



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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.

	<u>Group</u>		
	<u>1HY2021</u>	<u>1HY2020</u>	%
	S\$'000	S\$'000	+ / (-)
Revenue	20,107	41,096	(51.1)
Cost of sales	(15,771)	(31,826)	(50.4)
Gross profit	4,336	9,270	(53.2)
Interest income	-	2	(100.0)
Finance costs	(206)	(310)	(33.5)
Marketing and distribution costs	(1,830)	(2,154)	(15.0)
Administrative expenses	(1,864)	(2,101)	(11.3)
Depreciation expense	(1,125)	(2,195)	(48.7)
Depreciation of right-of-use assets	(710)	(815)	(12.9)
Other gains	2,284	2,358	(3.1)
Profit before income tax	885	4,055	(78.2)
Income tax expense	-	-	-
Profit for the year	885	4,055	(78.2)
<u>Other Comprehensive (Loss)/Income:</u>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	(71)	128	NM
Other comprehensive (loss)/income for the year, net of tax	(71)	128	NM
Total comprehensive income for the year, net of tax	814	4,183	(80.5)

NM: Not meaningful

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

	<u>Group</u>	
	<u>1HY2021</u>	<u>1HY2020</u>
	S\$'000	S\$'000
Allowance for impairment on trade receivables - reversal/(loss)	998	(28)
Reversal of inventories write down	1,487	1,976
Bad debts recovered/(written off)	53	(30)
Foreign exchange adjustment (losses)/gains	(261)	432
Interest on borrowings	(206)	(310)



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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>31/3/2021</u> S\$'000	<u>As at</u> <u>30/9/2020</u> S\$'000	<u>As at</u> <u>31/3/2021</u> S\$'000	<u>As at</u> <u>30/9/2020</u> S\$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	22,436	23,395	-	-
Right-of-Use Assets	3,101	3,811	-	-
Investments in Subsidiaries	-	-	60,107	60,107
Total Non-Current Assets	25,537	27,206	60,107	60,107
<u>Current Assets</u>				
Inventories	36,938	40,256	-	-
Trade and Other Receivables and Contract Assets	11,901	27,615	1,277	3,223
Financial Assets at Fair Value Through Profit or Loss	126	119	-	-
Other Non-Financial Assets	400	402	45	32
Cash and Cash Equivalents	25,534	15,951	445	307
Total Current Assets	74,899	84,343	1,767	3,562
Total Assets	100,436	111,549	61,874	63,669
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	56,325	56,325	56,325	56,325
Retained Earnings	15,801	16,368	5,404	6,966
Other Reserves	8,232	8,303	-	-
Total Equity	80,358	80,996	61,729	63,291
<u>Non-Current Liabilities</u>				
Provisions	783	783	-	-
Loans and Borrowings	9,315	5,186	-	-
Financial Liabilities - Lease Liabilities	2,501	2,619	-	-
Total Non-Current Liabilities	12,599	8,588	-	-
<u>Current Liabilities</u>				
Trade and Other Payables	2,569	3,841	145	378
Loans and Borrowings	3,731	16,887	-	-
Financial Liabilities - Lease Liabilities	664	1,237	-	-
Other Non-Financial Liabilities	515	-	-	-
Total Current Liabilities	7,479	21,965	145	378
Total Liabilities	20,078	30,553	145	378
Total Equity and Liabilities	100,436	111,549	61,874	63,669



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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 31/3/2021		As at 30/9/2020	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
3,731	-	16,887	-

Amount repayable after one year

As at 31/3/2021		As at 30/9/2020	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
9,315	-	5,186	-

Details of any collateral

As at 31 March 2021, the Group's borrowings and debt securities consist of bills payable and loan for the property at 90 Second Lok Yang Road Singapore 628166.

The borrowings are secured by:

- (a) Legal mortgage on the Group's leasehold property at 90 Second Lok Yang Road Singapore 628166;
- (b) Negative pledge over the assets of the Group;

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	
	1HY2021	1HY2020
	S\$'000	S\$'000
Cash Flows From Operating Activities :		
Profit Before Tax	885	4,055
Adjustments for :		
Interest Income	-	(2)
Interest Expense	206	310
Depreciation of Property, Plant and Equipment	1,125	2,195
Depreciation of Right-of-Use Assets	710	815
Operating Cash Flows before Changes in Working Capital	2,926	7,373
Inventories	3,318	3,456
Trade and Other Receivables and Contracts Assets	15,643	1,403
Financial Assets at Fair Value through Profit or Loss	(7)	(8)
Other Non-Financial Assets	2	28
Trade and Other Payables	(1,272)	539
Other Non-Financial Liabilities	515	(341)
Net Cash Flows From Operations	21,125	12,450
Income Taxes Refunded	-	-
Net Cash Flows From Operating Activities	21,125	12,450
Cash Flows From Investing Activities :		
Purchase of Property, Plant and Equipment	(166)	(169)
Proceeds From Disposal of Property, Plant and Equipment	-	6
Interest Received	-	2
Net Cash Flows Used in Investing Activities	(166)	(161)
Cash Flows From Financing Activities :		
Cash Restricted in Use Over 3 Months	-	58
Decrease in Loan and Borrowings	(14,027)	(4,215)
Increase from New Borrowings	5,000	-
Finance Leases Repayments	-	(16)
Lease Liabilities - Principal Portion Paid	(691)	(788)
- Interest Paid	(51)	(62)
Provisions, Non-Current	-	(128)
Dividends Paid	(1,452)	(726)
Interest Paid	(155)	(247)
Net Cash Flows Used in Financing Activities	(11,376)	(6,124)
Net Increase in Cash and Cash Equivalents	9,583	6,165
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	15,951	8,525
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	25,534	14,690



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	<u>Group</u>	
	<u>1HY2021</u> S\$'000	<u>1HY2020</u> S\$'000
Cash and Cash Equivalents	25,534	14,690
Cash Restricted in Use Over 3 Months	-	-
Cash and Cash Equivalents for Statement of Cash Flows Purposes at End of the Period	25,534	14,690

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 2019	56,325	339	8,761	10,847	76,272
Total Comprehensive Income for 1HY2020	-	128	-	4,055	4,183
Dividends Paid	-	-	-	(726)	(726)
Balance at 31 March 2020	56,325	467	8,761	14,176	79,729
Balance at 1 October 2020	56,325	275	8,028	16,368	80,996
Total Comprehensive Income for 1HY2021	-	(71)	-	885	814
Dividends Paid	-	-	-	(1,452)	(1,452)
Balance at 31 March 2021	56,325	204	8,028	15,801	80,358

<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 2019	56,325	6,219	62,544
Total Comprehensive Loss for 1HY2020	-	(30)	(30)
Dividends Paid	-	(726)	(726)
Balance at 31 March 2020	56,325	5,463	61,788
Balance at 1 October 2020	56,325	6,966	63,291
Total Comprehensive Loss for 1HY2021	-	(110)	(110)
Dividends Paid	-	(1,452)	(1,452)
Balance at 31 March 2021	56,325	5,404	61,729



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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 2020. There were no outstanding convertibles and treasury shares as at 31 March 2021 and 31 March 2020.

- 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 31/3/2021	As at 30/9/2020
290,399,997	290,399,997

The Company did not have any treasury shares at the end of the current financial period 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 in the most recently audited financial statements for the financial year ended 30 September 2020.



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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.**

Earnings per ordinary share of the Group (in cents):	Group	
	1HY2021	1HY2020
(a) Based on weighted average number of ordinary shares in issue	0.30	1.40
(b) On a fully diluted basis	0.30	1.40
Weighted average number of ordinary shares in issue	290,399,997	290,399,997

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 31/3/2021	As at 30/9/2020	As at 31/3/2021	As at 30/9/2020
Net asset value per ordinary share based on issued share capital at the end of the financial period (in cents):	27.67	27.89	21.26	21.79
Number of ordinary shares in issue	290,399,997	290,399,997	290,399,997	290,399,997



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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 Review

Revenue

Revenue had decreased by \$21.0 million or 51.1% from \$41.1 million in 1HY2020 to \$20.1 million in 1HY2021 mainly due to muted demand from our customers. Revenue from Energy Sector had decreased by \$9.6 million or 38.3% from \$25.1 million in 1HY2020 to \$15.5 million in 1HY2021. Revenue from Marine Sector had decreased by \$1.7 million or 35.4% from \$4.8 million in 1HY2020 to \$3.1 million in 1HY2021. Revenue from Trading Sector had decreased by \$4.6 million or 84.6% from \$5.4 million in 1HY2020 to \$0.8 million in 1HY2021. Likewise, revenue from Other Sector had decreased by \$5.1 million or 88.2% from \$5.8 million in 1HY2020 to \$0.7 million in 1HY2021. Other income had increased by \$0.3 million or 390.9% from \$0.1 million in 1HY2020 to \$0.4 million in 1HY2021 mainly from the government grant of \$0.4 million in 1HY2021 (1HY2020: \$0.1 million).

Geographically, Singapore market was the main contributor at 78.2% of the revenue generated in 1HY2021. However, the revenue from Singapore market had decreased by \$4.2 million or 21.0% from \$19.9 million in 1HY2020 to \$15.7 million in 1HY2021. Revenue had decreased in all markets with the exception of India, Norway, Thailand and United States.

Gross Profit and Gross Profit Margin

Gross profit margin had decreased by 1.0 percentage point from 22.6% in 1HY2020 to 21.6% in 1HY2021. Gross profit decreased by \$5.0 million or 53.2% from \$9.3 million in 1HY2020 to \$4.3 million in 1HY2021.

Interest Income and Finance Cost

Interest income in 1HY2021 had decreased by \$2 thousand from interest earned on fixed deposits and current account.

Finance costs had decreased by \$0.1 million or 33.5% from \$0.3 million in 1HY2020 to \$0.2 million in 1HY2021 mainly from lesser bank borrowings and lower interest rates.

Operating Expenses

Marketing and distribution costs had decreased by \$0.4 million or 15.0% from \$2.2 million in 1HY2020 to \$1.8 million in 1HY2021 mainly from decrease in overseas travelling expenses and employee benefits expense.

Administrative expenses had decreased by \$0.2 million or 11.3% from \$2.1 million in 1HY2020 to \$1.9 million in 1HY2021 mainly from lower employee benefits expense and property tax, partly offset by increase in professional and consultancy fees.

Depreciation expense had decreased by \$1.2 million or 39.0% from \$3.0 million in 1HY2020 to \$1.8 million in 1HY2021 mainly from the depreciation on renovation and properties as 36 Tuas Crescent was returned to JTC in July 2020.



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Other Gains

Other gains had decreased by \$0.1 million or 3.1% from \$2.4 million in 1HY2020 to \$2.3 million in 1HY2021 mainly from foreign exchange adjustments losses and decrease in reversal of inventories write down, partly offset by reversal of allowance for impairment on trade receivables.

Profit Before Income Tax

Profit before income tax had decreased by \$3.2 million or 78.2% from \$4.1 million in 1HY2020 to \$0.9 million in 1HY2021 due to the aforementioned reasons.

Other Comprehensive Loss/(Income)

Other comprehensive income had decreased by \$0.2 million from an income \$0.1 million in 1HY2020 to a loss of \$0.1 million in 1HY2021 mainly from the exchange differences on translating foreign operations.

Statement of Financial Position Review

Non-Current Assets

Non-current assets had decreased by \$1.7 million or 6.1% from \$27.2 million as at 30 September 2020 to \$25.5 million as at 31 March 2021 mainly from the depreciation charged in the current financial period.

Current Assets

Current assets had decreased by \$9.4 million or 11.2% from \$84.3 million as at 30 September 2020 to \$74.9 million as at 31 March 2021. The decrease was mainly due to decrease in inventories and trade and other receivables and contract assets, partly offset by increase in cash and cash equivalents. Inventories had decreased by \$3.4 million or 8.2% from \$40.3 million as at 30 September 2020 to \$36.9 million as at 31 March 2021. Trade and other receivables and contract assets had decreased by \$15.7 million or 56.9% from \$27.6 million as at 30 September 2020 to \$11.9 million as at 31 March 2021. This was partly offset by cash and cash equivalents, which increased by \$9.5 million or 60.1% from \$16.0 million as at 30 September 2020 to \$25.5 million as at 31 March 2021.

Non-Current Liabilities

Non-current liabilities had increased by \$4.0 million or 46.7% from \$8.6 million as at 30 September 2020 to \$12.6 million as at 31 March 2021 mainly from the drawdown of a bridging loan.

Current Liabilities

Current liabilities had decreased by \$14.5 million or 66.0% from \$22.0 million as at 30 September 2020 to \$7.5 million as at 31 March 2021. The decrease was mainly due to decrease in trade and other payables, loans and borrowings and lease liabilities, partly offset by increase in other non-financial liabilities. Trade and other payables had decreased by \$1.2 million or 33.1% from \$3.8 million as at 30 September 2020 to \$2.6 million as at 31 March 2021. Loan and borrowings had decreased by \$13.2 million or 77.9% from \$16.9 million as at 30 September 2020 to \$3.7 million as at 31 March 2021. Likewise, financial liabilities had decreased by \$0.5 million or 46.3% from \$1.2 million as at 30 September 2020 to \$0.7 million as at 31 March 2021. This was partly offset by non-financial liabilities of \$0.5 million. There were no other non-financial liabilities as at 30 September 2020.



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Equity

Total equity had decreased by \$0.6 million or 0.8% from \$81.0 million as at 30 September 2020 to \$80.4 million as at 31 March 2021 mainly from dividend paid, partly offset by the profit generated in 1HY2021.

Statement of Cash Flows Review

Cash Flows From Operating Activities

Cash from operating activities had increased by \$8.6 million from \$12.5 million in 1HY2020 to \$21.1 million in 1HY2021 mainly from the working capital changes, partly offset by lower profit generated in 1HY2021.

Cash Flows Used In Investing Activities

Cash used in investing activities remained stable at \$0.2 million in both 1HY2020 and 1HY2021.

Cash Flows Used In Financing Activities

Cash used in financing activities had increased by \$5.3 million from \$6.1 million in 1HY2020 to \$11.4 million in 1HY2021 mainly from the repayment of loan and borrowings and dividend paid. This was partly offset by the drawdown of a bridging 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.

The Group experienced a drop in its revenue of approximately 50% for the first half ("1HY2021") of the financial year ending 30 September 2021 ("FY2021") compared to the same period last year due to many of the projects which the Company had hoped to secure over this period having yet to commence, or the Group not having managed to secure orders in relation thereto.

The Group expects its ability to generate revenue from its existing products and services for the rest of FY2021 to continue to be adversely affected, inter alia, in view of the reduced demand from its customers amidst the challenges faced due to the ongoing COVID-19 pandemic situation.

The Group has taken certain measures in 1HY2021 to expand its product offerings to include cable and cable management products and structural products such as flats, plates, channels and beams.

While the Group has managed to maintain its profitability in 1HY2021, it does not preclude the possibility of incurring a loss for the second half and/or full year of FY2021, inter alia, if the Group does not secure more orders and/or the existing orders are delayed or cancelled.



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The Company will continue to strive to improve its competitiveness in the market and continue to explore measures to strengthen its revenue generation, including an expansion of our offerings of products and services and possible diversification into other business activities. Please refer to the Company's quarterly update announcement dated 10 May 2021 for further details of the Company's recent measures taken to expand our offerings of products and services and to develop or expand into new markets. Cost management also continues to be a priority.

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/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.

Name of interested person	Nature of relationship	1 Oct 2020 to 31 Mar 2021	
		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all interested person transactions conducted under the IPT Mandate (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Hanwa Group *	Controlling Shareholder	-	690

* Hanwa Co., Ltd and its subsidiaries, and (where applicable) its associated companies.



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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 1HY2021 to be false or misleading in any material aspect.

15. Confirmation pursuant to Rule 720 (1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720 (1) of the Listing Manual.

By order of the Board

A handwritten signature in black ink, appearing to be "Ong Tong Hai", written over a horizontal line.

Ong Tong Hai
Chief Executive Officer

10 May 2021