
Quarterly Update Pursuant to Rule 1313 (2) of the Listing Manual

With effect from 4 March 2015, Compact Metal Industries Ltd (the "Company") was included on the Watch-List pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Exchange").

Pursuant to Rule 1313(2) of the Listing Manual which requires the Company to provide a quarterly update on its financial situation, including its future direction, or other material development that may have significant impact on its financial position, The Board of Directors (the "Board") of the Company wishes to provide the following update on the Company and its subsidiaries (the "Group").

1. Financial Update

The Group's revenue decreased by \$0.6 million from \$8.6 million in 1Q2014 compared to \$8.0 million in 1Q2015 due to lesser ongoing projects in 1Q2015. Raw materials and consumables used in projects and sales increased due to lower margins of ongoing projects. The Group recognised a gain of \$2.6 million due to realisation of foreign currency translation differences on liquidation of a subsidiary, PT Cakra. As a result, the Group reported a profit before tax of \$0.5 million in 1Q2015.

2. Future Direction

With a view of diversifying its aluminium business which has been facing strong competition, the new management of the Company recommended to the Board and the Board supported the proposed diversification to include the cement business.

On 31 March 2015, Company's shareholders approved the following during the EGM;

- (a) diversification of the core business of the Group to include the Cement business
- (b) investment in the proposed new cement plant
- (c) placement of 160,000,000 new shares in the Company
- (d) expanded use of the rights proceeds to include investments in the cement business

The diversification can expand the Company's revenue base and improve its growth prospect. The Company will have revenue streams from the aluminium business and the other from new Cement business on successful implementation of the cement business.

The private placement was completed on 9 April 2015, increasing the Company's general working capital by \$8 million, increased the cash and cash equivalents to approximately \$41 million, and put the Company in a stronger financial position to seize investment opportunities in the Cement business.

The Company will endeavour to meet the requirements of Rule 1314 of the SGX-ST listing rules. The new diversification is intended to put the Company onto the path of growth.

By Order of the Board

Chng Beng Hua
Chief Executive Officer

15 May 2015