



CosmoSteel Holdings Limited
(Co. Reg. No. 200515540Z)
14 Lok Yang Way, Singapore 628633
T: +65 6863 1828 • F: +65 6861 2191

FOR IMMEDIATE RELEASE

Contact Information

August Consulting

Tel: (65) 6733 8873 Fax: (65) 6733 9913

Silvia HENG – silvia@august.com.sg

CosmoSteel's FY2008 earnings surge 27.9% to S\$9.7 m on water infrastructure strategy

- *FY08 growth underpinned by new water infrastructure business*
- *Final cash dividend payout of 0.5 Singapore cent per share*

12 months ended 30 September	FY2008	FY2007	% Change
Revenue (S\$'m)	106.8	72.4	+47.5
Gross profit (S\$'m)	26.7	17.8	+49.7
Net profit (S\$'m)	9.7	7.6	+27.9

SINGAPORE – 19 November 2008 – 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, capped off a stellar financial year with record top- and bottomline performances.

For the 12 months ended 30 September 2008 (“FY2008”), the Group achieved a 27.9% surge in earnings to S\$9.7 million on the back of

revenue of S\$106.8 million. This compared to earnings and revenue of S\$7.6 million and S\$72.4 million a year ago ("FY2007").

CosmoSteel attributed its record performance in FY2008 to contributions from the Water Infrastructure industry, a new business segment which the Group has diversified into, and an expansion in inventory range to better meet customers' requirements.

Based on CosmoSteel's FY2008 results, Earnings Per Share (EPS) stood at 5.51 Singapore cents whilst Net Asset Value (NAV) per ordinary share was 24.86 Singapore cents as at 30 September 2008. Both are calculated based on the 176,200,000 weighted average ordinary shares in issue during the period.

Dividend

In view of its strong performance in FY2008, CosmoSteel is proposing a final cash dividend of S\$0.005 per share, subject to approval from shareholders.

Segment analysis:

Revenue by customer type	FY2008	FY2007	% Change
Energy	50.4	42.6	+18.2
Marine	19.6	16.3	+20.6
Water	24.0	-	Nil
Trading	5.5	7.8	-29.2
Others (incl. Manufacturing and pharmaceutical sectors)	7.2	5.7	+26.2

For its Water Infrastructure business, CosmoSteel supplies spiral welded pipes widely used in water treatment plants and other related infrastructure projects in Singapore and the region.

Commented Mr Ong Chin Sum, CosmoSteel's CEO, on the Group's strategic diversification into the water infrastructure industry, "We are seeing unprecedented growth in our water infrastructure business since we penetrated the sector in 2008. This new segment has contributed S\$24.0 million, equivalent to 22.5%, of CosmoSteel's revenue in FY2008, providing a strong and welcome addition to our marine and energy focus."

The Group also benefitted from continued robust orders from its marine and energy business during the year. Cumulatively, these two core segments achieved S\$70.0 million in revenue for FY2008, an 18.9% increase from S\$58.9 million a year ago.

Revenue by geography	FY2008	FY2007	% Change
Singapore	79.1	52.6	+50.5
Thailand	7.3	6.3	+15.5
Malaysia	1.9	1.4	+32.5
Indonesia	2.0	5.0	-60.4
Vietnam	10.5	1.0	+1,010.3%
Others	6.0	6.1	-2.9

While Singapore remained the key revenue contributor in FY2008, sales orders from Vietnam increased tenfold to S\$10.5 million, from S\$1.0 million in FY2007, due largely to new energy customers secured in this market.

Corresponding with revenue growth, gross profit of the Group rose by 49.7% to S\$26.7 million in FY2008, from S\$17.8 million a year ago. At the same time, gross profit margin enjoyed by CosmoSteel was boosted to 25.0% from 24.6% previously.

Costs also rose in tandem with CosmoSteel's revenue and business expansion. Of these, financial expenses increased 45.4% to S\$1.9 million to finance the Group's purchases of inventories and the new warehouse located at 21A Neythal Road.

Explained Mr Ong, "In the course of the year, CosmoSteel's inventories have doubled to S\$51.3 million. This is attributable to our ongoing strategy to expand our product range to promptly cater to our customers' requirements. To be noted, most of the inventory purchased are for orders on hand thereby minimising any risks we faced from the recent steel price decline. "

He added, "As a further safeguard, CosmoSteel has in place existing contracts with numerous companies and has locked in the prices of our steel products for next year."

Prospects and future plans

The financial crisis has made its impact felt in every major economy in the world, giving rise to a softening in oil prices and other commodities prices, a tight credit situation and a slowdown in economic growth on a global

scale. Set against this uncertain backdrop, CosmoSteel is arming itself to face business challenges in the coming financial year.

For a start, the Group has diversified into the water infrastructure sector and has identified this industry as one of its future growth drivers.

“Singapore’s profile as a global hydro-hub is well known with the government actively supporting the development of water treatment technologies and solutions. CosmoSteel intends to capitalise on any available opportunities and extend our reach in the water infrastructure arena by supplying our products both locally and regionally,” said Mr Ong.

Barring unforeseen circumstances, the Group is cautiously optimistic about its performance in FY2009.



CosmoSteel Holdings Limited
(Co. Reg. No. 200515540Z)
14 Lok Yang Way, Singapore 628633
T: +65 6863 1828 • F: +65 6861 2191

#

About CosmoSteel

Backed by a 24-year 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. End-users for its products are typically companies engaged in the design, engineering and/or fabrication works mainly in the Energy, Marine and other industries in Southeast Asia. CosmoSteel carries an extensive inventory of approximately 10,000 line items across its three main product categories of pipes, fittings and flanges, comprising mainly of carbon steel or stainless steel products. As part of its value-added services, it also provides machining services to customise its products according to customers' specific requirements. CosmoSteel sources its products from a wide network of manufacturers and suppliers from Europe, US and Asia including Japan and the PRC, who have a proven track record in product quality and delivery capabilities. Product quality, timeliness and reliable customer deliveries are the foundation to the success of its business. As an endorsement of its quality assurance, Kim Seng Huat was awarded ISO 9002:1994 certification for sales, supply and machining of flanges, steel fittings, tubings and pipes by Bureau Veritas Quality International ("BVQI") in 2000, which was replaced with ISO 9001:2000 certification in 2003.

- END -