

COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

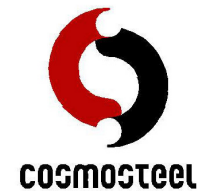
PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF-YEAR RESULTS

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>3QFY2014</u>	<u>3QFY2013</u>	%	<u>1-Oct-13</u>	<u>1-Oct-12</u>	%
	S\$'000	S\$'000	+ / (-)	<u>30-Jun-14</u>	<u>30-Jun-13</u>	+ / (-)
Revenue	38,785	33,326	16.4	116,141	122,087	(4.9)
Cost of sales	(31,807)	(26,015)	22.3	(94,268)	(99,272)	(5.0)
Gross profit	6,978	7,311	(4.6)	21,873	22,815	(4.1)
Financial income	28	4	600.0	33	21	57.1
Financial expense	(405)	(378)	7.1	(1,104)	(1,067)	3.5
Distribution costs	(2,784)	(2,628)	5.9	(8,393)	(7,628)	10.0
Administrative expenses	(2,589)	(2,427)	6.7	(7,835)	(7,442)	5.3
Other charges	(155)	(270)	(42.6)	(284)	(343)	(17.2)
Profit before income tax	1,073	1,612	(33.4)	4,290	6,356	(32.5)
Income tax expense	(192)	(330)	(41.8)	(769)	(1,152)	(33.2)
Profit for the period	881	1,282	(31.3)	3,521	5,204	(32.3)
Other Comprehensive Income:						
Exchange differences on translating foreign operations, net of tax	(26)	66	(139.4)	(1)	60	(101.7)
Total Comprehensive Income for the period, net of tax	855	1,348	(36.6)	3,520	5,264	-33.1

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

	Group			
	<u>3QFY2014</u>	<u>3QFY2013</u>	<u>1-Oct-13</u>	<u>1-Oct-12</u>
	S\$'000	S\$'000	<u>30-Jun-14</u>	<u>30-Jun-13</u>
Allowance for impairment on trade receivables	(141)	(10)	(18)	(87)
Allowance for slow-moving inventories and decline in net realisable values	(757)	(66)	(1,427)	(199)
Bad debts (written off)/recovered	(150)	(34)	(271)	5
Depreciation of property, plant and equipment	(568)	(528)	(1,815)	(1,576)
Foreign exchange gain/(loss)	135	(240)	66	(294)
Interest on borrowings	(405)	(378)	(1,104)	(1,067)
Reversal/(write-off) for inventory obsolescence	77	(208)	(196)	(353)

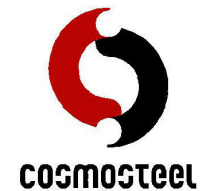


COSMOSTEEL HOLDINGS LIMITED

Co. Reg. No. 200515540Z

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>30/06/14</u>	<u>30/09/13</u>	<u>30/06/14</u>	<u>30/09/13</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	18,956	20,502	-	-
Investments in Subsidiaries	-	-	46,107	46,107
Available-For-Sale Financial Assets	130	130	-	-
Total Non-Current Assets	19,086	20,632	46,107	46,107
<u>Current Assets</u>				
Inventories	114,339	119,819	-	-
Trade and Other Receivables	45,617	29,503	1,793	4,466
Financial Assets at Fair Value Through Profit or Loss	1,437	1,492	-	-
Other Assets	1,260	486	41	48
Cash and Cash Equivalents	19,785	20,444	1,161	686
Total Current Assets	182,438	171,744	2,995	5,200
Total Assets	201,524	192,376	49,102	51,307
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	42,062	42,062	42,062	42,062
Retained Earnings	47,881	47,000	5,779	8,063
Other Reserves	10,301	10,302	-	-
Total Equity	100,244	99,364	47,841	50,125
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	2,735	2,735	-	-
Other Financial Liabilities	5,613	5,064	2	4
Total Non-Current Liabilities	8,348	7,799	2	4
<u>Current Liabilities</u>				
Income Tax Payable	976	1,289	120	98
Trade and Other Payables	23,717	23,905	1,137	1,064
Finance Leases	3	46	-	-
Other Financial Liabilities	67,754	59,618	2	16
Other Liabilities	482	355	-	-
Total Current Liabilities	92,932	85,213	1,259	1,178
Total Liabilities	101,280	93,012	1,261	1,182
Total Equity and Liabilities	201,524	192,376	49,102	51,307



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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 30/06/14		As at 30/09/13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
67,661	-	59,454	-

Amount repayable after one year

As at 30/06/14		As at 30/09/13	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,613	-	5,064	-

Details of any collateral

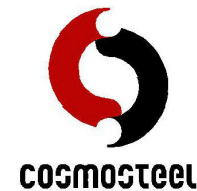
As at 30 June 2014, the Group's borrowings and debt securities consist of bills payable, term loans and loans for the properties at 14 Lok Yang Way Singapore 628633, 21A Neythal Road Singapore 628587, 90 Second Lok Yang Road Singapore 628166 and obligations under finance leases.

The loans for the properties 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.

The above loans for the properties as well as borrowings and other debt securities are covered by corporate guarantees issued by the Company.

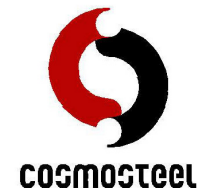
The obligations under finance leases are secured by the lessor's charge over the leased assets.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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>3QFY2014</u>	<u>3QFY2013</u>	<u>1-Oct-13</u>	<u>1-Oct-12</u>
	S\$'000	S\$'000	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows From Operating Activities :				
Profit Before Tax	1,073	1,612	4,290	6,356
Adjustments for :				
Interest Income	(28)	(4)	(33)	(21)
Interest Expense	405	378	1,104	1,067
Depreciation of Property, Plant and Equipment	568	528	1,815	1,576
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	(26)	66	(1)	60
Fair Value (Gains)/Losses on Financial Assets at Fair Value through Profit or Loss	17	(18)	55	(17)
Fair Value Gains on Derivative Financial Instruments	(73)	(13)	(114)	(222)
Operating Cash Flows before Changes in Working Capital	1,936	2,549	7,116	8,799
Inventories	(2,305)	(3,871)	5,480	(3,471)
Trade and Other Receivables	2,088	12,175	(16,114)	(1,518)
Other Assets	(982)	(43)	(774)	(405)
Bills Payable	(905)	(7,400)	4,276	10,149
Trade and Other Payables	2,498	1,036	(188)	(1,221)
Other Liabilities	(268)	52	127	(1,419)
Net Cash Flows From/(Used in) Operations Before Tax	2,062	4,498	(77)	10,914
Income Taxes Paid	(406)	(775)	(1,082)	(2,064)
Net Cash Flows From/(Used in) Operating Activities	1,656	3,723	(1,159)	8,850
Cash Flows from Investing Activities :				
Purchase of Property, Plant and Equipment	5	(90)	(269)	(163)
Interest Received	28	4	33	21
Net Cash Flows From/(Used in) Investing Activities	33	(86)	(236)	(142)
Cash Flows From Financing Activities :				
Cash Restricted in Use Over 3 Months	(1)	81	-	71
Decrease in Other Financial Liabilities	(1,185)	(2,107)	(3,477)	(3,311)
Increase from New Borrowings	-	-	8,000	-
Decrease in Finance Leases	(10)	(22)	(43)	(77)
Dividends Paid	-	-	(2,640)	(3,300)
Interest Paid	(405)	(378)	(1,104)	(1,067)
Net Cash Flows (Used in)/From Financing Activities	(1,601)	(2,426)	736	(7,684)
Net Increase/(Decrease) in Cash and Cash Equivalents				
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	88	1,211	(659)	1,024
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	19,642	19,383	20,389	19,570
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	19,730	20,594	19,730	20,594



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

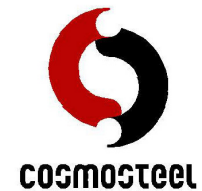
Non-cash transactions:

	<u>3QFY2014</u>	<u>3QFY2013</u>	<u>1-Oct-13</u>	<u>1-Oct-12</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>30-Jun-14</u>	<u>30-Jun-13</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash and Cash Equivalents	19,785	21,029	19,785	21,029
Cash Restricted in Use Over 3 Months	(55)	(435)	(55)	(435)
Cash and Cash Equivalents for Statement of Cash Flows Purposes at End of the Period	19,730	20,594	19,730	20,594

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>
Balance at 1 October 2012	42,062	(24)	8,028	43,381	93,447
Dividends paid	-	-	-	(3,300)	(3,300)
Total Comprehensive Income for 3QFY2013	-	60	-	5,204	5,264
Balance at 30 June 2013	42,062	36	8,028	45,285	95,411
Balance at 1 October 2013	42,062	53	10,249	47,000	99,364
Dividends paid	-	-	-	(2,640)	(2,640)
Total Comprehensive Income for 3QFY2014	-	(1)	-	3,521	3,520
Balance at 30 June 2014	42,062	52	10,249	47,881	100,244

<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>
Balance at 1 October 2012	42,062	7,927	49,989
Dividends paid	-	(3,300)	(3,300)
Total Comprehensive Income for 3QFY2013	-	434	434
Balance at 30 June 2013	42,062	5,061	47,123
Balance at 1 October 2013	42,062	8,063	50,125
Dividends paid	-	(2,640)	(2,640)
Total Comprehensive Income for 3QFY2014	-	356	356
Balance at 30 June 2014	42,062	5,779	47,841



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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 2013. There were no outstanding convertibles and treasury shares as at 30 June 2013 and 30 June 2014.

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 30/06/14	As at 30/09/13
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 2013.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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.**

There were no changes in the accounting policies and methods of computation.

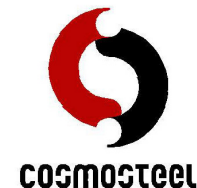
6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	3QFY2014	3QFY2013	3QFY2014 TODATE	3QFY2013 TODATE
Earnings per ordinary share of the Company (in cents):				
(a) Based on weighted average number of ordinary shares in issue	0.33	0.49	1.33	1.97
(b) On a fully diluted basis	0.33	0.49	1.33	1.97
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 30/06/2014	As at 30/09/2013	As at 30/06/2014	As at 30/09/2013
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	37.97	37.64	18.12	18.99
Number of ordinary shares in issue	263,999,997	263,999,997	263,999,997	263,999,997



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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 had increased by \$5.5 million or 16.4%, from \$33.3 million in 3QFY2013 to \$38.8 million in 3QFY2014. The increase was mainly attributed to higher sales to customers in the Energy Sector. Revenue from such customers had increased by \$4.4 million or 17.4% from \$25.5 million in 3QFY2013 to \$29.9 million in 3QFY2014. However, year-on-year, revenue had decreased by \$6.0 million or 4.9% from \$122.1 million in FY2013 to \$116.1 million in FY2014 mainly from lower sales to customers in the Energy Sector. Year on year, revenue from the Energy Sector had decreased by \$8.2 million or 8.1% from \$101.2 million in FY2013 to \$93.0 million in FY2014. The decrease in revenue from the Energy Sector was offset by an increase in revenue from the Marine Sector, which saw an increase in revenue of \$2.9 million or 20% from \$14.4 million in FY2013 to \$17.3 million in FY2014.

Despite an increase in revenue for the quarter, gross profit had decreased by \$0.3 million or 4.6% from \$7.3 million in 3QFY2013 to \$7.0 million in 3QFY2014. The decrease was mainly due to an increase in allowance for slow-moving inventories and write-off for inventory obsolescence. The same reason accounted for the year-on-year decrease in gross profit of \$0.9 million from \$22.8 million in FY2013 to \$21.9 million in FY2014.

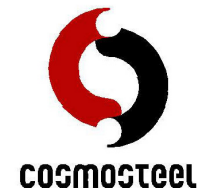
Similarly, gross profit margin had also decreased by 3.9 percentage points from 21.9% in 3QFY2013 to 18.0% in 3QFY2014. Heightened competition has also contributed to the decline in gross profit margin. Year-on-year, gross profit margin maintained at similar levels of around 18.8% in both FY2013 and FY2014.

Financial income increased by \$24 thousand from \$4 thousand in 3QFY2013 to \$28 thousand in 3QFY2014 from an investment which was made in 3QFY2012 to secure the issuance of bank guarantees. The investment of \$1.3 million was made in a capital-guaranteed financial asset in lieu of placing such amount in a non-interest bearing deposit. Year on year, financial income had increased by \$12 thousand from \$21 thousand in FY2013 to \$33 thousand in FY2014. Financial expense had remained relatively stable at \$0.4 million in both quarters. Year on year, financial expense amounted to \$1.1 million in both FY2013 and FY2014.

Distribution costs had increased by \$0.2 million or 5.9% from \$2.6 million in 3QFY2013 to \$2.8 million in 3QFY2014. Similarly, year on year, distribution costs had increased by \$0.8 million or 10.0% from \$7.6 million in FY2013 to \$8.4 million in FY2014. The increase was attributable to an increase in employee benefits expense.

Similarly, administrative expenses had increased by \$0.2 million or 6.7% from \$2.4 million in 3QFY2013 to \$2.6 million in 3QFY2014 which resulted from the stamp duties paid for the purchase of a new warehouse at 36 Tuas Crescent Singapore 638724. The same reason as well as an increase in employee benefits expense accounted for the year on year increase in administrative costs of \$0.4 million or 5.3% from \$7.4 million in FY2013 to \$7.8 million in FY2014.

Other charges had decreased by \$0.1 million or 42.6% from \$0.3 million in 3QFY2013 to \$0.2 million in 3QFY2014 mainly due to foreign currency gains which was partially offset by higher impairment allowance for doubtful debts. Year on year, other charges remained at similar levels of around \$0.3 million in both FY2013 and FY2014.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

Our profit before income tax had decreased by \$0.5 million or 33.4% from \$1.6 million in 3QFY013 to \$1.1 million in 3QFY2014. Year on year, profit before income tax had decreased by \$2.1 million or 32.5% from \$6.4 million in FY2013 to \$4.3 million in FY2014 due to aforementioned reasons.

Statement of Financial Position

Non-current assets had decreased by \$1.5 million or 7.5% from \$20.6 million as at 30 September 2013 to \$19.1 million as at 30 June 2014 mainly due to depreciation charged and minimal capital expenditure in the first nine months of the current financial year.

Current assets had increased by \$10.7 million or 6.2% from \$171.7 million as at 30 September 2013 to \$182.4 million as at 30 June 2014 mainly from an increase in trade and other receivables which was partially offset by a decrease in inventories. Inventories had decreased by \$5.5 million or 4.7% from \$119.8 million as at 30 September 2013 to \$114.3 million as at 30 June 2014. Trade and other receivables had increased by \$16.1 million or 54.6% from \$29.5 million as at 30 September 2013 to \$45.6 million as at 30 June 2014 mainly due to higher overdue receivables that are less than 30 days overdue as well as delays in payments from a major customer, which resulted from administrative issues. Since April 2013, trade credit insurance which covers on the basis of either insolvency or protracted default is in place to mitigate the risks of extending credit to customers.

Non-current liabilities had increased by \$0.5 million or 7.0% from \$7.8 million as at 30 September 2013 to \$8.3 million as at 30 June 2014 from drawdown of a long term loan facility in 1QFY2014.

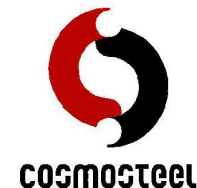
Current liabilities had increased by \$7.7 million or 9.1% from \$85.2 million as at 30 September 2013 to \$92.9 million as at 30 June 2014, primarily from an increase in short-term borrowings to finance purchases of inventories. Short-term borrowings had increased by \$7.2 million or 13.0% from \$56.0 million as at 30 September 2013 to \$63.2 million as at 30 June 2014.

Statement of Cash Flows

Cash from operating activities had decreased by \$2.0 million or 55.5% from \$3.7 million in 3QFY2013 to \$1.7 million in 3QFY2014 mainly from decrease in receipts from customers which was partially offset by decrease in repayments of bills payable. Higher trade and other receivables as at 30 Jun 2014 is the main contributor to the year on year decrease in cash from operating activities of \$10.1 million or 113.1% from a positive cash flow of \$8.9 million in FY2013 to a negative cash flow of \$1.2 million in FY2014.

Cash from investing activities had increased by \$0.1 million or 138.4% from a negative cash flow of \$86 thousand in 3QFY2013 to a positive cash flow of \$33 thousand in 3QFY2014 mainly from a reduction in capital expenditure. On the contrary, cash used in investing activities, year on year, had increased by \$0.1 million or 66.2% from \$0.1 million in FY2013 to \$0.2 million in FY2014 from higher capital expenditure.

Cash used in financing activities had decreased by \$0.8 million or 34.0% from \$2.4 million in 3QFY2013 to \$1.6 million in 3QFY2014 from repayments of borrowings in 3QFY2013. Year on year, cash from financing activities had increased by \$8.4 million from a negative cash flow of \$7.7 million in FY2013 to an inflow of \$0.7 million in FY2014 from an increase in both short-term and long-term borrowings.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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.**

As we had experienced in the first half of the financial year, market conditions were highly competitive for the current quarter and will likely remain highly competitive. We will continue with our on-going efforts to strengthen our competitive edge through improving productivity as well as cost management.

Barring unforeseen circumstances, we expect 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.

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.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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 3QFY2014 to be false or misleading in any material aspect.

By order of the Board

A handwritten signature in blue ink, consisting of stylized, cursive letters.

Ong Chin Sum
Chief Executive Officer

A handwritten signature in black ink, consisting of stylized, cursive letters.

Ong Tong Hai
Director

6 August 2014