



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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		
	1QFY2013	1QFY2012	Increase/(Decrease)
	S\$'000	S\$'000	%
Revenue	45,307	39,309	15.3
Cost of sales	(37,903)	(29,823)	27.1
Gross profit	7,404	9,486	-21.9
Financial income	10	8	25.0
Financial expense	(348)	(345)	0.9
Distribution costs	(2,487)	(2,154)	15.5
Administrative expenses	(2,457)	(2,382)	3.1
Other credits/ (charges)	49	(170)	-128.8
Profit before income tax	2,171	4,443	-51.1
Income tax expense	(379)	(734)	-48.4
Profit for the period	1,792	3,709	-51.7
Other Comprehensive Income:			
Exchange differences on translating foreign operations, net of tax	-	(2)	-100.0
Total Comprehensive Income for the period, net of tax	1,792	3,707	-51.7

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

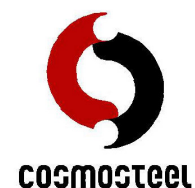
	Group	
	1QFY2013	1QFY2012
	S\$'000	S\$'000
Allowance for impairment on trade receivables	(80)	(124)
Reversal/(Allowance) for slow-moving stock	2	(507)
Bad debts recovered	29	45
Depreciation of property, plant and equipment	(523)	(494)
Foreign exchange gain/(loss)	90	(88)
Interest on borrowings	(348)	(345)
(Write-off)/Reversal for stock obsolescence	(124)	110



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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>31/12/12</u> S\$'000	<u>As at</u> <u>30/09/12</u> S\$'000	<u>As at</u> <u>31/12/12</u> S\$'000	<u>As at</u> <u>30/09/12</u> S\$'000
ASSETS				
Non-Current Assets				
Investments in Subsidiaries	-	-	46,107	46,107
Property, Plant and Equipment, Total	18,645	19,128	-	-
Other Assets	307	296	-	-
Total Non-Current Assets	18,952	19,424	46,107	46,107
Current Assets				
Inventories	110,474	110,049	-	-
Trade and Other Receivables, Current	25,835	25,625	5,668	5,041
Other Financial Assets	1,220	1,273	-	-
Other Assets	818	422	41	28
Cash and Cash Equivalents	21,537	20,076	831	1,105
Total Current Assets	159,884	157,445	6,540	6,174
Total Assets	178,836	176,869	52,647	52,281
EQUITY AND LIABILITIES				
Equity				
Share Capital	42,062	42,062	42,062	42,062
Retained Earnings	45,173	43,381	8,062	7,927
Other Reserves, Total	8,004	8,004	-	-
Total Equity	95,239	93,447	50,124	49,989
Non-Current Liabilities				
Other Financial Liabilities, Non-current	-	-	15	19
Deferred Tax Liabilities	2,287	2,287	-	-
Long-Term Borrowings	1,355	1,878	-	-
Finance Leases	26	46	-	-
Total Non-Current Liabilities	3,668	4,211	15	19
Current Liabilities				
Income Tax Payable, Current	2,465	2,602	146	118
Trade and Other Payables, Current	17,384	17,034	2,330	2,115
Other Liabilities	1,126	2,142	-	-
Other Financial Liabilities, Current	104	351	32	40
Short-Term Borrowings, Current	51,306	48,948	-	-
Current Portion of Long-Term Borrowings	7,459	8,035	-	-
Current Portion of Finance Leases	85	99	-	-
Total Current Liabilities	79,929	79,211	2,508	2,273
Total Liabilities	83,597	83,422	2,523	2,292
Total Equity and Liabilities	178,836	176,869	52,647	52,281



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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 31/12/12		As at 30/09/12	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
58,850	-	57,082	-

Amount repayable after one year

As at 31/12/12		As at 30/09/12	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,381	-	1,924	-

Details of any collateral

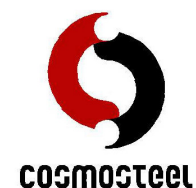
As at 31 December 2012, the Group's borrowings and debt securities consist of bills payable, term loans and loans for the properties at 14 Lok Yang Way Singapore 628633, 21A Neythal Road Singapore 628587, 90 Second Lok Yang Road Singapore 628166 and obligations under finance leases.

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>1QFY2013</u> S\$'000	<u>1QFY2012</u> S\$'000
Cash flows from operating activities :		
Profit before tax	2,171	4,443
Adjustments for :		
Depreciation expense	523	494
Interest income	(10)	(8)
Interest expense	348	345
Fair value on insurance contracts	(11)	-
Fair value on investment in financial asset	53	-
Foreign exchange adjustment gain	(247)	(38)
Operating profit before working capital changes	<u>2,827</u>	<u>5,236</u>
Trade and other receivables	(210)	(10,906)
Other assets	(396)	(1,727)
Inventories	(425)	(9,172)
Bills payable	1,358	7,470
Trade and other payables	350	8,116
Other liabilities	(1,016)	-
Cash used in operations	<u>2,488</u>	<u>(983)</u>
Income tax paid	(516)	(325)
Net cash from/(used) in operating activities	<u>1,972</u>	<u>(1,308)</u>
Cash flows from investing activities :		
Purchase of property, plant and equipment	(40)	(59)
Interest received	10	8
Net cash used in investing activities	<u>(30)</u>	<u>(51)</u>
Cash flows from financing activities :		
Cash restricted in use over 3 months	1	(135)
Increase/(decrease) in short-term borrowings	1,000	(1,000)
Decrease in long-term borrowings	(1,099)	(1,018)
Decrease in finance leases	(34)	(46)
Interest paid	(348)	(345)
Net cash used in financing activities	<u>(480)</u>	<u>(2,544)</u>
Net increase/(decrease) in cash and cash equivalents	1,462	(3,903)
Cash and Cash Equivalents, Statement of Cash Flows at beginning of financial period	<u>19,570</u>	<u>17,198</u>
Cash and Cash Equivalents, Statement of Cash Flows at end of financial period	<u>21,032</u>	<u>13,295</u>



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Non-cash transactions:

	<u>1QFY2013</u> S\$'000	<u>1QFY2012</u> S\$'000
Cash and Cash Equivalents	21,537	14,716
Cash restricted in use over 3 months	(505)	(1,421)
Cash and cash equivalents for cash flow statement purposes at end of period	<u>21,032</u>	<u>13,295</u>

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>Currency Translation Reserve</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 2011	42,062	(30)	6,771	34,503	83,306
Total Comprehensive Income for 1QFY2012	-	(2)	-	3,709	3,707
Balance at 31 December 2011	<u>42,062</u>	<u>(32)</u>	<u>6,771</u>	<u>38,212</u>	<u>87,013</u>
Balance at 1 October 2012	42,062	(24)	8,028	43,381	93,447
Total Comprehensive Income for 1QFY2013	-	-	-	1,792	1,792
Balance at 31 December 2012	<u>42,062</u>	<u>(24)</u>	<u>8,028</u>	<u>45,173</u>	<u>95,239</u>

<u>Company</u>	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
Balance at 1 October 2011	42,062	7,739	49,801
Total Comprehensive Income for 1QFY2012	-	177	177
Balance at 31 December 2011	<u>42,062</u>	<u>7,916</u>	<u>49,978</u>
Balance at 1 October 2012	42,062	7,927	49,989
Total Comprehensive Income for 1QFY2013	-	135	135
Balance at 31 December 2012	<u>42,062</u>	<u>8,062</u>	<u>50,124</u>



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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 2012. There were no outstanding convertibles and treasury shares as at 31 December 2011 and 31 December 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 31/12/12	As at 30/09/12
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 2012.



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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.

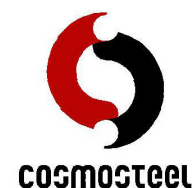
	Group	
	1QFY2013	1QFY2012
Earnings per ordinary share of the Group (in cents):		
(a) Based on weighted average number of ordinary shares in issue	0.68	1.40
(b) On a fully diluted basis	0.68	1.40
Weighted average number of ordinary shares in issue	263,999,997	263,999,997

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 31/12/2012	As at 30/09/2012	As at 31/12/2012	As at 30/09/2012
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	36.08	35.40	18.99	18.94
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 \$6.0 million or 15.3% from \$39.3 million in 1QFY2012 to \$45.3 million in 1QFY2013. The increase is mainly due to a new line-pipe project secured from an existing customer in the Energy Sector. The Energy Sector remains the main contributor to the revenue generated in the period, which saw an increase of \$6.2 million or 18.6% from \$33.6 million in 1QFY2012 to \$39.8 million in 1QFY2013.

Gross profit has decreased by \$2.1 million from \$9.5 million in 1QFY2012 to \$7.4 million in 1QFY2013 despite the increase in revenue. The decline is mainly attributable to the new line-pipe project as aforementioned. Gross profit margin decreased by 7.8 percentage points from 24.1% in 1QFY2012 to 16.3% in 1QFY2013.

Financial income increased by \$2 thousand while financial expense remains relatively stable at \$0.3 million in 1QFY2013 as in 1QFY2012.

Distribution cost has increased by \$0.3 million or 15.5% from \$2.2 million in 1QFY2012 to \$2.5 million in 1QFY2013. The increase was mainly due to an increase in freight outward and handling costs as well as marketing expenditure.

Administrative expenses have also increased, but marginally, by \$0.1 million or 3.1% from \$2.4 million in 1QFY2012 to \$2.5 million in 1QFY2013 which resulted primarily from an increase in the provision of welfare and incentives to employees of the Group.

Other credits/(charges) have decreased by nearly \$0.2 million from a outflow of \$170 thousand in 1QFY2012 to an inflow of \$49 thousand in 1QFY2013. The decrease was due to realised foreign exchange gains as well as a lower provision for doubtful debts.

Our profit before income tax has decreased by \$1.9 million or 51.7% from \$3.7 million in 1QFY012 to \$1.8 million in 1QFY2013 due to reasons as aforementioned.

Statement of Financial Position

Non-current assets decreased by \$0.4 million or 2.4% from \$19.4 million as at 30 September 2012 to \$19.0 million as at 31 December 2012 from depreciation charged and minimal capital expenditure in the first quarter of the current financial year.

Current assets increased marginally by \$2.5 million or 1.6% from \$157.4 million as at 30 September 2012 to \$159.9 million as at 31 December 2012. This increase was contributed mainly by the increase in cash and cash equivalents. Inventories and trade and other receivables remained at similar levels as at 31 December 2012 and 30 September 2012.

Non-current liabilities have decreased by \$0.5 million or 12.9% from \$4.2 million as at 30 September 2012 to \$3.7 million as at 31 December 2012 from repayment of long term loans.

Current liabilities have increased, however, only marginally by \$0.7 million or 0.9% from \$79.2 million as at 30 September 2012 to \$79.9 million as at 31 December 2012 primarily from an increase in short-term borrowings to finance purchases of inventories. Short-term borrowings have increased by \$2.4 million or 4.8% from \$48.9 million as at 30 September 2012 to \$51.3 million as at 31 December 2012.



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Statement of Cash Flows

Cash from operating activities had increased by \$3.3 million from an outflow of \$1.3 million in 1QFY2012 to an inflow of \$2.0 million in 1QFY2013. The increase was mainly attributable to more receipts of payments from customers as well as a lower level of purchases of inventories in 1QFY2013 as compared to 1QFY2012.

Cash used in investing activities decreased slightly by \$21 thousand from \$51 thousand in 1QFY2012 to \$30 thousand in 1QFY2013 due to lower capital expenditure.

Cash used in financing activities has decreased by \$2.0 million from \$2.5 million in 1QFY2012 to \$0.5 million in 1QFY2013 mainly from a drawdown of a short-term loan.

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.

Despite starting off FY2013 with an increased volume of business as compared to the same period last year, our gross profit margin has declined due to stiff competition.

We expect market conditions to remain challenging and profit margins to continue to be under pressure. In view of this, we will continue to keep up our marketing efforts as well as to pay particular attention in assessing the returns as well as the volume of revenue for future orders in striving to maintain our overall profitability in the current financial year.

The Management will remain cautious and prudent in the business activities of the Group and barring unforeseen circumstances, we expect our Group to continue to be profitable for 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.

(b) Corresponding Period of the Immediately Preceding Financial Year

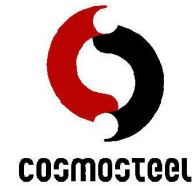
No dividend has been declared by the Company for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.



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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 1QFY2013 to be false or misleading in any material aspect.

By order of the Board

A handwritten signature in blue ink, appearing to read "ON 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

6 February 2013