
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 remains the same at \$7.3 million for the fourth quarter ending 2015 and 2014 and increased by \$1.8 million for the financial year ending FY2015 compared to last year mainly due to more ongoing projects.

For the financial year ended 2015, the Group reported a loss before tax of \$6.9 million, compared to a loss before tax of \$9.2 million in 2014. The losses were mainly due to lower margins projects which commenced during the year, as well as an unrealised exchange loss of \$4.1 million on translation of intercompany balances from our foreign currency subsidiaries due to the weakening of ringgit against Singapore dollar. The Group recognised a gain of \$2.7 million due to realisation of foreign currency translation differences on liquidation of a subsidiary, PT Cakra.

As at 31 December 2015, the Group has cash and cash equivalents of \$34.2 million and NTA \$58.8 million (6 cents per share).

2. Future Direction

With a view of diversifying its aluminium business which has been facing strong competition, the Company's shareholders had on 31 March 2015 during the EGM approved the diversification of the core business of the Group to include the Cement business.

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

During the year, the Company has incorporated two wholly owned subsidiaries, International Cement Investment Pte. Ltd and International Cement Kazakhstan Pte. Ltd. ("ICK") for diversification into the cement business.

On 7 July, Alacem LLP was incorporated with ICK holding 60% and Mr Nurzhan Shakirov holding 40% shareholding interest of it. Mr Nurzhan Shakirov is a Kazakhstan citizen, he is also the CEO of Air Kazakhstan. However, the Company is now currently in discussion with Mr Nurzhan Shakirov to acquire his 40% shareholding interest and will update shareholders on any development in due course.

Alacem LLP was formed for the purpose of constructing a cement plant in Almaty Kazakhstan and to carry out the business of production and sales of cement.

The Company has placed \$6.7 million as deposits to a contractor for the construction of plant and purchasing of equipment and machinery for Alacem LLP.

On 16 November 2015, the Company announced a proposed restructuring. This is an internal restructuring exercise to migrate the Company's shareholders interest in the capital of the Company to the capital of a newly incorporated investment holding company. The rationale for the proposed restructuring is to segregate the different businesses of the Group, to achieve ease and flexibility to acquire or divest businesses, and to protect the listed entity from the operating entities operating risks.

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

29 February 2016