

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Nico Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 5 September 2016.

The Company was placed on the watch-list pursuant to Rule 1311(2) of the Listing Manual since 5 June 2017 due to the Minimum Trading Price (the “**MTP**”) Entry Criterion. The Company had been reassessed under the revised MTP rules announced on 2 December 2016 and continued to be placed on the watch-list with effect from 5 June 2017.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide an update as follows:

- (1) The Board will continue to monitor its financial position and growth prospect of the Group, and consider various options to comply with (i) the Financial Exit Criteria pursuant to Rule 1314(1) of the Listing Manual, and (ii) the MTP Exit Criteria pursuant to Rule 1314(2) of the Listing Manual, that will best serve the interests of the Company’s shareholders.
- (2) Please refer to the unaudited financial statements of the Group for the six months ended 31 August 2018 (“**HY2019**”) announced on 15 October 2018 for a detailed update on the Group’s financial position.

Key Financial Highlights:

FYE 28 Feb (US\$’000)	HY2019	HY2018	Change	FY2018
Revenue	8,022	6,135	+ 30.8%	13,216
Gross profit	2,378	1,533	+ 55.1%	3,448
Gross profit margin	29.6%	25.0%	+ 4.6 pp	26.1%
Profit before tax	257	49	> 100%	209
Net profit ⁽¹⁾	121	1	> 100%	34

* HY denotes six months ended 31 August and FY denotes 12 months ended 28 February.

(1) Profit attributable to owners of the Company

- As at 31 August 2018, the Group had a positive operating cash flow of US\$177,000 and was in a net cash position with cash and cash equivalents of US\$4.4 million.
- Net assets value of the Group was US\$15.9 million as at 31 August 2018.

The Company is not required to announce quarterly results and it will announce its unaudited financial statements for the full year ending 28 February 2019 in April 2019. The Company’s next quarterly update pursuant to Rule 1313(2) of the Listing Manual will be announced by 30 April 2019.

Update on Future Direction and Other Material Development

The Group remains mindful of the decelerating global economic growth arising from the trade dispute between the U.S. and China, geopolitical uncertainties, fluctuations in commodity prices and currencies, and inflationary costs.

While the Group continues to manage and use its best endeavours to overcome the challenges in its business environment, it will also continue to harness its competence in innovating and offering higher value-add metal material solutions and services to meet the evolving requirements of its broad base of customers.

The contributions from the new orders announced on 15 October 2018 and 3 December 2018 are not expected to have a material impact on the Group's financials for the year ending 28 February 2019. However, these orders from global brands are testaments to the Group's competence and higher value-add proprietary metallurgical solutions.

The Board and Management are reasonably optimistic that the Group will be profitable in FY2019, barring any unforeseen circumstances. The Group will continue to promote its higher value-add metallurgical solutions and believes that the increasing adoption of innovative metal materials by global brands to improve the functionality of electronic mobile devices will further improve its financial performance going forward.

The Company will make further announcements to update shareholders as and when appropriate.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman & President

Date: 15 January 2019