compared to a net profit of \$0.6 million for the corresponding period last year (“1HY2015”).

Based on its latest results, the Group posted a loss per share of 0.12 Singapore cents for 1HY2016 and a net asset value (“NAV”) per share of 41.59 Singapore cents as at 31 March 2016. This compared to an earnings per share of 0.22 Singapore cents in 1HY2015 and an NAV per share of 42.23 Singapore cents as at 30 September 2015.

Outlook

Looking ahead, the Group expects the persistent volatility of the energy industry to have a continuing detrimental effect on its ability to generate sufficient revenue to cover its fixed operating costs, thereby exacerbating the possibility of an adverse financial performance in FY2016.

Said Mr Ong Chin Sum (翁青山), Chief Executive Officer of CosmoSteel, “To better manage the current economic and industry crunch, we have instituted strict cost cutting measures to trim our operating costs. Also, we have begun marketing more aggressively to non-energy segments in the region such as the Marine Sector, which yielded the recent spike in new orders from this segment for us. We will continue to do our best to ensure business sustainability but we do expect challenges ahead of us which could impact our immediate performance. That said, we remain in a healthy financial position with cash resources of \$19.8 million and a debt-to-equity ratio of 0.23 times as at 31 March 2016 (0.34 times as at 30 September 2015), putting us on firm ground to see out this crunch.”

About CosmoSteel Holdings Limited

Backed by over 30 years of stellar track record, CosmoSteel Holdings Limited, the holding company of Kim Seng Huat Hardware Pte Ltd, has a strong reputation as a supplier and distributor of piping system components to the Energy, Marine and other industries in Southeast Asia and other regions.

Headquartered in Singapore, the Group has over 411,000 sq feet of storage space across four warehouses and offers a comprehensive range of high-quality products, sourced from major international manufacturers. Over the years, CosmoSteel has forged close ties with supply chain partners, ensuring its supply chain quality and continuity. It also has a diverse base of over 400 customers including several blue-chip energy companies.



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CosmoSteel has one of the largest and most extensive inventories of steel pipes, fittings and flanges in Singapore comprising over 25,000 line items and since 2014, the Group has further expanded its product range to include electrical, structural and cable products, placing it in a strong position to meet the product requirements of its customers readily and efficiently.

The Group has regularly received recognition for best practices in corporate transparency and business operations. In 2015, it was ranked 157th out of 639 companies on the Governance and Transparency Index (GTI). It has also received numerous world-class certifications including ISO 9002:1994 in 2000; ISO 9001:2000 in 2003; ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 in 2009, bizSAFE STAR certification in 2012; and ISO 22301:2012 in 2015.

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