

COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

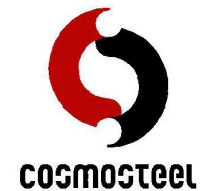
FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2010

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a)(i) A Statement of Comprehensive Income together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	<u>FY2010</u> S\$'000	<u>FY2009</u> S\$'000	<u>Increase/(Decrease)</u> %
Revenue	89,197	136,923	-34.9
Cost of sales	(67,294)	(102,603)	-34.4
Gross profit	21,903	34,320	-36.2
Financial income	40	19	110.5
Financial expense	(1,463)	(1,821)	-19.7
Distribution costs	(6,898)	(5,145)	34.1
Administrative expenses	(8,073)	(8,890)	-9.2
Other credits/ (charges)	(669)	(1,996)	-66.5
Profit before income tax	4,840	16,487	-70.6
Income tax expense	(1,573)	(2,803)	-43.9
Profit for the year	3,267	13,684	-76.1
<u>Other Comprehensive Income:</u>			
Gain/(loss) on property revaluation, net of tax	1,477	(700)	-311.0
Gain/(loss) on other assets, net of tax	(4)	(6)	-33.3
Exchange differences on translating foreign operations, net of tax	(16)	-	NM
Other Comprehensive Income for the year, net of tax	1,457	(706)	-306.4
Total Comprehensive Income for the year	4,724	12,978	-63.6

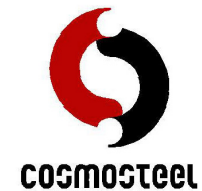
NM: Not meaningful



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1(a)(ii) The Statement of Comprehensive Income is arrived after crediting/(charging) the following:

	Group	
	<u>FY2010</u>	<u>FY2009</u>
	S\$'000	S\$'000
Bad debts (written off)/recovered	(91)	(131)
Depreciation of property, plant and equipment	(1,432)	(1,401)
Foreign exchange gain/(loss)	(1,644)	118
Gain/(loss) on disposal of plant and equipment	(2)	6
Interest on borrowings	(1,463)	(1,821)
Impairment loss on properties, plant and equipment	(176)	(750)
Reversal of allowance for slowing-moving stock	192	52
Reversal of allowance for impairment on trade receivables (allowance)	(11)	16
Reversal of stock impairment (allowance)	1,255	(1,255)
Write-off for stock obsolescence	(69)	(73)



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1(b)(i) A Statement of Financial Position together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	<u>As at</u>	<u>As at</u>	<u>As at</u>	<u>As at</u>
	30/09/10	30/09/09	30/09/10	30/09/09
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Other Receivables, Non-current	-	-	24,944	17,510
Investment in Subsidiary	-	-	20,039	18,811
Property, Plant and Equipment, Total	15,188	12,153	-	-
Other Assets	126	130	-	-
Total Non-Current Assets	15,314	12,283	44,983	36,321
<u>Current Assets</u>				
Inventories	74,047	71,250	-	-
Trade and Other Receivables, Current	21,776	25,764	5,511	3,573
Other Assets	2,280	554	27	28
Cash	16,761	24,599	1,861	15,172
Total Current Assets	114,864	122,167	7,399	18,773
Total Assets	130,178	134,450	52,382	55,094
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	42,062	42,062	42,062	42,062
Retained Earnings	30,199	28,853	5,536	4,843
Other Reserves, Total	2,827	1,561	-	-
Total Equity	75,088	72,476	47,598	46,905
<u>Non-Current Liabilities</u>				
Other Financial Liabilities, Non-current	-	-	78	107
Deferred Tax Liabilities	1,226	949	-	-
Long-Term Borrowings	7,829	10,786	2,503	3,688
Finance Leases	253	231	-	-
Total Non-Current Liabilities	9,308	11,966	2,581	3,795
<u>Current Liabilities</u>				
Income Tax Payable, Current	1,226	2,858	129	83
Trade and Other Payables, Current	5,113	8,101	826	3,106
Other Financial Liabilities, Current	670	13	63	81
Short-Term Borrowings, Current	34,223	33,148	-	-
Current Portion of Long-Term Borrowings	4,173	5,348	1,185	1,124
Current Portion of Finance Leases	377	540	-	-
Total Current Liabilities	45,782	50,008	2,203	4,394
Total Liabilities	55,090	61,974	4,784	8,189
Total Equity and Liabilities	130,178	134,450	52,382	55,094



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1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/09/10		As at 30/09/09	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
38,773	-	39,036	-

Amount repayable after one year

As at 30/09/10		As at 30/09/09	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,082	-	11,017	-

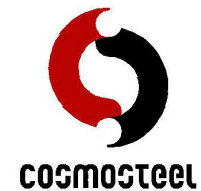
Details of any collateral

As at 30 September 2010, the Group's borrowings and debt securities consist of bills payable, bridging loans under the Local Enterprise Finance scheme, term loan and loans on the properties at 14 Lok Yang Way Singapore 628633, 21A Neythal Road Singapore 628587, 90 Second Lok Yang Road Singapore 628166 and obligations under finance leases.

The bank borrowings were secured by:

- (a) Legal mortgage on the Group's leasehold property at 14 Lok Yang Way Singapore 628633;
- (b) Legal mortgage on the Group's leasehold property at 21A Neythal Road Singapore 628587;
- (c) Legal mortgage on the Group's leasehold property at 90 Second Lok Yang Road Singapore 628166;
- (d) Corporate guarantees issued by the Company.

The obligations under finance leases are secured by the lessor's charge over the leased assets and joint and several personal guarantees of certain directors of the Group.



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1(c) **A Statement of Cash Flows statement together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	FY2010	FY2009
	S\$'000	S\$'000
Cash flows from operating activities :		
Profit before tax	4,840	16,487
Adjustments for :		
Depreciation expense	1,432	1,401
Interest income	(40)	(19)
Interest expense	1,463	1,821
(Gain)/loss on disposal of plant and equipment	2	(6)
Impairment loss on properties, plant and equipment	176	750
(Gain)/loss on translation	(16)	-
Foreign exchange forward contract (gain)/loss	657	(504)
Operating profit before working capital changes	8,514	19,930
Trade and other receivables	3,988	1,241
Other assets	(1,726)	(209)
Inventories	(2,797)	(19,914)
Bills payable	(925)	(7,097)
Trade and other payables	(2,988)	(227)
Cash generated from operations	4,066	(6,276)
Income tax paid	(3,231)	(2,249)
Net cash from/(used in) operating activities	835	(8,525)
Cash flows from investing activities :		
Purchase of property, plant and equipment	(1,204)	(279)
Disposal of property, plant and equipment	24	6
Interest received	40	19
Net cash used in investing activities	(1,140)	(254)
Cash flows from financing activities :		
Cash restricted in use over 3 months	(987)	(115)
Proceeds from issue of shares	-	16,573
(Decrease)/ increase in short-term borrowings	1,000	(82)
(Decrease)/ increase in long-term borrowings	(4,328)	11,352
Decrease in finance leases	(630)	(560)
Dividends paid	(2,112)	(881)
Interest paid	(1,463)	(1,821)
Net cash from/(used in) financing activities	(8,520)	24,466
Net (decrease)/increase in cash	(8,825)	15,687
Cash at beginning of year	24,484	8,797
Cash at end of year	15,659	24,484



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Non-cash transactions:

- (1) Additions to property, plant and equipment during the year amounting to S\$489,050 (2009: S\$82,000) were financed by new finance leases.
- (2) During the year, there was an acquisition of property with a total cost of \$1,197,000 (2009: Nil) acquired by means of bank loan.

(3)	<u>FY2010</u> S\$'000	<u>FY2009</u> S\$'000
Cash	16,761	24,599
Cash restricted in use over 3 months	(1,102)	(115)
Cash and cash equivalents for cash flow statement purposes at end of year	15,659	24,484

1(d)(i) A statement (for the issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>Revaluation Reserve</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
Balance at 1 October 2008	25,489	2,776	15,541	43,806
Issue of Shares	17,290	-	-	17,290
Share Issue Expenses	(717)	-	-	(717)
Dividends paid	-	-	(881)	(881)
Total Comprehensive Income for the Year	-	(706)	13,684	12,978
Transfer to Retained Earnings of Difference Between Depreciation on Carrying Revalued Amount and Depreciation Based on Original Cost	-	(509)	509	-
Balance at 30 September 2009	42,062	1,561	28,853	72,476

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>Revaluation Reserve</u> S\$'000	<u>Translation Reserve</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
Balance at 1 October 2009	42,062	1,561	-	28,853	72,476
Dividends paid	-	-	-	(2,112)	(2,112)
Total Comprehensive Income for the Year	-	1,473	(16)	3,267	4,724
Transfer to Retained Earnings of Difference Between Depreciation on Carrying Revalued Amount and Depreciation Based on Original Cost	-	(191)	-	191	-
Balance at 30 September 2010	42,062	2,843	(16)	30,199	75,088



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1(d)(i) A statement (for the issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

<u>Company</u>	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
Balance 1 October 2008	25,489	2,690	28,179
Issue of Shares	17,290	-	17,290
Share Issue Expenses	(717)	-	(717)
Dividends paid	-	(881)	3,034
Total Comprehensive Income for the Year	-	3,034	(881)
Balance at 30 September 2009	42,062	4,843	46,905
Balance 1 October 2009	42,062	4,843	46,905
Dividends paid	-	(2,112)	(2,112)
Total Comprehensive Income for the Year	-	2,805	2,805
Balance at 30 September 2010	42,062	5,536	47,598

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 5 March 2010, 52,799,997 new ordinary shares were issued at nil consideration pursuant to a bonus share issue.

There were no outstanding options or convertibles as at 30 September 2009 and 30 September 2010.

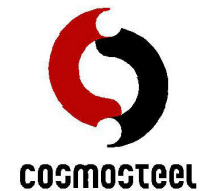
1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30/09/10	As at 30/09/09
263,999,997	211,200,000

The Company did not have any treasury shares at the end of the current financial period and as at the end of the immediately preceding year.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.



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- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures in respect of the financial year ended 30 September 2010 have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the audited financial statements for the financial year ended 30 September 2009.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

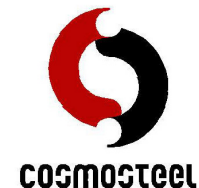
Save as disclosed in paragraph 4 above, there were no changes in the accounting policies and methods of computation.

- 6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	FY2010	FY2009
Earnings per ordinary share of the Group (in cents):		
(a) Based on weighted average number of ordinary shares in issue	1.24	5.97
(b) On a fully diluted basis	1.24	5.97
Weighted average number of ordinary shares in issue	263,999,997	229,287,668

The basic and fully diluted earnings per ordinary share for the periods ended 30 September 2009 and 2010 are calculated based on the number of ordinary shares after the issuance of the bonus shares on 5 March 2010.

The fully diluted earnings per ordinary share is the same as the earnings per ordinary share as there were no options granted or outstanding during the financial year.



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7. **Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:**
- (a) **current financial period reported on; and**
 - (b) **immediately preceding financial year.**

	Group		Company	
	As at 30/09/10	As at 30/09/09	As at 30/09/10	As at 30/09/09
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	28.44	27.45	18.03	17.77
Number of ordinary shares in issue	263,999,997	263,999,997	263,999,997	263,999,997

The number of ordinary shares in issue for FY2009 is restated to factor in the bonus share issue.

The net asset value per share of the Group and the Company as at 30 September 2010 and 30 September 2009 are calculated based on the number of ordinary shares in issue as at year end and factoring in the bonus share issue on 5 March 2010.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

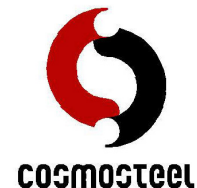
Statement of Comprehensive Income

Revenue decreased by \$47.7 million or 34.9%, from \$136.9 million in FY2009 to \$89.2 million in FY2010. The decrease in revenue was attributable to significantly lower demand from our existing customers.

Gross profit has decreased by \$12.4 million from \$34.3 million in FY2009 to \$21.9 million in FY2010 in tandem with the reduction in revenue. Gross profit margin has decreased marginally by 0.5% from 25.1% in FY2009 to 24.6% in FY2010.

Financial income has increased slightly by \$21 thousand from \$19 thousand in FY2009 to \$40 thousand in FY2010. On the other hand, financial expenses have decreased by \$0.3 million or 19.7% from \$1.8 million in FY2009 to \$1.5 million in FY2010. The decrease in financial expenses was mainly due to a decrease in financing costs associated with purchases of inventory that has correspondingly seen a reduction in line with the decrease in revenue.

Distribution cost has increased by \$1.8 million or 34.1% from \$5.1 million in FY2009 to \$6.9 million in FY2010. The increase was mainly due to freight outward and handling charges incurred due to customers' requirements and the costs are included in the sales price. Warehouse rental charges and marketing expenditure have also contributed to the increase in distribution cost. Other expenditure such as manpower costs and vehicles upkeep is relatively unchanged despite a reduction in revenue as these are fixed overheads.



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Administrative expenses decreased by \$0.8 million or 9.2% from S\$8.9 million in FY2009 to S\$8.1 million in FY2010. The decrease resulted primarily from lower provision in tandem with the reduction in profits in the current period.

Other charges decreased by 66.5% from \$2.0 million in FY2009 to \$0.7 million in FY2010 mainly due to a reversal of inventory impairment that was recognised in FY2009.

Our profit before income tax has decreased by \$11.7 million or 70.6% from \$16.5 million in FY2009 to \$4.8 million in FY2010 due to a significant reduction in revenue and incurrence of mostly fixed overheads.

Statement of Financial Position

Non-current assets increased by \$3.0 million or 24.7% from \$12.3 million in FY2009 to \$15.3 million in FY2010 from the purchase of a new warehouse at \$1.7 million and revaluation of existing properties.

Current assets decreased by \$7.3 million or 6.0% from \$122.2 million in FY2009 to \$114.9 million in FY2010 mainly from a decrease in cash from \$24.6 million in FY2009 to \$16.8 million in FY2010. The decrease in cash resulted from repayment of long-term loans, dividends and interest payments.

Non-current liabilities have decreased by \$2.7 million or 22.2% from \$12.0 million in FY2009 to \$9.3 million in FY2010 from repayment of long term loans.

Similarly, current liabilities have decreased by \$4.2 million or 8.5% from \$50.0 million in FY2009 to \$45.8 million in FY2010 from reduction in trade and other payables as well as payments of current tax payable.

Statement of Cash Flows

Cash from operating activities has increased by \$9.3 million from a deficit of \$8.5 million in FY2009 to a surplus of \$0.8 million in FY2010. The increase was attributable to reduction in inventory purchases and bills payable in FY2010 as compared to FY2009.

Cash disbursed for investing activities increased by \$0.8 million from \$0.3 million in FY2009 to \$1.1 million in FY2010 for capital expenditure.

Cash disbursed for financing activities amounted to \$8.5 million in FY2010 as compared to an inflow of \$24.5 million in FY2009 for repayment of long-term loans, dividends and interest payments.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group is cautiously optimistic about its FY2011 performance as it expects to continue to face challenges in its business despite signs of improving prospects in Singapore and Asia.



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11. Dividend

(a) Current Financial Period Reported On

The Board of Directors has proposed a final dividend which is tax exempt in respect of the financial year ended 30 September 2010 as stated below:

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	\$0.005

The dividend amount per share is computed based on 263,999,997 ordinary shares in issue and the dividends are not taxable in the hands of shareholders.

(b) Corresponding Period of the Immediately Preceding Financial Year

A dividend of \$0.01 per share was declared by the Company for the corresponding period of the immediately preceding financial year.

(c) Date payable

To be advised.

(d) Books closure date

To be advised.

12. If no dividend has been declared/recommended, a statement to that effect.

See paragraph above.



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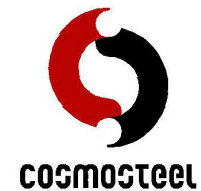
PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer’s most recently audited annual financial statement, with comparative information for the immediately preceding year.**

By Customer Types

Financial year ended 30 September 2010

	<u>Energy</u> S\$'000	<u>Marine</u> S\$'000	<u>Trading</u> S\$'000	<u>Water</u> S\$'000	<u>Others</u> S\$'000	<u>Consolidated</u> S\$'000
REVENUE						
Total Revenue	63,635	10,089	13,694	1,053	726	89,197
Segment Results	15,626	2,477	3,363	259	178	21,903
Unallocated corporate expenses						(14,971)
Financial Income						40
Financial Expense						(1,463)
Other Charges						(669)
Profit before income tax						4,840
Income Tax Expense						(1,573)
Profit for the year						3,267
Balance Sheet						
As at 30 September 2010						
ASSETS						
Unallocated corporate assets						130,178
LIABILITIES						
Unallocated corporate liabilities						55,090



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By Customer Types

Financial year ended 30 September 2009

	<u>Energy</u> S\$'000	<u>Marine</u> S\$'000	<u>Trading</u> S\$'000	<u>Water</u> S\$'000	<u>Others</u> S\$'000	<u>Consolidated</u> S\$'000
REVENUE						
Total Revenue	103,088	15,484	4,552	10,173	3,626	136,923
Segment Results	25,870	3,882	1,139	2,550	879	34,320
Unallocated corporate expenses						(14,035)
Financial Income						19
Financial Expense						(1,821)
Other Charges						(1,996)
Profit before income tax						16,487
Income Tax Expense						(2,803)
Profit for the year						13,684
Balance Sheet						
As at 30 September 2009						
ASSETS						
Unallocated corporate assets						134,450
LIABILITIES						
Unallocated corporate liabilities						61,974

Others include customers in other industries such as manufacturing and pharmaceutical sectors.



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By Geographical Segments

Sales revenue by geographical market
Financial year ended 30 September

	FY2010	FY2009
	S\$'000	S\$'000
Singapore	49,806	63,454
Middle East	5,656	29,699
Europe	1,355	19,772
Brunei	7,608	13,133
Others	7,153	5,410
Vietnam	12,754	2,073
Indonesia	2,523	1,685
Malaysia	1,944	1,045
Thailand	398	652
	89,197	136,923

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

15. A breakdown of sales.

	FY2010	FY2009	Increase/(Decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	40,045	85,888	(53.4)
(b) Operating profit/loss after tax before deducting minority interest reported for first half year	1,027	9,349	(89.0)
(c) Sales reported for second half year	49,152	51,035	(3.7)
(d) Operating profit/loss after tax before deducting minority interest reported for second half year	2,240	4,335	(48.3)



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16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous year.

	FY2010 \$'000	FY2009 \$'000
Ordinary	1,320	2,112

By order of the Board

A handwritten signature in blue ink, appearing to read "Ong Chin Sum", written over a horizontal line.

Ong Chin Sum
Chief Executive Officer

A handwritten signature in black ink, appearing to read "Ong Tong Hai", written over a horizontal line.

Ong Tong Hai
Director

29 November 2010