

**COSMOSTEEL HOLDINGS LIMITED**  
Co. Reg. No. 200515540Z

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

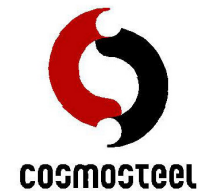
**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF-YEAR RESULTS**

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					
	3QFY2012	3QFY2011	%	1-Oct-11	1-Oct-10	%
	S\$'000	S\$'000		30-Jun-12	30-Jun-11	
Revenue	41,176	27,945	47.3	128,002	96,243	33.0
Cost of sales	(34,590)	(22,868)	51.3	(101,833)	(77,937)	30.7
Gross profit	6,586	5,077	29.7	26,169	18,306	43.0
Financial income	4	6	-33.3	19	11	72.7
Financial expense	(376)	(386)	-2.6	(1,065)	(1,081)	-1.5
Distribution costs	(2,456)	(2,280)	7.7	(7,007)	(6,498)	7.8
Administrative expenses	(2,241)	(1,935)	15.8	(7,657)	(6,270)	22.1
Other credits/ (charges)	(764)	14	-5557.1	(74)	(32)	131.3
<b>Profit before income tax</b>	753	496	51.8	10,385	4,436	134.1
Income tax expense	(161)	(85)	89.4	(1,811)	(755)	139.9
<b>Profit for the period</b>	592	411	44.0	8,574	3,681	132.9
<b>Other Comprehensive Income:</b>						
Exchange differences on translating foreign operations, net of tax	10	(15)	166.7	4	(15)	126.7
<b>Total Comprehensive Income for the period, net of tax</b>	602	396	52.0	8,578	3,666	134.0

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

	Group			
	3QFY2012	3QFY2011	1-Oct-11	1-Oct-10
	S\$'000	S\$'000	30-Jun-12	30-Jun-11
(Allowance)/Reversal for impairment on trade receivables	(820)	296	(863)	10
Allowance for slow-moving stock	(144)	(456)	(769)	(680)
Bad debts (written off)/recovered	(42)	(16)	(176)	67
Depreciation of property, plant and equipment	(519)	(460)	(1,512)	(1,246)
Foreign exchange gain/(loss)	88	(266)	812	(109)
Interest on borrowings	(376)	(386)	(1,065)	(1,081)
(Write-off)/Reversal for stock obsolescence	(13)	(10)	43	-



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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>As at</u>	<u>As at</u>	<u>As at</u>
	<u>30/06/12</u>	<u>30/09/11</u>	<u>30/06/12</u>	<u>30/09/11</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Investment in Subsidiaries	-	-	46,828	46,828
Property, Plant and Equipment, Total	17,558	18,831	-	-
Other Assets	282	130	-	-
<b>Total Non-Current Assets</b>	<b>17,840</b>	<b>18,961</b>	<b>46,828</b>	<b>46,828</b>
<b><u>Current Assets</u></b>				
Inventories	103,882	86,611	-	-
Trade and Other Receivables, Current	42,155	28,856	1,781	3,778
Other Financial Assets	1,273	-	-	-
Other Assets	475	594	44	28
Cash and Cash Equivalents	15,968	18,484	761	487
<b>Total Current Assets</b>	<b>163,753</b>	<b>134,545</b>	<b>2,586</b>	<b>4,293</b>
<b>Total Assets</b>	<b>181,593</b>	<b>153,506</b>	<b>49,414</b>	<b>51,121</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share Capital	42,062	42,062	42,062	42,062
Retained Earnings	40,437	34,503	5,652	7,739
Other Reserves, Total	6,745	6,741	-	-
<b>Total Equity</b>	<b>89,244</b>	<b>83,306</b>	<b>47,714</b>	<b>49,801</b>
<b><u>Non-Current Liabilities</u></b>				
Other Financial Liabilities, Non-current	-	-	26	77
Deferred Tax Liabilities	2,035	2,035	-	-
Long-Term Borrowings	2,397	5,376	-	-
Finance Leases	67	142	-	-
<b>Total Non-Current Liabilities</b>	<b>4,499</b>	<b>7,553</b>	<b>26</b>	<b>77</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable, Current	2,228	1,662	114	110
Trade and Other Payables, Current	16,810	15,061	1,513	1,043
Other Financial Liabilities, Current	243	286	47	90
Short-Term Borrowings, Current	59,848	39,691	-	-
Current Portion of Long-Term Borrowings	8,606	5,780	-	-
Current Portion of Finance Leases	115	167	-	-
<b>Total Current Liabilities</b>	<b>87,850</b>	<b>62,647</b>	<b>1,674</b>	<b>1,243</b>
<b>Total Liabilities</b>	<b>92,349</b>	<b>70,200</b>	<b>1,700</b>	<b>1,320</b>
<b>Total Equity and Liabilities</b>	<b>181,593</b>	<b>153,506</b>	<b>49,414</b>	<b>51,121</b>



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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 30/06/12		As at 30/09/11	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
68,569	-	45,638	-

**Amount repayable after one year**

As at 30/06/12		As at 30/09/11	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,464	-	5,518	-

**Details of any collateral**

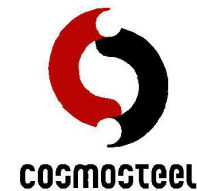
As at 30 June 2012, the Group's borrowings and debt securities consist of bills payable, term loans and loans for the properties at 14 Lok Yang Way Singapore 628633, 21A Neythal Road Singapore 628587, 90 Second Lok Yang Road Singapore 628166 and obligations under finance leases.

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;

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			
	<u>3QFY2012</u>	<u>3QFY2011</u>	<u>1-Oct-11</u>	<u>1-Oct-10</u>
	S\$'000	S\$'000	30-Jun-12 S\$'000	30-Jun-11 S\$'000
<b>Cash flows from operating activities :</b>				
Profit before tax	753	496	10,385	4,436
Adjustments for :				
Depreciation expense	519	460	1,512	1,246
Interest income	(4)	(6)	(19)	(11)
Interest expense	376	386	1,065	1,081
Gain on disposal of plant and equipment	-	(15)	-	(15)
Foreign exchange adjustment gain	34	(65)	(39)	(467)
Operating profit before working capital changes	<u>1,678</u>	<u>1,256</u>	<u>12,904</u>	<u>6,270</u>
Trade and other receivables	6,481	12,557	(13,299)	(7,346)
Other assets	(7)	5	(33)	595
Inventories	3,473	(2,991)	(17,271)	(10,640)
Bills payable	5,541	(8,451)	21,157	7,736
Trade and other payables	(21,339)	(5,953)	1,749	2,534
Cash from operations	<u>(4,173)</u>	<u>(3,577)</u>	<u>5,207</u>	<u>(851)</u>
Income tax paid	(404)	(366)	(1,245)	(898)
Net cash (used in)/from operating activities	<u>(4,577)</u>	<u>(3,943)</u>	<u>3,962</u>	<u>(1,749)</u>
<b>Cash flows from investing activities :</b>				
Purchase of property, plant and equipment	(109)	(129)	(239)	(200)
Investment in financial assets	(1,273)	-	(1,273)	-
Interest received	4	6	19	11
Net cash used in investing activities	<u>(1,378)</u>	<u>(123)</u>	<u>(1,493)</u>	<u>(189)</u>
<b>Cash flows from financing activities :</b>				
Cash restricted in use over 3 months	614	2	564	(199)
Increase in new short-term borrowings	1,000	-	1,000	-
Increase in new long-term borrowings	4,493	3,040	4,493	8,589
Short-term borrowings repayments	-	-	(2,000)	-
Long-term borrowings repayments	(2,605)	(1,072)	(4,646)	(8,422)
Decrease in finance leases	(40)	(68)	(127)	(335)
Dividends paid	-	-	(2,640)	(1,320)
Interest paid	(376)	(386)	(1,065)	(1,081)
Net cash from/(used in) financing activities	<u>3,086</u>	<u>1,516</u>	<u>(4,421)</u>	<u>(2,768)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,869)</b>	<b>(2,550)</b>	<b>(1,952)</b>	<b>(4,706)</b>
Cash and Cash Equivalents, Statement of Cash Flows at beginning of financial period	<u>18,115</u>	<u>13,503</u>	<u>17,198</u>	<u>15,659</u>
<b>Cash and Cash Equivalents, Statement of Cash Flows at end of financial period</b>	<b><u>15,246</u></b>	<b><u>10,953</u></b>	<b><u>15,246</u></b>	<b><u>10,953</u></b>

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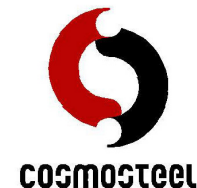
Non-cash transactions:

	<u>3QFY2012</u>	<u>3QFY2011</u>	<u>1-Oct-11</u>	<u>1-Oct-10</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>30-Jun-12</u>	<u>30-Jun-11</u>
			<u>S\$'000</u>	<u>S\$'000</u>
Cash and Cash Equivalents	15,968	12,254	15,968	12,254
Cash restricted in use over 3 months	(722)	(1,301)	(722)	(1,301)
<b>Cash and cash equivalents for cash flow statement purposes at end of financial period</b>	<b>15,246</b>	<b>10,953</b>	<b>15,246</b>	<b>10,953</b>

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>Currency Translation Reserve</u>	<u>Revaluation Reserve</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Balance at 1 October 2010</b>	42,062	(16)	2,843	30,199	75,088
Dividends paid	-	-	-	(1,320)	(1,320)
Total Comprehensive Income for 3QFY2011	-	(15)	-	3,681	3,666
<b>Balance at 30 June 2011</b>	<b>42,062</b>	<b>(31)</b>	<b>2,843</b>	<b>32,560</b>	<b>77,434</b>
<b>Balance at 1 October 2011</b>	42,062	(30)	6,771	34,503	83,306
Dividends paid	-	-	-	(2,640)	(2,640)
Total Comprehensive Income for 3QFY2012	-	4	-	8,574	8,578
<b>Balance at 30 June 2012</b>	<b>42,062</b>	<b>(26)</b>	<b>6,771</b>	<b>40,437</b>	<b>89,244</b>

<u>Company</u>	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Balance at 1 October 2010</b>	42,062	5,536	47,598
Dividends paid	-	(1,320)	(1,320)
Total Comprehensive Income for 3QFY2011	-	1,097	1,097
<b>Balance at 30 June 2011</b>	<b>42,062</b>	<b>5,313</b>	<b>47,375</b>
<b>Balance at 1 October 2011</b>	42,062	7,739	49,801
Dividends paid	-	(2,640)	(2,640)
Total Comprehensive Income for 3QFY2012	-	553	553
<b>Balance at 30 June 2012</b>	<b>42,062</b>	<b>5,652</b>	<b>47,714</b>



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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 30 June 2011 and 30 June 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.**

<b>As at 30/06/12</b>	<b>As at 30/09/11</b>
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.

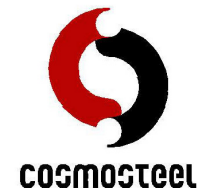
	Group			
	3QFY2012	3QFY2011	3QFY2012 TODATE	3QFY2011 TODATE
Earnings per ordinary share of the Company (in cents):				
(a) Based on weighted average number of ordinary shares in issue	0.22	0.16	3.25	1.39
(b) On a fully diluted basis	0.22	0.16	3.25	1.39
Weighted average number of ordinary shares in issue	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 30/06/12	As at 30/09/11	As at 30/06/12	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):	33.80	31.56	18.07	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 increased by \$13.3 million or 47.3% from \$27.9 million in 3QFY2011 to \$41.2 million in 3QFY2012. Similarly, year on year, revenue has increased by \$31.8 million or 33.0% from \$96.2 million in FY2011 to \$128.0 million in FY2012. The increase is mainly due to revenue generated from the existing customers in the Energy Sector which saw an increase of \$30.0 million or 38.1% from \$78.8 million in FY2011 to \$108.8 million in FY2012.

Gross profit has increased by \$1.5 million from \$5.1 million in 3QFY2011 to \$6.6 million in 3QFY2012 in tandem with the increase in revenue as aforementioned. However, gross profit margin has decreased marginally by 2.2 percentage points from 18.2% in 3QFY2011 to 16.0% in 3QFY2012. Year on year, gross profit has increased by \$7.9 million from \$18.3 million in FY2011 to \$26.2 million in FY2012 and gross profit margin improved by 1.4 percentage points from 19.0% in FY2011 to 20.4% in FY2012.

Financial income decreased by \$2 thousand and likewise, financial expense has also decreased by \$10 thousand or 2.6% from \$386 thousand in 3QFY2011 to \$376 thousand in 3QFY2012. Year on year, financial income has increased by \$8 thousand from higher interest earned while financial expense decreased by \$16 thousand or 1.5%.

Distribution cost has increased marginally by \$0.2 million or 7.7% from \$2.3 million in 3QFY2011 to \$2.5 million in 3QFY2012. Year on year, distribution costs have increased by \$0.5 million or 7.8% from \$6.5 million in FY2011 to \$7.0 million in FY2012. The increase was due to higher manpower costs from an enlarged workforce.

Administrative expenses have also increased marginally by \$0.3 million or 15.8% from \$1.9 million in 3QFY2011 to \$2.2 million in 3QFY2012 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 \$1.4 million from \$6.3 million in FY2011 to \$7.7 million in FY2012.

Other credits/(charges) have decreased by nearly \$0.8 million from a credit of \$14 thousand in 3QFY2011 to an outflow of \$0.8 million in 3QFY2012. The decrease was mainly due to a higher allowance for doubtful debts.

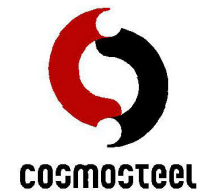
Our profit before income tax has increased by \$0.3 million or 51.8% from \$0.5 million in 3QFY011 to \$0.8 million in 3QFY2012 due to aforementioned. On a year on year basis, profit before income tax has increased by \$6.0 million or 134.1% from \$4.4 million in FY2011 to \$10.4 million in FY2012.

**Statement of Financial Position**

Non-current assets decreased by \$1.2 million or 5.9% from \$19.0 million in September 2011 to \$17.8 million in 3QFY2012 from depreciation charged and minimal capital expenditure in the first nine months of the current financial year.

Current assets increased by \$29.3 million or 21.7% from \$134.5 million in September 2011 to \$163.8 million in 3QFY2012. This increase was contributed by both inventories and trade and other receivables. Inventories have increased by \$17.3 million or 19.9% from \$86.6 million in September 2011 to \$103.9 million in 3QFY2012 to meet the obligations of on-going orders as well as the requirements of forthcoming orders. Similarly, trade and other receivables have increased by \$13.3 million or 46.1% from \$28.9 million in September 2011 to \$42.2 million in 3QFY2012 from the increase in sales revenue. To secure the issuance of bank guarantees, an investment of \$1.3 million was made in a capital-guaranteed financial asset in the aforesaid bank in 3QFY2012 in lieu of placing such amount in a non-interest bearing deposit.





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Non-current liabilities have decreased by \$3.1 million or 40.4% from \$7.6 million in September 2011 to \$4.5 million in 3QFY2012 from repayment of long term loans.

Conversely, current liabilities increased by \$25.3 million or 40.2% from \$62.6 million in September 2011 to \$87.9 million in 3QFY2012 from an increase in short-term borrowings to finance purchases of inventories for both existing as well as for forthcoming sales orders as aforesaid. Short-term borrowings have increased by \$20.1 million or 50.8% from \$39.7 million in September 2011 to \$59.8 million in 3QFY2012. The current portion of long-term borrowings has also contributed to the increase in current liabilities by \$2.8 million or 48.9% from \$5.8 million in September 2011 to \$8.6 million in 3QFY2012. An amount of \$4.1 million of the current portion of long-term borrowings resulted from a reclassification from long-term liabilities to short-term liabilities due to the callable nature of the long-term loans.

**Statement of Cash Flows**

Cash used in operating activities had increased by \$0.7 million from \$3.9 million in 3QFY2011 to \$4.6 million in 3QFY2012. The increase was mainly attributable to lesser receipts of payments from customers. On a year on year basis, there is an inflow of \$4.0 million in FY2012 as compared to an outflow of \$1.7 million in FY2011 from lesser payments made towards bills payable which are not due for payment.

Cash used in investing activities increased by \$1.3 million from \$0.1 million in 3QFY2011 to \$1.4 million in 3QFY2012 from the investment made in a capital-guaranteed financial asset as aforementioned. Year on year, cash used in investing activities other than the said investment remains relatively stable from minimal capital expenditure.

Cash from financing activities has increased by \$1.6 million from \$1.5 million in 3QFY2011 to \$3.1 million in 3QFY2012 from a drawdown of existing long-term loan facility. Year on year, cash used in financing activities has increased by \$1.6 million from \$2.8 million in FY2011 to \$4.4 million in FY2012 from repayment of loans as well as payment of dividends.

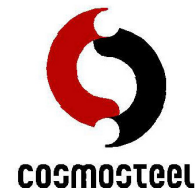
**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

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.**

For the period April-June 2012, the Group's performance had improved as compared to the same period last year, contributing to the better results for the first three quarters of the current financial year. This is mainly due to the revenue from the Energy Sector, which continues to be an important market for us.

Taking into consideration the financial results of the Group for the first three quarters of the financial year ending 30 September 2012, and barring unforeseen circumstances for the rest of the financial year, we remain cautiously optimistic about the profitability of the Group for the current financial year.



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The economic conditions in many parts of the world are still uncertain and most businesses will likely be affected in different ways. Management will maintain its vigilance and efforts in conducting the business activities of the Group.

**11. Dividend**

**(a) Current Financial Period Reported On**

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

**(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/recommendeded, a statement to that effect.**

No dividend has been declared/recommendeded.

**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 3QFY2012 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, flowing characters.

Ong Chin Sum  
Chief Executive Officer

A black ink signature of Ong Tong Hai, consisting of stylized, flowing characters.

Ong Tong Hai  
Director

8 August 2012