



COSMOSTEEL

COSMOSTEEL HOLDINGS LIMITED

Condensed Interim Financial Statements
For the First Half Year Ended 31 March 2022
("1HY2022")



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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CONDENSED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	1HY2022 \$'000	Group 1HY2021 \$'000	% + / (-)
Revenue	4	20,057	20,107	(0.2)
Cost of Sales		(15,657)	(15,771)	(0.7)
Gross Profit		4,400	4,336	1.5
Finance Costs		(150)	(206)	(27.2)
Marketing and Distribution Costs		(1,947)	(1,830)	6.4
Administrative Expenses		(1,855)	(1,864)	(0.5)
Depreciation of Property, Plant and Equipment		(1,196)	(1,125)	6.3
Depreciation of Right-of-Use Assets		(695)	(710)	(2.1)
Other Gains (Net)		3,693	2,284	61.7
Profit Before Tax	5	2,250	885	154.2
Income Tax Expense	6	(214)	-	100.0
Profit for The Period		2,036	885	130.1
<u>Other Comprehensive Loss:</u>				
Items That Will Not Be Reclassified To Profit or Loss:				
Losses on Property Revaluation, Net of Tax		(1,042)	-	100.0
Items That May Be Reclassified Subsequently To Profit or Loss:				
Exchange Differences on Translating Foreign Operations, Net of Tax		(48)	(71)	(32.4)
Other Comprehensive Loss for The Period, Net of Tax		(1,090)	(71)	NM
Total Comprehensive Income for The Period, Net of Tax		946	814	16.2
<u>Earnings Per Share:</u>				
Basic and Diluted (In Cents)	7	0.71	0.30	

NM: Not meaningful



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B. Condensed Interim Statements of Financial Position

	Notes	Group		Company	
		As at 31 Mar 2022 \$'000	As at 30 Sep 2021 \$'000	As at 31 Mar 2022 \$'000	As at 30 Sep 2021 \$'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	9	21,461	22,343	-	-
Right-of-Use Assets		2,863	3,022	-	-
Investments in Subsidiaries		-	-	60,107	60,107 ¹
Total Non-Current Assets		24,324	25,365	60,107	60,107
Current Assets					
Inventories		36,514	34,286	-	-
Trade and Other Receivables and Contract Assets		11,292	9,005	358	2,733
Financial Assets		135	130	-	-
Other Non-Financial Assets		342	589	47	28
Cash and Cash Equivalents		25,049	32,549	1,268	959
Total Current Assets		73,332	76,559	1,673	3,720
Total Assets		97,656	101,924	61,780	63,827
EQUITY AND LIABILITIES					
Equity					
Share Capital	11	56,325	56,325	56,325	56,325
Treasury Shares	11	(435)	-	(435)	-
Retained Earnings		19,224	18,170	5,733	7,257
Other Reserves		6,319	7,879	-	-
Total Equity		81,433	82,374	61,623	63,582
Non-Current Liabilities					
Provisions		783	783	-	-
Loans and Borrowings	10	5,296	8,337	-	-
Lease Liabilities		2,285	2,415	-	-
Total Non-Current Liabilities		8,364	11,535	-	-
Current Liabilities					
Trade and Other Payables		2,396	3,900	157	245
Loans and Borrowings	10	4,502	3,008	-	-
Lease Liabilities		675	687	-	-
Other Non-Financial Liabilities		286	420	-	-
Total Current Liabilities		7,859	8,015	157	245
Total Liabilities		16,223	19,550	157	245
Total Equity and Liabilities		97,656	101,924	61,780	63,827



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C. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	1HY2022	1HY2021
	\$'000	\$'000
Cash Flows From Operating Activities :		
Profit Before Tax	2,250	885
Adjustments for :		
Interest Expense	150	206
Depreciation of Property, Plant and Equipment	1,196	1,125
Depreciation of Right-of-Use Assets	695	710
Operating Cash Flows before Changes in Working Capital	4,291	2,926
Inventories	(2,228)	3,318
Trade and Other Receivables and Contracts Assets	(2,337)	15,643
Financial Assets	(5)	(7)
Other Non-Financial Assets	247	2
Trade and Other Payables	(1,504)	(1,272)
Other Non-Financial Liabilities	(134)	515
Net Cash Flows (Used in)/ From Operations	(1,670)	21,125
Income Taxes Refunded	-	-
Net Cash Flows (Used in)/ From Operating Activities	(1,670)	21,125
Cash Flows From Investing Activities :		
Purchase of Property, Plant and Equipment	(1,570)	(166)
Net Cash Flows Used in Investing Activities	(1,570)	(166)
Cash Flows From Financing Activities :		
Decrease in Loan and Borrowings	(1,909)	(14,027)
Increase from New Borrowings	362	5,000
Payment of Lease Liabilities (Principal Portion)	(676)	(691)
Payment of Lease Liabilities (Interest Portion)	(45)	(51)
Purchase of Treasury Shares	(435)	-
Dividends Paid	(1,452)	(1,452)
Interest Paid	(105)	(155)
Net Cash Flows Used in Financing Activities	(4,260)	(11,376)
Net (Decrease)/ Increase in Cash and Cash Equivalents	(7,500)	9,583
Cash and Cash Equivalents at Beginning of The Period	32,549	15,951
Cash and Cash Equivalents at End of The Period	25,049	25,534



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C. Condensed Interim Consolidated Statement of Cash Flows (cont'd)

	Group	
	As at 31-Mar-22 \$'000	As at 31-Mar-21 \$'000
Cash and Cash Equivalents	25,049	25,534
Cash Restricted in Use Over 3 Months	-	-
Cash and Cash Equivalents at End of The Period	25,049	25,534

D. Condensed Interim Statements of Changes in Equity

Group	Currency					
	Share Capital \$'000	Treasury Shares \$'000	Translation Reserve \$'000	Revaluation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 October 2020	56,325	-	275	8,028	16,368	80,996
Total Comprehensive Income for 1HY2021	-	-	(71)	-	885	814
Dividends Paid (Note 8)	-	-	-	-	(1,452)	(1,452)
Balance at 31 March 2021	56,325	-	204	8,028	15,801	80,358
Balance at 1 October 2021	56,325	-	275	7,604	18,170	82,374
Total Comprehensive Income for 1HY2022	-	-	(48)	(1,042)	2,036	946
Dividends Paid (Note 8)	-	-	-	-	(1,452)	(1,452)
Purchase of Treasury Shares (Note 11)	-	(435)	-	-	-	(435)
Transfer to Retained Earnings of Difference Between Depreciation on Carrying Revalued Amount and Depreciation Based on Original Cost	-	-	-	(470)	470	-
Balance at 31 March 2022	56,325	(435)	227	6,092	19,224	81,433

Company	Share Capital \$'000	Treasury Shares \$'000	Retained Earnings \$'000	Total Equity \$'000
	Balance at 1 October 2020	56,325	-	6,966
Total Comprehensive Loss for 1HY2021	-	-	(110)	(110)
Dividends Paid (Note 8)	-	-	(1,452)	(1,452)
Balance at 31 March 2021	56,325	-	5,404	61,729
Balance at 1 October 2021	56,325	-	7,257	63,582
Total Comprehensive Loss for 1HY2022	-	-	(72)	(72)
Dividends Paid (Note 8)	-	-	(1,452)	(1,452)
Purchase of Treasury Shares (Note 11)	-	(435)	-	(435)
Balance at 31 March 2022	56,325	(435)	5,733	61,623



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E. Notes to the Condensed Interim Consolidated Financial Statements
31 March 2022

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries. The registered office is: 14 Lok Yang Way, Singapore 628633. The company is situated in Singapore.

The board of directors approved and authorised these condensed interim financial statements for issue on the date of this announcement. The directors have the power to amend and reissue the financial statements.

The company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the group are disclosed in Note 3 on segment information.

The financial information contained in this announcement has neither been audited nor reviewed by the auditors.

The latest audited annual financial statements (“AAFS”) were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

COVID-19 related disclosures

The COVID-19 pandemic and its aftermath have caused and will continue to cause disruptions for the foreseeable future to and create uncertainty surrounding the reporting entity’s business, including affecting its relationships with its existing and future customers, suppliers and employees, which could have an adverse effect on its business, financial results and operations. There is significant uncertainty around the medium to long term impact of COVID-19. Economic forecasts are continually changing, government supports for businesses are evolving and assets held by other entities may have material uncertainties and/or disclaimers regarding the impact of COVID-19. These uncertainties give rise to difficulties in making an accurate assessment by management of the future impacts on the reporting entity. Management will continue to closely monitor the further economic development and its impact. It is however reasonably possible that COVID-19 pandemic will have an adverse impact on the reporting entity’s revenues and results for the next reporting year, the extent of which will depend on how long the aftermath of the pandemic lasts.

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I) s”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the SGX Mainboard Listing Rules.



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1. General (cont'd)

Basis of presentation (cont'd)

The accounting policies and methods of computation applied in these condensed interim consolidated financial statements are consistent with those of the latest audited annual financial statements for the reporting year ended 30 September 2021. However, the typical notes and information included in the latest audited annual financial statements are not included in these financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the group since the latest audited annual financial statements.

New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

Critical judgements, assumptions and estimation uncertainties

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclose with further details in the relevant Notes to these condensed interim consolidated financial statements.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2021.

2. Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

3. Financial information by operating segments

3A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

Revenue generated is derived from the sale, supply and machining of flanges, steel fittings, tubing and pipes for the following main industries which form the basis on which the group reports its primary segment information.



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3. Financial information by operating segments (cont'd)

3A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The main industries of the customers are as follows:

- Energy – Oil and gas, engineering and construction, petrochemical and power
- Marine – Shipbuilding and repair
- Trading – Traders that purchase goods and on-sell to end-user customers
- Others – Other industries such as the manufacturing and pharmaceutical sectors

Unallocated items comprise cash and cash equivalents, trade and other receivables and contract assets, property, plant and equipment, right-of-use assets, other financial liabilities, trade and other payables, other non-financial liabilities, current tax recoverable (payable), deferred tax liabilities, interest income, depreciation expenses, marketing and distribution costs, administrative expenses, finance costs, other gains (losses) and income tax expense. It is not meaningful to allocate these amounts by business segments.

3B. Profit or loss from continuing operations and reconciliations

	<u>Energy</u> \$'000	<u>Marine</u> \$'000	<u>Trading</u> \$'000	<u>Others</u> \$'000	<u>Group</u> \$'000
<u>1HY2022</u>					
Revenue by segment					
Total revenue	<u>13,666</u>	<u>794</u>	<u>5,046</u>	<u>551</u>	<u>20,057</u>
Segment results	<u>3,248</u>	<u>241</u>	<u>1,225</u>	<u>(314)</u>	4,400
Unallocated expenses					<u>(5,693)</u>
Loss from operations					(1,293)
Finance costs					(150)
Other gains (net)					3,693
Profit before tax					<u>2,250</u>
Income tax expense					<u>(214)</u>
Profit from continuing operations					<u><u>2,036</u></u>
<u>1HY2021</u>					
Revenue by segment					
Total revenue	<u>15,469</u>	<u>3,117</u>	<u>834</u>	<u>687</u>	<u>20,107</u>
Segment results	<u>3,243</u>	<u>878</u>	<u>246</u>	<u>(31)</u>	4,336
Unallocated expenses					<u>(5,529)</u>
Loss from operations					(1,193)
Finance costs					(206)
Other gains (net)					2,284
Profit before tax					<u>885</u>
Income tax expense					<u>–</u>
Profit from continuing operations					<u><u>885</u></u>



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3. Financial information by operating segments (cont'd)

3C. Assets, liabilities and reconciliations

Assets and liabilities of the group are considered impracticable to allocate to segments.

3D. Other material items and reconciliations

	<u>Group</u>	
	<u>1HY2022</u>	<u>1HY2021</u>
	\$'000	\$'000
Expenditures for non-current assets	1,570	166
Allowance for impairment of trade receivables – reversal	–	(998)
Bad debts recovered on trade receivables (net)	(111)	(53)
Inventories allowance written-back	<u>(3,400)</u>	<u>(1,487)</u>

3E. Geographical information

The following table provides an analysis of the revenue and non-current assets by geographical market, irrespective of the origin of the goods/services:

	<u>Group</u>			
	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>1HY2022</u>	<u>1HY2021</u>	<u>31 Mar 22</u>	<u>30 Sep 21</u>
	\$'000	\$'000	\$'000	\$'000
Brunei	2,911	1,968	–	–
Indonesia	976	27	–	–
Japan	3,366	29	–	–
Malaysia	580	478	–	–
Middle East	3	65	–	–
Singapore	11,311	15,715	24,269	25,291
Thailand	51	64	–	–
Vietnam	13	–	–	–
Others ⁽¹⁾	846	1,761	55	74
	<u>20,057</u>	<u>20,107</u>	<u>24,324</u>	<u>25,365</u>

⁽¹⁾ Customers in others are primarily located in Australia, Canada, Korea and Philippines (1HY2021: Australia, Canada, Norway and Philippines). Non-current assets in others are located in Australia.

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located.

The group has not identified profit before tax by industries or by geographical markets as the allocation of costs cannot be allocated in a similar manner with reasonable accuracy. This is because the operating expenses and administrative expenses incurred for industries or geographical markets such as marketing expenses, remuneration and facilities-related costs are general costs which are accounted for on a group-wide basis. It is not meaningful to track operating costs and administrative expenses by industries or geographical markets.



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4. Disaggregation of revenue

	<u>1HY2022</u> \$'000	<u>Group</u> <u>1HY2021</u> \$'000
Sale of goods	20,036	19,674
Other	21	433
Total revenue	<u>20,057</u>	<u>20,107</u>

The revenue is primarily from sale of goods, which is recognised based on point in time. The customers are mainly from the energy sector with a large portion from Singapore.

Other mainly consists of government grants of \$21,000 (1HY2021: \$432,000).

5. Profit before tax is arrived after crediting/ (charging) the following:

	<u>1HY2022</u> \$'000	<u>Group</u> <u>1HY2021</u> \$'000
<u>Finance costs</u>		
Interest on borrowings	(105)	(155)
<u>Marketing and distribution costs</u>		
Employee benefit expense	(1,714)	(1,710)
<u>Administrative expenses</u>		
Employee benefit expense	(699)	(839)
<u>Other gains and (other losses)</u>		
Allowance for impairment of trade receivables – reversal	–	998
Bad debts recovered on trade receivables (net)	111	53
Fair value gains on financial assets at FVTPL	5	7
Foreign exchange gains/ (losses)	177	(261)
Inventories allowance written-back	3,400	1,487

6. Income tax

Components of tax expense recognised in profit or loss include:

	<u>1HY2022</u> \$'000	<u>Group</u> <u>1HY2021</u> \$'000
<u>Deferred tax expense</u>		
Deferred tax expense	214	–
Subtotal	<u>214</u>	<u>–</u>
Total income tax expense	<u>214</u>	<u>–</u>



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7. Earnings per share

The earnings per share is calculated by dividing the group's profit attributable to shareholders by the weighted number of shares of no par value in issue during the period.

	<u>Group</u>	
	<u>1HY2022</u>	<u>1HY2021</u>
	\$'000	\$'000
The calculation of the earnings per share is based on the following:		
Profit for the year attributable to the equity holders of the company for the purposes of basic and diluted earnings per share	<u>2,036</u>	<u>885</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>288,595,807</u>	<u>290,399,997</u>
Profit figures are calculated as follows:		
Earnings per share – cents	<u>0.71</u>	<u>0.30</u>

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

The fully diluted profit per ordinary share is the same as the basic profit per ordinary share as there were no options granted or outstanding during the reporting period.

8. Dividends on equity shares

	<u>Group and Company</u>			
	<u>Rate per share – cents</u>			
	<u>1HY2022</u>	<u>1HY2021</u>	<u>1HY2022</u>	<u>1HY2021</u>
			\$'000	\$'000
Final tax exempt (1-1.tier) dividend paid	<u>0.50</u>	<u>0.50</u>	<u>1,452</u>	<u>1,452</u>
Total dividends paid in the period	<u>0.50</u>	<u>0.50</u>	<u>1,452</u>	<u>1,452</u>

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9. Property, plant and equipment

<u>Group</u>	<u>Leasehold properties and improvements</u> \$'000	<u>Plant and equipment</u> \$'000	<u>Total</u> \$'000
<u>Cost or valuation:</u>			
At 1 October 2020	23,249	7,102	30,351
Additions	391	259	650
Disposals	–	(63)	(63)
Revaluation	(1,400)	–	(1,400)
At 30 September 2021	22,240	7,298	29,538
Foreign exchange adjustments	–	3	3
Additions	1,000	570	1,570
Revaluation	(2,191)	–	(2,191)
At 31 March 2022	21,049	7,871	28,920
<u>Represented by:</u>			
Cost	–	7,871	7,871
Valuation	21,049	–	21,049
Total	21,049	7,871	28,920
<u>Accumulated depreciation and impairment losses:</u>			
At 1 October 2020	1,015	5,941	6,956
Depreciation for the year	1,949	307	2,256
Disposals	–	(49)	(49)
Elimination of depreciation on revaluation	(1,968)	–	(1,968)
At 30 September 2021	996	6,199	7,195
Foreign exchange adjustments	–	3	3
Depreciation for the period	971	225	1,196
Elimination of depreciation on revaluation	(935)	–	(935)
At 31 March 2022	1,032	6,427	7,459
<u>Carrying value:</u>			
At 1 October 2020	22,234	1,161	23,395
At 30 September 2021	21,244	1,099	22,343
At 31 March 2022	20,017	1,444	21,461

The partial redevelopment of the leasehold property located at 14 Lok Yang Way is currently in progress. The valuation of this property was based on as-is where-is basis as at 31 March 2022.



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9. Property, plant and equipment (cont'd)

9.1 Valuation

The fair value of leasehold properties and improvements located at 14 Lok Yang Way and 90 Second Lok Yang Road were measured in March 2022 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting period. The fair value of 14 Lok Yang Way was based on full valuation, whereas 90 Second Lok Yang Road was based on desktop valuation made by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent valuers on a systematic basis. The full valuation and desktop valuation will be done yearly on an alternate year basis respectively. If there are material changes to the property or market conditions, a full valuation will be performed.

The independent valuers hold recognised and relevant professional qualifications with sufficient recent experience in the location and category of the investment properties being valued. There has been no change to the valuation techniques during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The fair value measurements for the properties are categorised within Level 2 of the fair value hierarchy. The valuation was based on the comparison method that considers the sales or rental income of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

The deficit net of applicable deferred income tax on revaluation of \$1,042,000 (1HY2021: Nil) has been debited to asset revaluation reserve in other comprehensive income.

Valuation policies and procedures:

It is the group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS (I) 13: Fair Value Measurement.

10. Aggregate amount of the Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 Mar 22		As at 30 Sep 21	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
4,502	–	3,008	–

Amount repayable after one year

As at 31 Mar 22		As at 30 Sep 21	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
5,296	–	8,337	–



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10. Aggregate amount of the Group's borrowings and debt securities (cont'd)

Details of any collateral

As at 31 March 2022, the Group's borrowings and debt securities consist of bills payable, bridging loan and loan for the properties at 14 Lok Yang Way 628633 and 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.

11. Share capital

	Number of shares <u>issued</u>	<u>Group and Company</u>		
		<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Total</u> \$'000
Ordinary shares of no par value:				
Balance at 1 October 2020 and 30 September 2021	290,399,997	56,325	–	56,325
Treasury shares purchased ^(a)	(3,696,000)	–	(435)	(435)
Balance at end of the period 31 March 2022	<u>286,703,997</u>	<u>56,325</u>	<u>(435)</u>	<u>55,890</u>

^(a) Under the mandate approved at the last the annual general meeting, 3,696,000 ordinary shares were acquired during the reporting period on the Singapore Stock Exchange and held as treasury shares for a consideration of \$435,000. The total is 3,696,000 (30 September 2021: Nil) treasury shares.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022 and 30 September 2021.



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12. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	<u>Group</u>	
	<u>31 Mar 22</u>	<u>30 Sep 21</u>
	\$'000	\$'000
<u>Financial assets:</u>		
Financial assets at amortised cost	36,017	40,626
Financial assets at fair value through profit or loss	135	130
At end of the year	<u>36,152</u>	<u>40,756</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	15,154	18,347
At end of the year	<u>15,154</u>	<u>18,347</u>
	<u>Company</u>	
	<u>31 Mar 22</u>	<u>30 Sep 21</u>
	\$'000	\$'000
<u>Financial assets:</u>		
Financial assets at amortised cost	1,626	3,692
At end of the year	<u>1,625</u>	<u>3,692</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	157	245
At end of the year	<u>157</u>	<u>245</u>

13. Net assets value

	<u>Group</u>		<u>Company</u>	
	<u>31 Mar 22</u>	<u>30 Sep 21</u>	<u>31 Mar 22</u>	<u>30 Sep 21</u>
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares at the end of the financial period (in cents)	28.40	28.37	21.49	21.89
Total number of issued shares excluding treasury shares	<u>286,703,997</u>	<u>290,399,997</u>	<u>286,703,997</u>	<u>290,399,997</u>



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14. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	<u>1HY2022</u> \$'000	<u>Group</u>	<u>1HY2021</u> \$'000
<u>Other related parties</u>			
Revenue from sales of goods to a controlling shareholder and its subsidiaries ^(a)	(3,266)		(3)
Purchases of goods and services from a controlling shareholder and its subsidiaries ^(a)	410		716
Revenue from sale of goods	(422)		(182)
Purchases of goods and services	414		–
Legal expenses	145		84
	<u>145</u>		<u>84</u>

^(a) Hanwa Co., Ltd is a controlling shareholder of the company. It has significant influence over the company.

15. Capital commitments

Estimated amounts committed at the end of the financial period for future capital expenditure but not recognised in the condensed interim unaudited financial statements are as follows:

	<u>31 Mar 22</u> \$'000	<u>Group</u>	<u>30 Sep 21</u> \$'000
Commitments to purchase property, plant and equipment	1,540		2,868
	<u>1,540</u>		<u>2,868</u>

16. Events after the end of the reporting period

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



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17. Changes and adoption of financial reporting standards

The same accounting policies and methods of computation used in the latest audited annual financial statements have been applied.

F. Other Information Required by Listing Rule Appendix 7.2

1. **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.**

	31 Mar 2022		30 Sep 2021	
	Number of shares	\$'000	Number of shares	\$'000
Issued and paid up capital				
At beginning of period	290,399,997	56,325	290,399,997	56,325
Less: Treasury shares purchased during the period	(3,696,000)	(435)	–	–
Total issued shares capital excluding treasury shares as at end of period	286,703,997	55,890	290,399,997	56,325

There were no outstanding convertibles as at 31 March 2022 and 31 March 2021.

2. **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 Mar 22	As at 30 Sep 21
286,703,997	290,399,997

3. **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.

4. **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.



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- 5. 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.

- 6. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 6A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

- 7. 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 2021.

- 8. 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.



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9. 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 Profit or Loss and Other Comprehensive Income Review

Revenue

Revenue remained relatively stable at \$20.1 million. Revenue from Energy Sector had decreased by \$1.8 million or 11.7% from \$15.5 million in 1HY2021 to \$13.7 million in 1HY2022. Likewise, revenue from Marine Sector had decreased by \$2.3 million or 74.5% from \$3.1 million in 1HY2021 to \$0.8 million in 1HY2022. This was partially offset by increase in revenue from Trading Sector. Revenue from Trading Sector had increased by \$4.2 million or 505.0% from \$0.8 million in 1HY2021 to \$5.0 million in 1HY2022.

Geographically, Singapore market was the main contributor at 56.4% of the revenue generated in 1HY2022. However, the revenue from Singapore market had decreased by \$4.4 million or 28.0% from \$15.7 million in 1HY2021 to \$11.3 million in 1HY2022. With the exception of Australia, Canada, China, Middle East, Norway, Singapore, Thailand and United States, revenue generated by other markets increased during the financial period.

Gross Profit and Gross Profit Margin

Gross profit margin had improved by 0.3 percentage point from 21.6% in 1HY2021 to 21.9% in 1HY2022. Gross profit increased by \$0.1 million or 1.5% from \$4.3 million in 1HY2021 to \$4.4 million in 1HY2022. Loss in Other Sector was largely attributable to the selling of aged inventories.

Finance Costs

Finance costs had decreased by \$56 thousand or 27.2% from \$206 thousand in 1HY2021 to \$150 thousand in 1HY2022 mainly from lesser bank borrowings.

Operating Expenses

Marketing and distribution costs had increased by \$0.1 million or 6.4% from \$1.8 million in 1HY2021 to \$1.9 million in 1HY2022 mainly from increase in entertainment and vehicle related repair & maintenance expenses.

Administrative expenses remained relatively stable at \$1.9 million. There was a decrease in employee benefits expense, partly offset by increase in professional & consultancy fees and general repair & maintenance expenses.

Depreciation of property, plant and equipment and right-of-use assets remained relatively stable at \$1.2 million and \$0.7 million respectively.



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9. 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. (cont'd)

Statement of Profit or Loss and Other Comprehensive Income Review (cont'd)

Other Gains (Net)

Other gains had increased by \$1.4 million or 61.7% from \$2.3 million in 1HY2021 to \$3.7 million in 1HY2022 mainly from foreign exchange gains and increase in inventories allowance written-back

Profit Before Tax

Profit before tax had increased by \$1.4 million or 154.2% from \$0.9 million in 1HY2021 to \$2.3 million in 1HY2022 due to the aforementioned reasons.

Other Comprehensive Loss

Other comprehensive loss had increased by \$1.0 million from \$71 thousand in 1HY2021 to \$1.1 million in 1HY2022 from the exchange differences on translating foreign operations and deficit on revaluation of the properties. The partial redevelopment of the leasehold property located at 14 Lok Yang Way is currently in progress. The valuation of this property was based on as-is where-is basis as at 31 March 2022.

Statement of Financial Position Review

Non-Current Assets

Non-current assets had decreased by \$1.1 million or 4.1% from \$25.4 million as at 30 September 2021 to \$24.3 million as at 31 March 2022 mainly from the revaluation of the properties and the depreciation charged, partly offset by the purchase of plant and equipment and the construction costs of the warehouse incurred in the current financial period.

Current Assets

Current assets had decreased by \$3.3 million or 4.2% from \$76.6 million as at 30 September 2021 to \$73.3 million as at 31 March 2022. The decrease was mainly due to decrease in cash and cash equivalents, partly offset by increase in inventories and trade and other receivables and contract assets. Cash and cash equivalents had decreased by \$7.5 million or 23.0% from \$32.5 million as at 30 September 2021 to \$25.0 million as at 31 March 2022. On the other hand, inventories had increased by \$2.2 million or 6.5% from \$34.3 million as at 30 September 2021 to \$36.5 million as at 31 March 2022. Trade and other receivables and contract assets had increased by \$2.3 million or 25.4% from \$9.0 million as at 30 September 2021 to \$11.3 million as at 31 March 2022.



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9. 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. (cont'd)

Statement of Financial Position Review (cont'd)

Non-Current Liabilities

Non-current liabilities had decreased by \$3.1 million or 27.5% from \$11.5 million as at 30 September 2021 to \$8.4 million as at 31 March 2022 mainly from the repayment of loan and borrowings.

Current Liabilities

Current liabilities had decreased by \$0.1 million or 1.9% from \$8.0 million as at 30 September 2021 to \$7.9 million as at 31 March 2022 mainly from decrease in trade and other payables and other non-financial liabilities, partly offset by increase in loans and borrowings. Trade and other payables had decreased by \$1.5 million or 38.6% from \$3.9 million as at 30 September 2021 to \$2.4 million as at 31 March 2022. Other non-financial liabilities had decreased by \$0.1 million or 31.9% from \$0.4 million as at 30 September 2021 to \$0.3 million as at 31 March 2022. On the other hand, loan and borrowings had increased by \$1.5 million or 49.7% from \$3.0 million as at 30 September 2021 to \$4.5 million as at 31 March 2022.

Equity

Total equity had decreased by \$1.0 million or 1.1% from \$82.4 million as at 30 September 2021 to \$81.4 million as at 31 March 2022 mainly from the dividend paid and deficit on revaluation of the properties, partly offset by the profit generated in 1HY2022.

Statement of Cash Flows Review

Cash Flows (Used in)/ From Operating Activities

Cash from operating activities had decreased by \$22.8 million from an inflow of \$21.1 million in 1HY2021 to an outflow of \$1.7 million in 1HY2022 mainly from the working capital changes.

Cash Flows Used In Investing Activities

Cash used in investing activities had increased by \$1.4 million from \$0.2 million in 1HY2021 to \$1.6 million in 1HY2022 mainly from the capital expenditure for the purchase of plant and equipment and the construction costs of the warehouse incurred in the current financial period.



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9. **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. (cont'd)**

Statement of Cash Flows Review (cont'd)

Cash Flows Used in Financing Activities

Cash used in financing activities had decreased by \$7.1 million from \$11.4 million in 1HY2021 to \$4.3 million in 1HY2022 mainly from less repayment of loan and borrowings.

10. **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.

11. **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 expects its ability to generate revenue from its existing products and services for the rest of FY2022 to continue to be adversely impacted by the COVID-19 pandemic and the ongoing Russian-Ukraine conflict.

To address the above, the Group will continue to improve its competitiveness and explore measures to strengthen its revenue generation, including diversifying into other geographical markets and its range of existing products and services. Cost management also continues to be a priority.



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12. Dividend

(a) Current Financial Period Reported On

The Board of Directors has proposed an interim tax exempt dividend of \$0.0025 per ordinary share in respect of the financial period ended 31 March 2022 as stated below:

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	\$0.0025

The dividend amount per share is computed based on 286,703,997 ordinary shares in issue (excluding treasury shares as at 31 March 2022) and the Board of Directors has proposed such dividend taking into consideration, *inter alia*, the Group's profitability and cash position and as a gesture of appreciation to shareholders for their continual support. Such dividend is not taxable in the hands of shareholders.

(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

30 May 2022

(d) Record Date

20 May 2022

13. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

See paragraph above.



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14. 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	1HY2022	
		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)
		\$'000	\$'000
Hanwa Group *	Controlling Shareholder	-	2,786

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

15. 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 1HY2022 to be false or misleading in any material aspect.

16. 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.

17. Disclosures on Acquisition and Realisation of Shares pursuant to Rule 706A of the Listing Manual

Pursuant to Rule 706A of the Listing Manual, the Company wishes to announce that the Group had not undertaken any acquisitions and/or realisations of shares in the subsidiaries and/or associated companies (as the case may be) during 1HY2022.



COSMOSTEEL HOLDINGS LIMITED
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By order of the Board

Low Beng Tin
Chairman

11 May 2022

Ong Tong Hai
Chief Executive Officer