



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

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					
	<u>2QFY2013</u>	<u>2QFY2012</u>	%	<u>1HY2013</u>	<u>1HY2012</u>	%
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
Revenue	43,454	47,517	-8.6	88,761	86,826	2.2
Cost of sales	(35,354)	(37,420)	-5.5	(73,257)	(67,243)	8.9
Gross profit	8,100	10,097	-19.8	15,504	19,583	-20.8
Financial income	7	7	0.0	17	15	13.3
Financial expense	(341)	(344)	-0.9	(689)	(689)	0.0
Distribution costs	(2,513)	(2,397)	4.8	(5,000)	(4,551)	9.9
Administrative expenses	(2,558)	(3,034)	-15.7	(5,015)	(5,416)	-7.4
Other credits/ (charges)	(122)	860	-114.2	(73)	690	-110.6
Profit before income tax	2,573	5,189	-50.4	4,744	9,632	-50.7
Income tax expense	(443)	(916)	-51.6	(822)	(1,650)	-50.2
Profit for the period	2,130	4,273	-50.2	3,922	7,982	-50.9

Other Comprehensive Income:

Exchange differences on translating foreign operations, net of tax	(6)	(4)	50.0	(6)	(6)	NM
Total Comprehensive Income for the period, net of tax	2,124	4,269	-50.2	3,916	7,976	-50.9

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

	Group			
	<u>2QFY2013</u>	<u>2QFY2012</u>	<u>1HY2013</u>	<u>1HY2012</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Reversal/(Allowance) for impairment on trade receivables	3	81	(77)	(43)
Allowance for slow-moving stock	(135)	(118)	(133)	(625)
Bad debts recovered/(written off)	10	(179)	39	(134)
Depreciation of property, plant and equipment	(525)	(499)	(1,048)	(993)
Foreign exchange (loss)/gain	(144)	812	(54)	724
Interest on borrowings	(341)	(344)	(689)	(689)
(Write-off)/Reversal for stock obsolescence	(21)	(54)	(145)	56



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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	
	As at	As at	As at	As at
	31/03/13	30/09/12	31/03/13	30/09/12
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Investments in Subsidiaries	-	-	46,107	46,107
Property, Plant and Equipment, Total	18,153	19,128	-	-
Other Assets	318	296	-	-
Total Non-Current Assets	18,471	19,424	46,107	46,107
Current Assets				
Inventories	109,649	110,049	-	-
Trade and Other Receivables, Current	39,318	25,625	1,283	5,041
Other Financial Assets	1,250	1,273	-	-
Other Assets	784	422	52	28
Cash and Cash Equivalents	19,899	20,076	508	1,105
Total Current Assets	170,900	157,445	1,843	6,174
Total Assets	189,371	176,869	47,950	52,281
EQUITY AND LIABILITIES				
Equity				
Share Capital	42,062	42,062	42,062	42,062
Retained Earnings	44,003	43,381	4,914	7,927
Other Reserves, Total	7,998	8,004	-	-
Total Equity	94,063	93,447	46,976	49,989
Non-Current Liabilities				
Other Financial Liabilities, Non-current	-	-	7	19
Deferred Tax Liabilities	2,287	2,287	-	-
Long-Term Borrowings	4,209	1,878	-	-
Finance Leases	13	46	-	-
Total Non-Current Liabilities	6,509	4,211	7	19
Current Liabilities				
Income Tax Payable, Current	2,135	2,602	178	118
Trade and Other Payables, Current	14,777	17,034	760	2,115
Other Liabilities	671	2,142	-	-
Other Financial Liabilities, Current	142	351	29	40
Short-Term Borrowings, Current	67,497	48,948	-	-
Current Portion of Long-Term Borrowings	3,500	8,035	-	-
Current Portion of Finance Leases	77	99	-	-
Total Current Liabilities	88,799	79,211	967	2,273
Total Liabilities	95,308	83,422	974	2,292
Total Equity and Liabilities	189,371	176,869	47,950	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 31/03/13		As at 30/09/12	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
71,074	-	57,082	-

Amount repayable after one year

As at 31/03/13		As at 30/09/12	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,222	-	1,924	-

Details of any collateral

As at 31 March 2013, 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>2QFY2013</u> S\$'000	<u>2QFY2012</u> S\$'000	<u>1HY2013</u> S\$'000	<u>1HY2012</u> S\$'000
Cash flows from operating activities :				
Profit before tax	2,573	5,189	4,744	9,632
Adjustments for :				
Depreciation expense	525	499	1,048	993
Interest income	(7)	(7)	(17)	(15)
Interest expense	341	344	689	689
Gain on translation	(6)	-	(6)	-
Fair value on insurance contracts	(11)	-	(22)	-
Fair value on investment in financial asset	(30)	-	23	-
Foreign exchange adjustment loss/(gain)	38	(35)	(209)	(73)
Operating profit before working capital changes	3,423	5,990	6,250	11,226
Trade and other receivables	(13,483)	(8,874)	(13,693)	(19,780)
Other assets	34	1,701	(362)	(26)
Inventories	825	(11,572)	400	(20,744)
Bills payable	16,191	8,146	17,549	15,616
Trade and other payables	(2,607)	14,972	(2,257)	23,088
Other liabilities	(455)	-	(1,471)	-
Cash from operations	4,383	10,363	6,416	9,380
Income tax paid	(773)	(516)	(1,289)	(841)
Net cash from operating activities	3,610	9,847	5,127	8,539
Cash flows from investing activities :				
Purchase of property, plant and equipment	(33)	(71)	(73)	(130)
Interest received	7	7	17	15
Net cash used in investing activities	(26)	(64)	(56)	(115)
Cash flows from financing activities :				
Cash restricted in use over 3 months	(10)	86	(10)	(50)
Short-term borrowings repayments	-	(1,000)	1,000	(2,000)
Long-term borrowings repayments	(1,105)	(1,023)	(2,204)	(2,041)
Decrease in finance leases	(22)	(42)	(55)	(87)
Dividends paid	(3,300)	(2,640)	(3,300)	(2,640)
Interest paid	(341)	(344)	(689)	(689)
Net cash used in financing activities	(4,778)	(4,963)	(5,258)	(7,507)
Net (decrease)/increase in cash and cash equivalents	(1,194)	4,820	(187)	917
Cash and Cash Equivalents, Statement of Cash Flows at beginning of financial period	21,032	13,295	19,570	17,198
Cash and Cash Equivalents, Statement of Cash Flows at end of financial period	19,838	18,115	19,383	18,115



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Non-cash transactions:

	<u>2QFY2013</u>	<u>2QFY2012</u>	<u>1HY2013</u>	<u>1HY2012</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash and Cash Equivalents	19,899	19,451	19,899	19,451
Cash restricted in use over 3 months	(516)	(1,336)	(516)	(1,336)
Cash and cash equivalents for cash flow statement purposes at end of financial period	19,383	18,115	19,383	18,115

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 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
Balance at 1 October 2012	42,062	(24)	8,028	43,381	93,447
Dividends paid	-	-	-	(3,300)	(3,300)
Total Comprehensive Income for 1HY2013	-	(6)	-	3,922	3,916
Balance at 31 March 2013	42,062	(30)	8,028	44,003	94,063

<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 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
Balance at 1 October 2012	42,062	7,927	49,989
Dividends paid	-	(3,300)	(3,300)
Total Comprehensive Income for 1HY2013	-	287	287
Balance at 31 March 2013	42,062	4,914	46,976



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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 March 2012 and 31 March 2013.

- 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 31/03/13	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.**

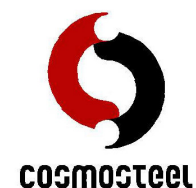
The figures have not been audited or reviewed.

- 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			
	2QFY2013	2QFY2012	1HY2013	1HY2012
Earnings per ordinary share of the Company (in cents):				
(a) Based on weighted average number of ordinary shares in issue	0.81	1.62	1.49	3.02
(b) On a fully diluted basis	0.81	1.62	1.49	3.02
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:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31/03/2013	As at 30/09/2012	As at 31/03/2013	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):	35.63	35.40	17.79	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:**
(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.



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Statement of Comprehensive Income

Revenue decreased by \$4.0 million or 8.6%, from \$47.5 million in 2QFY2012 to \$43.5 million in 2QFY2013. However, year on year, revenue has increased by \$2.0 million or 2.2% from \$86.8 million in 1HY2012 to \$88.8 million in 1HY2013. The increase was mainly contributed by the Energy Sector which generated incremental revenue of \$1.2 million or 1.7% from \$74.5 million in 1HY2012 to \$75.7 million in 1HY2013.

Gross profit decreased by \$2.0 million from \$10.1 million in 2QFY2012 to \$8.1 million in 2QFY2013. Gross profit margin also decreased by 2.7 percentage points from 21.3% in 2QFY2012 to 18.6% in 2QFY2013. Year on year, gross profit decreased by \$4.1 million from \$19.6 million in 1HY2012 to \$15.5 million in 1HY2013. Similarly, gross profit margin decreased by 5.1 percentage points from 22.6% in 1HY2012 to 17.5% in 1HY2013. The decline was mainly attributable to a competitively priced project which contributed \$27.1 million or 30.5% of the revenue generated for 1HY2013.

Financial income remained relatively stable in 2QFY2013 as compared to 2QFY2012. Year on year, financial income increased marginally by \$2 thousand from \$15 thousand in 1HY2012 to \$17 thousand in 1HY2013. Likewise, financial expense remained relatively stable at \$0.3 million in 2QFY2013 as compared to 2QFY2012. Year on year, financial expense amounted to \$0.7 million in both 1HY2012 and 1HY2013.

Distribution costs increased by \$0.1 million or 4.8% from \$2.4 million in 2QFY2012 to \$2.5 million in 2QFY2013. Year on year, distribution costs increased by \$0.4 million or 9.9% from \$4.6 million in 1HY2012 to \$5.0 million in 1HY2013. The increase was due to higher manpower costs resulting from a 8.8% increase in our workforce and marketing expenditure.

On the other hand, administrative expenses had decreased by \$0.4 million or 15.7% from \$3.0 million in 2QFY2012 to \$2.6 million in 2QFY2013 which resulted primarily from a decrease in the provision of remuneration (arising from the profit sharing arrangements under their service agreements) payable to directors. The same reason accounted for the year on year decrease of \$0.4 million from \$5.4 million in 1HY2012 to \$5.0 million in 1HY2013.

Other credits/(charges) increased by nearly \$1.0 million from a credit of \$0.9 million in 2QFY2012 to a charge of \$0.1 million in 2QFY2013. Year on year, other credits/(charges) have increased by \$0.8 million from a credit of \$0.7 million in 1HY2012 to a charge of \$73 thousand in 1HY2013. The increase was mainly attributable to unrealised foreign exchange losses.

Our profit before income tax decreased by \$2.6 million or 50.4% from \$5.2 million in 2QFY012 to \$2.6 million in 2QFY2013. On a year on year basis, profit before income tax has decreased by \$4.9 million or 50.7% from \$9.6 million in 1HY2012 to \$4.7 million in 1HY2013 due to aforementioned.

Statement of Financial Position

Non-current assets decreased by \$0.9 million or 4.9% from \$19.4 million as at 30 September 2012 to \$18.5 million as at 31 March 2013 from depreciation charged and minimal capital expenditure in the first six months of the current financial year.

Current assets increased by \$13.5 million or 8.6% from \$157.4 million as at 30 September 2012 to \$170.9 million as at 31 March 2013. This increase was contributed mainly by trade and other receivables which saw an increase of \$13.7 million or 53.4% from \$25.6 million as at 30 September 2012 to \$39.3 million as at 31 March 2013. Despite the increase, trade receivable turnover remained stable at around 65 days.



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Non-current liabilities increased by \$2.3 million or 54.6% from \$4.2 million as at 30 September 2012 to \$6.5 million as at 31 March 2013 from a reclassification of current portion of long-term borrowings.

Current liabilities also increased by \$9.6 million or 12.1% from \$79.2 million as at 30 September 2012 to \$88.8 million as at 31 March 2013, primarily from an increase in short-term borrowings to finance purchases of inventories which is partially offset by a decrease in both trade and other payables and current portion of long-term borrowings. Short-term borrowings increased by \$18.6 million or 37.9% from \$48.9 million as at 30 September 2012 to \$67.5 million as at 31 March 2013 while trade and other payables have decreased by \$2.2 million or 13.3% from \$17.0 million as at 30 September 2012 to \$14.8 million as at 31 March 2013. Current portion of long-term borrowings decreased by \$4.5 million or 56.4% from \$8.0 million as at 30 September 2012 to \$3.5 million as at 31 March 2013 from a reclassification as aforementioned and loan repayments.

Statement of Cash Flows

Cash from operating activities decreased by \$6.2 million or 63.3% from \$9.8 million in 2QFY2012 to \$3.6 million in 2QFY2013 from lower receipts of payments from customers coupled with an increase in payments to trade creditors which also accounted for the decrease on a year on year basis. Year on year, cash from operating activities had decreased by \$3.4 million or 40.0% from \$8.5 million in 1HY2012 to \$5.1 million in 1HY2013.

Cash used in investing activities decreased by \$38 thousand from \$64 thousand in 2QFY2012 to \$26 thousand in 2QFY2013. Similarly, cash used in investing activities had decreased by \$59 thousand year on year, from \$0.1 million in 1HY2012 to \$56 thousand in 1HY2013 from lower capital expenditure.

Cash used in financing activities has decreased by \$0.2 million from \$5.0 million in 2QFY2012 to \$4.8 million in 2QFY2013 mainly from a repayment of a short-term loan that is offset by an increase in dividends payment. Year on year, cash used in financing activities has decreased by \$2.2 million from \$7.5 million in 1HY2012 to \$5.3 million in 1HY2013 from an increase in short-term borrowings offset by payment of dividends as well as loan repayments.

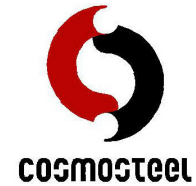
9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

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.

Market conditions are expected to remain highly competitive for the rest of the financial year. To meet these challenging times, we will continue our efforts to boost our marketing activities as well as to keep our operating costs under tight control. In addition, we are expanding our business into the upstream market, which we believe has many opportunities given the number of active oil and gas fields in the region. This market has substantial business volume although highly competitive and we will continue to closely assess and balance the volume and returns from future orders with the aim of maintaining the Group's overall profitability.

Barring unforeseen circumstances, we expect the Group to continue to be profitable for the current financial year.



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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 2QFY2013 to be false or misleading in any material aspect.

By order of the Board

Ong Chin Sum
Chief Executive Officer

Ong Tong Hai
Director

8 May 2013