

COSMOSTEEL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200515540Z)
(the “**Company**”)

PROFIT GUIDANCE

The Board of Directors (the “**Board**”) of CosmoSteel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that following an ongoing review of its inventory provisioning policy, the Company intends to make certain revisions to its existing inventory provisioning policy.

The Company has reviewed its inventory provisioning policy as a result of changes in market demands for its products brought about by the weaker market conditions in the oil and gas industry in the past years, which had led to changes in the Company’s approach to its business and inventory management. In addition to the review by the Company’s auditors, the Company has further engaged an independent accounting firm to assist in the review of the intended changes to the inventory provisioning policy to ensure that the inventory provisioning policy and accounting treatment are in accordance with the applicable Financial Reporting Standards.

The changes to the inventory provisioning policy is intended to take effect and apply in respect of the Group’s financial results for the fourth quarter (“**4Q2018**”) and twelve months ended 30 September 2018 (“**FY2018**”), and based on current estimates, would result in an additional inventory provision of approximately S\$30 million, since the last financial year. Accordingly, the Group is expected to record a significant loss for 4Q2018 and FY2018.

The information contained in this announcement is based on the information currently available to the Board. Further details of the Group’s financial performance will be disclosed when the Company announces its 4Q2018 and FY2018 results on or around 28 November 2018.

In the meantime, shareholders and potential investors of the Company are advised to exercise caution when dealing with the shares of the Company. If in doubt, shareholders of the Company should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers.

BY ORDER OF THE BOARD

Ong Chin Sum
Chief Executive Officer and Executive Director
2 November 2018