

COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF-YEAR RESULTS

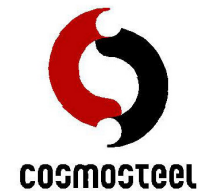
1(a)(i) A consolidated statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	2QFY2012	2QFY2011	%	1HY2012	1HY2011	%
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
Revenue	47,517	49,376	-3.8	86,826	68,298	27.1
Cost of sales	(37,420)	(40,548)	-7.7	(67,243)	(55,069)	22.1
Gross profit	10,097	8,828	14.4	19,583	13,229	48.0
Financial income	7	3	133.3	15	5	200.0
Financial expense	(344)	(331)	3.9	(689)	(695)	-0.9
Distribution costs	(2,397)	(2,362)	1.5	(4,551)	(4,218)	7.9
Administrative expenses	(3,034)	(2,560)	18.5	(5,416)	(4,335)	24.9
Other credits/ (charges)	860	(108)	-896.3	690	(46)	-1600.0
Profit before income tax	5,189	3,470	49.5	9,632	3,940	144.5
Income tax expense	(916)	(590)	55.3	(1,650)	(670)	146.3
Profit for the period	4,273	2,880	48.4	7,982	3,270	144.1
Other Comprehensive Income:						
Exchange differences on translating foreign operations, net of tax	(4)	12	NM	(6)	-	NM
Total Comprehensive Income for the period, net of tax	4,269	2,892	47.6	7,976	3,270	143.9

NM: Not meaningful

1(a)(ii) The consolidated statement of comprehensive income is arrived after crediting / (charging) the following:

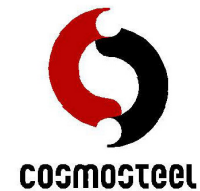
	Group			
	2QFY2012	2QFY2011	1HY2012	1HY2011
	S\$'000	S\$'000	S\$'000	S\$'000
Reversal/(Allowance) for impairment on trade receivables	81	(277)	(43)	(286)
Reversal/(Allowance) for slow-moving stock	(118)	(81)	(625)	(224)
Bad debts (written off)/recovered	(179)	2	(134)	83
Depreciation of property, plant and equipment	(499)	(394)	(993)	(786)
Foreign exchange gain	812	167	724	157
Interest on borrowings	(344)	(331)	(689)	(695)
(Write-off)/Reversal for stock obsolescence	(54)	18	56	10



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1(b)(i) Statements 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>31/03/12</u> S\$'000	<u>As at</u> <u>30/09/11</u> S\$'000	<u>As at</u> <u>31/03/12</u> S\$'000	<u>As at</u> <u>30/09/11</u> S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Investment in Subsidiaries	-	-	46,828	46,828
Property, Plant and Equipment, Total	17,968	18,831	-	-
Other Assets	276	130	-	-
Total Non-Current Assets	18,244	18,961	46,828	46,828
<u>Current Assets</u>				
Inventories	107,355	86,611	-	-
Trade and Other Receivables, Current	48,636	28,856	1,245	3,778
Other Assets	474	594	40	28
Cash and Cash Equivalents	19,451	18,484	907	487
Total Current Assets	175,916	134,545	2,192	4,293
Total Assets	194,160	153,506	49,020	51,121
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share Capital	42,062	42,062	42,062	42,062
Retained Earnings	39,845	34,503	5,467	7,739
Other Reserves, Total	6,735	6,741	-	-
Total Equity	88,642	83,306	47,529	49,801
<u>Non-Current Liabilities</u>				
Other Financial Liabilities, Non-current	-	-	47	77
Deferred Tax Liabilities	2,035	2,035	-	-
Long-Term Borrowings	4,025	5,376	-	-
Finance Leases	89	142	-	-
Total Non-Current Liabilities	6,149	7,553	47	77
<u>Current Liabilities</u>				
Income Tax Payable, Current	2,471	1,662	85	110
Trade and Other Payables, Current	38,149	15,061	1,287	1,043
Other Financial Liabilities, Current	219	286	72	90
Short-Term Borrowings, Current	53,307	39,691	-	-
Current Portion of Long-Term Borrowings	5,090	5,780	-	-
Current Portion of Finance Leases	133	167	-	-
Total Current Liabilities	99,369	62,647	1,444	1,243
Total Liabilities	105,518	70,200	1,491	1,320
Total Equity and Liabilities	194,160	153,506	49,020	51,121



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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 31/03/12		As at 30/09/11	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
58,530	-	45,638	-

Amount repayable after one year

As at 31/03/12		As at 30/09/11	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,114	-	5,518	-

Details of any collateral

As at 31 March 2012, the Group's borrowings and debt securities consist of bills payable, term loans and loans for the properties at 14 Lok Yang Way Singapore 628633, 21A Neythal Road Singapore 628587, 90 Second Lok Yang Road Singapore 628166, loan for spiral welded pipe mill line and obligations under finance leases.

The 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) First fixed charge on the Group's spiral welded pipe mill line;

and covered by corporate guarantees issued by the Company.

The obligations under finance leases are secured by the lessor's charge over the leased assets.

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1(c) **A consolidated statement of cash flows together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			
	2QFY2012	2QFY2011	1HY2012	1HY2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities :				
Profit before tax	5,189	3,470	9,632	3,940
Adjustments for :				
Depreciation expense	499	394	993	786
Interest income	(7)	(3)	(15)	(5)
Interest expense	344	331	689	695
Foreign exchange adjustment gain	(35)	(112)	(73)	(402)
Operating profit before working capital changes	5,990	4,092	11,226	5,014
Trade and other receivables	(8,874)	(23,883)	(19,780)	(19,903)
Other assets	1,701	387	(26)	590
Inventories	(11,572)	3,778	(20,744)	(7,649)
Bills payable	8,146	11,948	15,616	16,187
Trade and other payables	14,972	8,250	23,088	8,487
Cash from operations	10,363	4,572	9,380	2,726
Income tax paid	(516)	(366)	(841)	(532)
Net cash from operating activities	9,847	4,206	8,539	2,194
Cash flows from investing activities :				
Purchase of property, plant and equipment	(71)	(66)	(130)	(71)
Interest received	7	3	15	5
Net cash used in investing activities	(64)	(63)	(115)	(66)
Cash flows from financing activities :				
Cash restricted in use over 3 months	86	(279)	(50)	(201)
Increase in new long-term borrowings	-	3,049	-	5,549
Short-term borrowings repayments	(1,000)	-	(2,000)	-
Long-term borrowings repayments	(1,023)	(4,142)	(2,041)	(7,350)
Decrease in finance leases	(42)	(118)	(87)	(267)
Dividends paid	(2,640)	(1,320)	(2,640)	(1,320)
Interest paid	(344)	(331)	(689)	(695)
Net cash used in financing activities	(4,963)	(3,141)	(7,507)	(4,284)
Net increase/(decrease) in cash and cash equivalents				
	4,820	1,002	917	(2,156)
Cash and Cash Equivalents, Statement of Cash Flows at beginning of financial period	13,295	12,501	17,198	15,659
Cash and Cash Equivalents, Statement of Cash Flows at end of financial period	18,115	13,503	18,115	13,503

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Non-cash transactions:

	<u>2QFY2012</u>	<u>2QFY2011</u>	<u>1HY2012</u>	<u>1HY2011</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash and Cash Equivalents	19,451	14,806	19,451	14,806
Cash restricted in use over 3 months	(1,336)	(1,303)	(1,336)	(1,303)
Cash and cash equivalents for cash flow statement purposes at end of financial period	18,115	13,503	18,115	13,503

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> <u>S\$'000</u>	<u>Currency Translation Reserve</u> <u>S\$'000</u>	<u>Revaluation Reserve</u> <u>S\$'000</u>	<u>Retained Earnings</u> <u>S\$'000</u>	<u>Total Equity</u> <u>S\$'000</u>
Balance at 1 October 2010	42,062	(16)	2,843	30,199	75,088
Dividends paid	-	-	-	(1,320)	(1,320)
Total Comprehensive Income for 1HY2011	-	-	-	3,270	3,270
Balance at 31 March 2011	42,062	(16)	2,843	32,149	77,038
Balance at 1 October 2011	42,062	(30)	6,771	34,503	83,306
Dividends paid	-	-	-	(2,640)	(2,640)
Total Comprehensive Income for 1HY2012	-	(6)	-	7,982	7,976
Balance at 31 March 2012	42,062	(36)	6,771	39,845	88,642

<u>Company</u>	<u>Share Capital</u> <u>S\$'000</u>	<u>Retained Earnings</u> <u>S\$'000</u>	<u>Total Equity</u> <u>S\$'000</u>
Balance at 1 October 2010	42,062	5,536	47,598
Dividends paid	-	(1,320)	(1,320)
Total Comprehensive Income for 1HY2011	-	791	791
Balance at 31 March 2011	42,062	5,007	47,069
Balance at 1 October 2011	42,062	7,739	49,801
Dividends paid	-	(2,640)	(2,640)
Total Comprehensive Income for 1HY2012	-	368	368
Balance at 31 March 2012	42,062	5,467	47,529



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- 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.**

There were no changes in the company's share capital since 30 September 2011. There were no outstanding convertibles and treasury shares as at 31 March 2011 and 31 March 2012.

- 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 31/03/12	As at 30/09/11
263,999,997	263,999,997

- 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.**

The company does not have treasury shares.

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

The figures 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 period as compared with the audited financial statements for the financial year ended 30 September 2011.

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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.

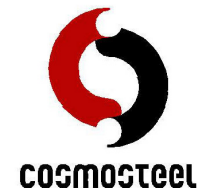
	Group			
	2QFY2012	2QFY2011	1HY2012	1HY2011
Earnings per ordinary share of the Company (in cents):				
(a) Based on weighted average number of ordinary shares in issue	1.62	1.09	3.02	1.24
(b) On a fully diluted basis	1.62	1.09	3.02	1.24
Weighted average number of ordinary shares in issue	263,999,997	263,999,997	263,999,997	263,999,997

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

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
- current financial period reported on; and
 - immediately preceding financial year.

	Group		Company	
	As at 31/03/12	As at 30/09/11	As at 31/03/12	As at 30/09/11
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	33.58	31.56	18.00	18.86
Number of ordinary shares in issue	263,999,997	263,999,997	263,999,997	263,999,997

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:
- 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
 - any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.



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Statement of Comprehensive Income

Revenue decreased marginally by \$1.9 million or 3.8%, from \$49.4 million in 2QFY2011 to \$47.5 million in 2QFY2012. However, year on year, revenue has increased by \$18.5 million or 27.1% from \$68.3 million in 1HY2011 to \$86.8 million in 1HY2012. The increase is mainly contributed by the Energy Sector which generated incremental revenue of \$17.2 million or 30.0% from \$57.3 million in 1HY2011 to \$74.5 million in 1HY2012.

Gross profit has increased by \$1.3 million from \$8.8 million in 2QFY2011 to \$10.1 million in 2QFY2012 despite the marginal decrease in revenue as aforementioned. Gross profit margin has increased by 3.4 percentage points from 17.9% in 2QFY2011 to 21.3% in 2QFY2012. Year on year, gross profit has increased by \$6.4 million from \$13.2 million in 1HY2011 to \$19.6 million in 1HY2012 while gross profit margin improved by 3.2 percentage points from 19.4% in 1HY2011 to 22.6% in 1HY2012.

Financial income increased by \$4 thousand from higher interest earned and financial expense has also increased marginally by \$13 thousand or 3.9% from \$331 thousand in 2QFY2011 to \$344 thousand in 2QFY2012. Similarly, year on year, financial income has increased by \$10 thousand from higher interest earned. However, financial expense has decreased by \$6 thousand or 0.9% from \$695 thousand in 1HY2011 to \$689 thousand in 1HY2012.

Distribution cost remains relatively stable at \$2.4 million in 2QFY2012 as in 2QFY2011. However, year on year, distribution costs have increased by \$0.4 million or 7.9% from \$4.2 million in 1HY2011 to \$4.6 million in 1HY2012. The increase was due to the corresponding increase in freight outward and handling costs from the increase in year on year revenue as well as higher manpower costs from an enlarged workforce.

On the other hand, administrative expenses have increased by \$0.4 million or 18.5% from \$2.6 million in 2QFY2011 to \$3.0 million in 2QFY2012 which resulted primarily from an increase in the provision of remuneration payable to directors, pursuant to the profit sharing arrangements under their service agreements. The same reason accounted for the year on year increase of \$1.1 million from \$4.3 million in 1HY2011 to \$5.4 million in 1HY2012.

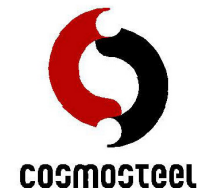
Other credits/(charges) have decreased by nearly \$1.0 million or 896.3% from an outgoing of \$108 thousand in 2QFY2011 to an inflow of \$0.9 million in 2QFY2012. The decrease was due to realised foreign exchange gains as well as a lower provision for doubtful debts.

Our profit before income tax has increased by \$1.7 million or 49.5% from \$3.5 million in 2QFY011 to \$5.2 million in 2QFY2012 due to aforementioned. On a year on year basis, profit before income tax has increased by \$5.7 million or 144.5% from \$3.9 million in 1HY2011 to \$9.6 million in 1HY2012.

Statement of Financial Position

Non-current assets decreased by \$0.8 million or 3.8% from \$19.0 million in September 2011 to \$18.2 million in 1HY2012 from depreciation charged and minimal capital expenditure in the first six months of the current financial year.

Current assets increased by \$41.4 million or 30.8% from \$134.5 million in September 2011 to \$175.9 million in 1HY2012. This increase was contributed by both inventories and trade and other receivables. Inventories have increased by \$20.8 million, of which \$10.8 million are goods in transit, or 24.0% from \$86.6 million in September 2011 to \$107.4 million in 1HY2012 to meet the obligations of on-going orders as well as the requirements of forthcoming orders. Similarly, trade and other receivables have increased by \$19.7 million or 68.5% from \$28.9 million in September 2011 to \$48.6 million in 1HY2012 from the increase in sales revenue.



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Non-current liabilities have decreased by \$1.5 million or 18.6% from \$7.6 million in September 2011 to \$6.1 million in 1HY2012 from repayment of long term loans.

Conversely, current liabilities increased by \$36.8 million or 58.6% from \$62.6 million in September 2011 to \$99.4 million in 1HY2012 from an increase in short-term borrowings and trade and other payables, to finance purchases of inventories for both existing as well as for forthcoming sales orders as aforesaid. Short-term borrowings have increased by \$13.6 million or 34.3% from \$39.7 million in September 2011 to \$53.3 million in 1HY2012. Trade and other payables have increased by \$23.0 million or 153.3% from \$15.1 million in September 2011 to \$38.1 million in 1HY2012 from increased purchases bought on credit.

Statement of Cash Flows

Cash from operating activities had increased by \$5.6 million from \$4.2 million in 2QFY2011 to \$9.8 million in 2QFY2012. The increase was mainly attributable to receipts of payments from customers. On a year on year basis, cash used for operating activities had increased by \$6.3 million from \$2.2 million in 1HY2011 to \$8.5 million in 1HY2012.

Quarter on quarter, cash used in investing activities remains relatively stable. However, cash disbursed on a year on year basis had increased marginally by \$49 thousand from \$66 thousand in 1HY2011 to \$115 thousand in 1HY2012 from capital expenditure.

Similarly, cash used in financing activities has increased by \$1.9 million from \$3.1 million in 2QFY2011 to \$5.0 million in 2QFY2012 from payment of dividends as well as repayments of loan. Year on year, cash used in financing activities has increased by \$3.2 million from \$4.3 million in 1HY2011 to \$7.5 million in 1HY2012.

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.

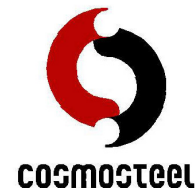
Our Group's performance for the first half of the financial year showed an improvement from the same period last year. This is due partially to the favourable business environment in the energy sector, which is an important portion of our market.

Notwithstanding the better results, Management will continue to exercise prudence and caution in carrying out the business activities of the Group. Barring unforeseen circumstances, we remain cautiously optimistic about the profitability of the Group in the current financial year.

11. Dividend

(a) Current Financial Period Reported On

No dividend is declared by the Company for the current financial period reported on.



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(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared by the Company for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended.

13. If the Group has obtained a general mandate from shareholders for IPTS, the aggregate value of such transactions as required under Rule 920(1)(a)(ii), If no IPT mandate has been obtained, a statement to that effect.

An IPT mandate is not required.

14. Confirmation by the Board of Directors

Pursuant to Rule 705 (5) of the Listing Manual, we, the undersigned, on behalf of the Board of Directors of the Company, confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for 2QFY2012 and 1HY2012 to be false or misleading in any material aspect.

By order of the Board

A blue ink signature of Ong Chin Sum, consisting of stylized, overlapping loops and lines.

Ong Chin Sum
Chief Executive Officer

A black ink signature of Ong Tong Hai, featuring a complex, scribbled pattern of lines.

Ong Tong Hai
Director

9 May 2012