

COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

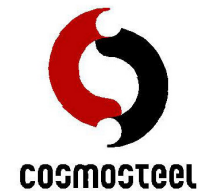
PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF-YEAR RESULTS

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>1QFY2015</u>	<u>1QFY2014</u>	%
	S\$'000	S\$'000	+ / (-)
Revenue	26,438	34,676	(23.8)
Cost of sales	(20,086)	(28,599)	(29.8)
Gross profit	6,352	6,077	4.5
Financial income	5	2	150.0
Financial expense	(402)	(358)	12.3
Distribution costs	(3,390)	(2,691)	26.0
Administrative expenses	(2,523)	(2,260)	11.6
Other credits/(charges)	360	(240)	(250.0)
Profit before income tax	402	530	(24.2)
Income tax expense	(91)	(114)	(20.2)
Profit for the period	311	416	(25.2)
<u>Other Comprehensive Income:</u>			
Exchange differences on translating foreign operations, net of tax	77	49	57.1
Total Comprehensive Income for the period, net of tax	388	465	(16.6)

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

	Group	
	<u>1QFY2015</u>	<u>1QFY2014</u>
	S\$'000	S\$'000
Reversal for impairment on trade receivables	101	5
Reversal/(Allowance) for slow-moving inventories and decline in net realisable values	230	(283)
Bad debts recovered/(written off)	9	(124)
Depreciation of property, plant and equipment	(844)	(599)
Foreign exchange gain/(loss)	244	(52)
Interest on borrowings	(402)	(358)
Write-off for slow moving inventory	(34)	(194)



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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>31/12/14</u> S\$'000	<u>As at</u> <u>30/09/14</u> S\$'000	<u>As at</u> <u>31/12/14</u> S\$'000	<u>As at</u> <u>30/09/14</u> S\$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	30,123	24,063	-	-
Investments in Subsidiaries	-	-	46,107	46,107
Available-For-Sale Financial Assets	130	130	-	-
Total Non-Current Assets	30,253	24,193	46,107	46,107
<u>Current Assets</u>				
Inventories	105,987	109,214	-	-
Trade and Other Receivables	28,710	41,171	2,624	3,766
Financial Assets at Fair Value Through Profit or Loss	1,540	1,454	-	-
Other Assets	515	1,368	26	36
Cash and Cash Equivalents	34,174	33,177	2,179	807
Total Current Assets	170,926	186,384	4,829	4,609
Total Assets	201,179	210,577	50,936	50,716
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	42,062	42,062	42,062	42,062
Retained Earnings	50,953	50,642	7,510	7,372
Other Reserves	14,457	14,380	-	-
Total Equity	107,472	107,084	49,572	49,434
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	3,556	3,556	-	-
Provisions	64	64	-	-
Other Financial Liabilities	8,133	4,679	-	2
Total Non-Current Liabilities	11,753	8,299	-	2
<u>Current Liabilities</u>				
Income Tax Payable	1,333	1,537	75	58
Trade and Other Payables	15,131	25,976	1,287	1,220
Other Financial Liabilities	61,773	65,491	2	2
Other Liabilities	3,717	2,190	-	-
Total Current Liabilities	81,954	95,194	1,364	1,280
Total Liabilities	93,707	103,493	1,364	1,282
Total Equity and Liabilities	201,179	210,577	50,936	50,716



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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 31/12/14		As at 30/09/14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
61,726	-	65,396	-

Amount repayable after one year

As at 31/12/14		As at 30/09/14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,133	-	4,679	-

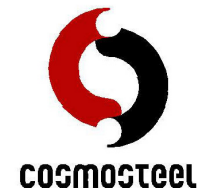
Details of any collateral

As at 31 December 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 and 36 Tuas Crescent Singapore 638724.

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 36 Tuas Crescent Singapore 638724;

and covered by corporate guarantees issued by the Company.

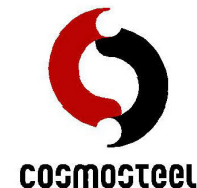


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1(c) A consolidated statement of cash flows together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	<u>1QFY2015</u> S\$'000	<u>1QFY2014</u> S\$'000
Cash Flows From Operating Activities :		
Profit Before Tax	402	530
Adjustments for :		
Interest Income	(5)	(2)
Interest Expense	402	358
Depreciation of Property, Plant and Equipment	844	599
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	77	49
Fair Value (Gain)/Loss on Financial Assets at Fair Value through Profit or Loss	(86)	72
Fair Value Gains on Derivative Financial Instruments	(48)	(71)
Operating Cash Flows before Changes in Working Capital	1,586	1,535
Inventories	3,227	73
Trade and Other Receivables	12,461	(4,030)
Other Assets	853	118
Bills Payable	(5,039)	1,725
Trade and Other Payables	(10,845)	(3,424)
Other Liabilities	1,527	360
Net Cash Flows From/(Used in) Operations Before Tax	3,770	(3,643)
Income Taxes Paid	(295)	(271)
Net Cash Flows From/(Used in) Operating Activities	3,475	(3,914)
Cash Flows from Investing Activities :		
Purchase of Property, Plant and Equipment	(6,904)	(103)
Interest Received	5	2
Net Cash Flows Used in Investing Activities	(6,899)	(101)
Cash Flows From Financing Activities :		
Cash Restricted in Use Over 3 Months	43	2
Decrease in Other Financial Liabilities	(2,117)	(4,029)
Increase from New Borrowings	6,940	5,000
Decrease in Finance Leases	-	(19)
Interest Paid	(402)	(358)
Net Cash Flows From Financing Activities	4,464	596
Net Increase/(Decrease) in Cash and Cash Equivalents	1,040	(3,419)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	33,107	20,389
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	34,147	16,970



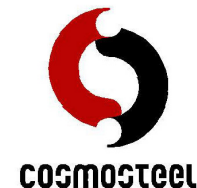
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	<u>1QFY2015</u> S\$'000	<u>1QFY2014</u> S\$'000
Cash and Cash Equivalents	34,174	17,023
Cash Restricted in Use Over 3 Months	(27)	(53)
Cash and Cash Equivalents for Statement of Cash Flows purposes at end of the period	<u>34,147</u>	<u>16,970</u>

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 2013	42,062	53	10,249	47,000	99,364
Total Comprehensive Income for 1QFY2014	-	49	-	416	465
Balance at 31 December 2013	<u>42,062</u>	<u>102</u>	<u>10,249</u>	<u>47,416</u>	<u>99,829</u>
Balance at 1 October 2014	42,062	101	14,279	50,642	107,084
Total Comprehensive Income for 1QFY2015	-	77	-	311	388
Balance at 31 December 2014	<u>42,062</u>	<u>178</u>	<u>14,279</u>	<u>50,953</u>	<u>107,472</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 2013	42,062	8,063	50,125
Total Comprehensive Income for 1QFY2014	-	115	115
Balance at 31 December 2013	<u>42,062</u>	<u>8,178</u>	<u>50,240</u>
Balance at 1 October 2014	42,062	7,372	49,434
Total Comprehensive Income for 1QFY2015	-	138	138
Balance at 31 December 2014	<u>42,062</u>	<u>7,510</u>	<u>49,572</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 2014. There were no outstanding convertibles and treasury shares as at 31 December 2013 and 31 December 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 31/12/14	As at 30/09/14
263,999,997	263,999,997

The Company did not have any treasury shares at the end of the current financial year and as at the end of the immediately preceding year.

- 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.**

Not applicable.

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

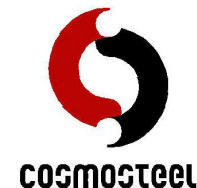
The figures have not been audited or reviewed.

- 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 2014.



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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.**

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	
	1QFY2015	1QFY2014
Earnings per ordinary share of the Group (in cents):		
(a) Based on weighted average number of ordinary shares in issue	0.12	0.16
(b) On a fully diluted basis	0.12	0.16
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.

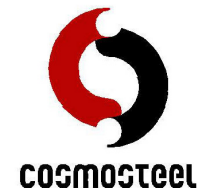
7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31/12/2014	As at 30/09/2014	As at 31/12/2014	As at 30/09/2014
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	40.71	40.56	18.78	18.73
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.

Statement of Comprehensive Income

Revenue had decreased by \$8.3 million or 23.8%, from \$34.7 million in 1QFY2014 to \$26.4 million in 1QFY2015 which was mainly due to a decrease in revenue from customers in the Energy Sector. Revenue from the Energy Sector had decreased by \$7.9 million or 27.8% from \$28.5 million in 1QFY2014 to \$20.6 million in 1QFY2015. Despite the decrease, the Energy Sector remains the



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main contributor to the revenue generated in the period, which constitutes 77.8% of the revenue generated in 1QFY2015.

Notwithstanding the decrease in revenue, gross profit had increased by \$0.3 million from \$6.1 million in 1QFY2014 to \$6.4 million in 1QFY2015 due to higher gross profit margins earned on orders received. Gross profit margin had increased by 6.5 percentage points from 17.5% in 1QFY2014 to 24.0% in 1QFY2015.

Financial income had increased marginally by \$3 thousand while financial expense remains relatively stable at \$0.4 million in 1QFY2015 as in 1QFY2014.

Distribution costs had increased by \$0.7 million or 26.0% from \$2.7 million in 1QFY2014 to \$3.4 million in 1QFY2015 mainly due to higher freight outward and handling costs which arose from the requirements of our customers' orders.

Similarly, administrative expenses had increased by \$0.2 million or 11.6% from \$2.3 million in 1QFY2014 to \$2.5 million in 1QFY2015 which resulted primarily from higher depreciation on properties.

In other credits/(charges), a credit of \$0.4 million was made in 1QFY2015 which was mainly attributable to foreign currency gains as compared to a charge of \$0.2 million in 1QFY2014 from bad debts and foreign currency losses.

Profit before income tax had decreased by \$0.1 million or 24.2% from \$0.5 million in 1QFY014 to \$0.4 million in 1QFY2015 due to reasons as aforementioned.

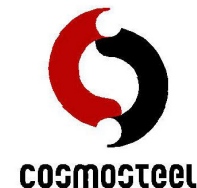
Statement of Financial Position

Non-current assets had increased by \$6.1 million or 25.0% from \$24.2 million as at 30 September 2014 to \$30.3 million as at 31 December 2014 mainly from the purchase of the warehouse at 36 Tuas Crescent Singapore 628724 whose legal completion took place on 29 December 2014, offset by depreciation charged in the first quarter of the current financial year.

Current assets had decreased by \$15.5 million or 8.3% from \$186.4 million as at 30 September 2014 to \$170.9 million as at 31 December 2014. The decrease was mainly due to payments from trade customers. Trade and other receivables decreased by \$12.5 million or 30.3% from \$41.2 million as at 30 September 2014 to \$28.7 million as at 31 December 2014. Inventories had decreased, to a smaller extent, \$3.2 million or 3.0% from \$109.2 million as at 30 September 2014 to \$106.0 million as at 31 December 2014.

Non-current liabilities had increased by \$3.5 million or 41.6% from \$8.3 million as at 30 September 2014 to \$11.8 million as at 31 December 2014 from the drawdown of new long term loan for the purchase of the warehouse at 36 Tuas Crescent Singapore 628724.

Current liabilities had decreased by \$13.2 million or 13.9% from \$95.2 million as at 30 September 2014 to \$82.0 million as at 31 December 2014 from a decrease in both trade and other payables and other financial liabilities. Trade and other payables had decreased by \$10.9 million or 41.8% from \$26.0 million as at 30 September 2014 to \$15.1 million as at 31 December 2014 from payments to suppliers. Other financial liabilities had decreased by \$3.7 million or 5.7% from \$65.5 million as at 30 September 2014 to \$61.8 million as at 31 December 2014 from repayments of borrowings.



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Statement of Cash Flows

Cash from operating activities had increased by \$7.4 million from an outflow of \$3.9 million in 1QFY2014 to an inflow of \$3.5 million in 1QFY2015. The increase was mainly attributable to payments received from trade customers.

Cash used in investing activities increased by \$6.8 million from \$0.1 million in 1QFY2014 to \$6.9 million in 1QFY2015 due to payment for the purchase of the warehouse as aforementioned.

Cash from financing activities had increased by \$3.9 million from \$0.6 million in 1QFY2014 to \$4.5 million in 1QFY2015 from drawdown of a long term loan to finance the purchase of the warehouse as aforementioned.

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.

In view of the significant drop in oil prices in recent months and the volatility in foreign exchange currency movements, in particular for the US dollars, it is uncertain if such events may have a potential impact on the Group's customers and business, especially for the Energy Sector.

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 cost management.

The Management will remain cautious and prudent in 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.



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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 1QFY2015 to be false or misleading in any material aspect.

By order of the Board

A handwritten signature in blue ink, appearing to read 'Ong 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

4 February 2015