

COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

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

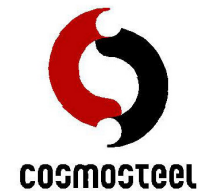
1(a)(i) A consolidated statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	<u>3QFY2015</u>	<u>3QFY2014</u>	%	1-Oct-14	1-Oct-13	%
	S\$'000	S\$'000	+ / (-)	<u>30-Jun-15</u>	<u>30-Jun-14</u>	+ / (-)
Revenue	26,006	38,785	(32.9)	85,685	116,141	(26.2)
Cost of sales	(21,354)	(31,510)	(32.2)	(70,477)	(93,752)	(24.8)
Gross profit	4,652	7,275	(36.1)	15,208	22,389	(32.1)
Financial income	4	28	(85.7)	11	33	(66.7)
Financial expense	(350)	(405)	(13.6)	(1,093)	(1,104)	(1.0)
Distribution costs	(2,277)	(2,401)	(5.2)	(6,739)	(7,286)	(7.5)
Administrative expenses	(3,018)	(2,589)	16.6	(8,675)	(7,835)	10.7
Other charges	(1,576)	(835)	88.7	(537)	(1,907)	(71.8)
(Loss)/Profit before income tax	(2,565)	1,073	(339.0)	(1,825)	4,290	(142.5)
Income tax credit/(expense)	80	(192)	(141.7)	(82)	(769)	(89.3)
(Loss)/Profit for the period	(2,485)	881	(382.1)	(1,907)	3,521	(154.2)
Other Comprehensive Income:						
Exchange differences on translating foreign operations, net of tax	59	(26)	(326.9)	136	(1)	NM
Total Comprehensive (Loss)/Income for the period, net of tax	(2,426)	855	(383.7)	(1,771)	3,520	(150.3)

NM: Not meaningful

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

	Group			
	<u>3QFY2015</u>	<u>3QFY2014</u>	1-Oct-14	1-Oct-13
	S\$'000	S\$'000	<u>30-Jun-15</u>	<u>30-Jun-14</u>
Reversal/(Allowance) for impairment on trade receivables	24	(141)	181	(18)
Allowance for slow-moving inventories and decline in net realisable values	(948)	(757)	(339)	(1,427)
Bad debts recovered/(written off)	9	(150)	27	(271)
Depreciation of property, plant and equipment	(1,188)	(568)	(3,097)	(1,815)
Foreign exchange (loss)/gain	(448)	135	2	66
Interest on borrowings	(350)	(405)	(1,093)	(1,104)
(Write-off)/Reversal for slow moving inventory	(222)	77	(433)	(196)



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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>30/06/15</u> S\$'000	<u>As at</u> <u>30/09/14</u> S\$'000	<u>As at</u> <u>30/06/15</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	28,100	24,063	-	-
Investments in Subsidiaries	-	-	60,107	46,107
Available-For-Sale Financial Assets	130	130	-	-
Total Non-Current Assets	28,230	24,193	60,107	46,107
<u>Current Assets</u>				
Inventories	99,352	109,214	-	-
Trade and Other Receivables	31,086	41,171	2,704	3,766
Financial Assets at Fair Value Through Profit or Loss	1,589	1,454	-	-
Other Financial Assets	9	-	-	-
Other Assets	870	1,368	22	36
Cash and Cash Equivalents	24,613	33,177	414	807
Total Current Assets	157,519	186,384	3,140	4,609
Total Assets	185,749	210,577	63,247	50,716
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	56,325	42,062	56,325	42,062
Retained Earnings	47,415	50,642	6,454	7,372
Other Reserves	14,516	14,380	-	-
Total Equity	118,256	107,084	62,779	49,434
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	3,556	3,556	-	-
Provisions	64	64	-	-
Other Financial Liabilities	5,846	4,679	-	2
Total Non-Current Liabilities	9,466	8,299	-	2
<u>Current Liabilities</u>				
Income Tax Payable	440	1,537	94	58
Trade and Other Payables	9,932	25,976	372	1,220
Other Financial Liabilities	46,736	65,491	2	2
Other Liabilities	919	2,190	-	-
Total Current Liabilities	58,027	95,194	468	1,280
Total Liabilities	67,493	103,493	468	1,282
Total Equity and Liabilities	185,749	210,577	63,247	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 30/06/15		As at 30/09/14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
46,736	-	65,396	-

Amount repayable after one year

As at 30/06/15		As at 30/09/14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,846	-	4,679	-

Details of any collateral

As at 30 June 2015, 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 are secured by:

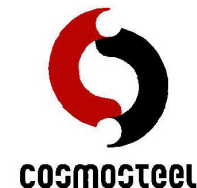
- (a) Legal mortgage on the Group's leasehold property at 14 Lok Yang Way Singapore 628633;
- (b) Legal mortgage on the Group's leasehold property at 21A Neythal Road Singapore 628587;
- (c) Legal mortgage on the Group's leasehold property at 36 Tuas Crescent Singapore 638724;

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>3QFY2015</u> S\$'000	<u>3QFY2014</u> S\$'000	<u>1-Oct-14</u> <u>30-Jun-15</u> S\$'000	<u>1-Oct-13</u> <u>30-Jun-14</u> S\$'000
Cash Flows From Operating Activities :				
(Loss)/Profit Before Tax	(2,565)	1,073	(1,825)	4,290
Adjustments for :				
Interest Income	(4)	(28)	(11)	(33)
Interest Expense	350	405	1,093	1,104
Depreciation of Property, Plant and Equipment	1,188	568	3,097	1,815
Gain on Disposal of Plant and Equipment	(4)	-	(4)	-
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	59	(26)	136	(1)
Fair Value Loss/(Gain) on Financial Assets at Fair Value through Profit or Loss	49	17	(135)	55
Fair Value Gain on Derivative Financial Instruments	(32)	(73)	(104)	(114)
Operating Cash Flows before Changes in Working Capital	(959)	1,936	2,247	7,116
Inventories	6,128	(2,305)	9,862	5,480
Trade and Other Receivables	2,873	2,088	10,085	(16,114)
Other Assets	(409)	(982)	498	(774)
Bills Payable	(5,180)	(905)	(15,684)	4,276
Trade and Other Payables	(5,259)	2,498	(16,044)	(188)
Other Liabilities	(1,382)	(268)	(1,271)	127
Net Cash Flows (Used in)/From Operations Before Tax	(4,188)	2,062	(10,307)	(77)
Income Taxes Paid	(442)	(406)	(1,179)	(1,082)
Net Cash Flows (Used in)/From Operating Activities	(4,630)	1,656	(11,486)	(1,159)
Cash Flows from Investing Activities :				
Purchase of Property, Plant and Equipment	(79)	5	(7,157)	(269)
Disposal of Property, Plant and Equipment	27	-	27	-
Interest Received	4	28	11	33
Net Cash Flows (Used in)/From Investing Activities	(48)	33	(7,119)	(236)
Cash Flows From Financing Activities :				
Cash Restricted in Use Over 3 Months	1	(1)	44	-
Proceeds from Issue of Shares	-	-	14,263	-
Decrease in Other Financial Liabilities	(3,750)	(1,185)	(7,249)	(3,477)
Increase from New Borrowings	-	-	5,440	8,000
Decrease in Finance Leases	-	(10)	-	(43)
Dividends Paid	-	-	(1,320)	(2,640)
Interest Paid	(350)	(405)	(1,093)	(1,104)
Net Cash Flows (Used in)/From Financing Activities	(4,099)	(1,601)	10,085	736
Net (Decrease)/Increase in Cash and Cash Equivalents	(8,777)	88	(8,520)	(659)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	33,364	19,642	33,107	20,389
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	24,587	19,730	24,587	19,730



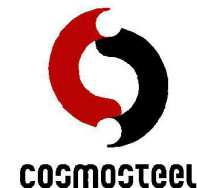
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	<u>3QFY2015</u>	<u>3QFY2014</u>	<u>1-Oct-14</u>	<u>1-Oct-13</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>30-Jun-15</u>	<u>30-Jun-14</u>
			<u>S\$'000</u>	<u>S\$'000</u>
Cash and Cash Equivalents	24,613	19,785	24,613	19,785
Cash Restricted in Use Over 3 Months	(26)	(55)	(26)	(55)
Cash and Cash Equivalents for Statement of Cash Flows purposes at end of the period	24,587	19,730	24,587	19,730

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 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
Balance at 1 October 2014	42,062	101	14,279	50,642	107,084
Issue of New Shares Pursant to Private Placement	15,312	-	-	-	15,312
Placement Expense	(1,049)	-	-	-	(1,049)
Dividends Paid	-	-	-	(1,320)	(1,320)
Total Comprehensive Loss for 3QFY2015	-	136	-	(1,907)	(1,771)
Balance at 30 June 2015	56,325	237	14,279	47,415	118,256

<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 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
Balance at 1 October 2014	42,062	7,372	49,434
Issue of New Shares Pursant to Private Placement	15,312	-	15,312
Placement Expense	(1,049)	-	(1,049)
Dividends Paid	-	(1,320)	(1,320)
Total Comprehensive Income for 3QFY2015	-	402	402
Balance at 30 June 2015	56,325	6,454	62,779



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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 outstanding convertibles and treasury shares as at 30 June 2014 and 30 June 2015.

- 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 30/06/15	As at 30/09/14
290,399,997	263,999,997

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.**

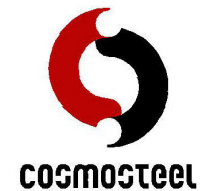
Not applicable.

- 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.



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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.

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.

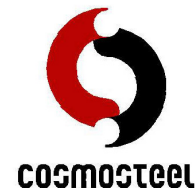
6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group			
	3QFY2015	3QFY2014	3QFY2015 TODATE	3QFY2014 TODATE
Earnings per ordinary share of the Company (in cents):				
(a) Based on weighted average number of ordinary shares in issue	(0.90)	0.33	(0.69)	1.33
(b) On a fully diluted basis	(0.90)	0.33	(0.69)	1.33
Weighted average number of ordinary shares in issue	275,314,283	263,999,997	275,314,283	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 30/06/15	As at 30/09/14	As at 30/06/15	As at 30/09/14
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	40.72	40.56	21.62	18.73
Number of ordinary shares in issue	290,399,997	263,999,997	290,399,997	263,999,997



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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 \$12.8 million or 32.9%, from \$38.8 million in 3QFY2014 to \$26.0 million in 3QFY2015. Year on year, revenue had decreased by \$30.4 million or 26.2% from \$116.1 million in FY2014 to \$85.7 million in FY2015. The decrease was mainly due to a decrease in revenue from customers in the Energy Sector on the back of sluggish market conditions due to waning oil prices. Despite the decrease in revenue from the Energy Sector, the Energy Sector remains the main contributor to revenue, contributing \$67.2 million or 78.5% of the total revenue generated year to date. Revenue from the Marine Sector had also decreased year on year, while revenue from the Trading and Others Sectors had increased.

Gross Profit and Gross Profit Margin

Following the decrease in revenue, gross profit had decreased by \$2.6 million or 36.1% from \$7.3 million in 3QFY2014 to \$4.7 million in 3QFY2015. Gross profit margin had decreased by 0.9 percentage point from 18.8% in 3QFY2014 to 17.9% in 3QFY2015.

Year on year, gross profit had decreased by \$7.2 million or 32.1% from \$22.4 million in FY2014 to \$15.2 million in FY2015. Gross profit margin had decreased by 1.5 percentage points from 19.3% in FY2014 to 17.8% in FY2015. Tougher competition in the markets that we operate in had contributed to the declining margins.

Financial Income and Expense

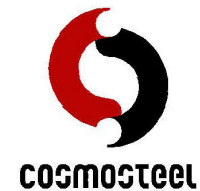
Financial income had decreased by \$24 thousand quarter on quarter and \$22 thousand year on year.

Financial expense stood at similar levels of \$0.4 million in both quarters. Year on year, financial expense amounted to \$1.1 million in both FY2014 and FY2015.

Operating Expenses

Distribution costs had decreased by \$0.1 million or 5.2% from \$2.4 million in 3QFY2014 to \$2.3 million in 3QFY2015. Year on year, distribution costs had decreased by \$0.6 million or 7.5% from \$7.3 million in FY2014 to \$6.7 million in FY2015 in tandem with the decrease in revenue, however, to a lesser extent due to certain fixed distribution costs.

Administrative expenses had increased by \$0.4 million or 16.6% from \$2.6 million in 3QFY2014 to \$3.0 million in 3QFY2015 which resulted mainly from higher depreciation on properties. The same reason accounted for the year on year increase in administrative expenses of \$0.9 million or 10.7% from \$7.8 million in FY2014 to \$8.7 million in FY2015. Depreciation on properties had increased by \$0.6 million quarter on quarter and \$1.2 million year on year.



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Other Charges/Credits

Other charges had increased by \$0.8 million or 88.7% from \$0.8 million in 3QFY2014 to \$1.6 million in 3QFY2015 mainly due to an increase in allowance for slow-moving inventories. However, year on year, the allowance for slow-moving inventories has reduced by \$1.2 million which contributed mainly to the decrease of \$1.4 million, from \$1.9 million in FY2014 to \$0.5 million in FY2015.

Profit/Loss Before Income Tax

Quarter on quarter, there is a loss of \$2.6 million in 3QFY2015 as compared to a profit of \$1.1 million in 3QFY2014. Year on year, the resulting loss due to the aforementioned reasons is \$1.8 million in FY2015 as compared to a profit before income tax of \$4.3 million in FY2014.

Statement of Financial Position Review

Non-Current Assets

Non-current assets had increased by \$4.0 million or 16.7% from \$24.2 million as at 30 September 2014 to \$28.2 million as at 30 June 2015 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 nine months of the current financial year.

Current Assets

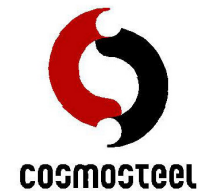
Current assets had decreased by \$28.9 million or 15.5% from \$186.4 million as at 30 September 2014 to \$157.5 million as at 30 June 2015. The decrease was mainly due to a decrease in both trade and other receivables and inventories. Trade and other receivables decreased by \$10.1 million or 24.5% from \$41.2 million as at 30 September 2014 to \$31.1 million as at 30 June 2015. Inventories had decreased by \$9.8 million or 9.0% from \$109.2 million as at 30 September 2014 to \$99.4 million as at 30 June 2015. Notwithstanding the decrease in current assets, the Group's current ratio has improved from 1.96 as at 30 September 2014 to 2.71 as at 30 June 2015.

Non-Current Liabilities

Non-current liabilities had increased by \$1.2 million or 14.1% from \$8.3 million as at 30 September 2014 to \$9.5 million as at 30 June 2015 from drawdown of a long term loan facility in 1QFY2015 for the purchase of the warehouse at 36 Tuas Crescent Singapore 628724.

Current Liabilities

Current liabilities had decreased by \$37.2 million or 39.0% from \$95.2 million as at 30 September 2014 to \$58.0 million as at 30 June 2015, primarily from a decrease in trade and other payables and other financial liabilities. Trade and other payables had decreased by \$16.1 million or 61.8% from \$26.0 million as at 30 September 2014 to \$9.9 million as at 30 June 2015 from repayments. Other financial liabilities, which includes short-term borrowings and current portion of long-term borrowings, had also decreased substantially by \$18.8 million or 28.6% from \$65.5 million as at 30 September 2014 to \$46.7 million as at 30 June 2015. With the decrease, coupled with the equity raised from the placement of shares in March 2015, the Group's gearing ratio (defined as total liabilities to equity) has improved from 0.97 as at 30 September 2014 to 0.57 as at 30 June 2015.



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Equity

Total equity increased by \$11.2 million from \$107.1 million as at 30 September 2014 to \$118.3 million as at 30 June 2015 mainly from the increase in share capital of \$14.3 million from a private placement of 26,400,000 new ordinary shares on 6 March 2015.

Statement of Cash Flows Review

Cash Flows from Operating Activities

Cash used in operating activities had increased by \$6.3 million from an inflow of \$1.7 million in 3QFY2014 to an outflow of \$4.6 million in 3QFY2015 mainly from repayments to trade suppliers and repayments of borrowings. The same reason accounted for the year on year increase in cash used in operating activities of \$10.3 million from \$1.2 million in FY2014 to \$11.5 million in FY2015.

Cash Flows from Investing Activities

Cash used in investing activities had increased marginally by \$0.1 million in 3QFY2015 due to minimal capital expenditure for the period. Year on year, cash used in investing activities had increased by \$6.9 million from \$0.2 million in FY2014 to \$7.1 million in FY2015 due to the purchase of the warehouse at 36 Tuas Crescent Singapore 628724 and other capital expenditure.

Cash Flows from Financing Activities

Cash used in financing activities had increased by \$2.5 million from \$1.6 million in 3QFY2014 to \$4.1 million in 3QFY2015 from repayments of borrowings. Year on year, cash from financing activities had increased by \$9.4 million from \$0.7 million in FY2014 to \$10.1 million in FY2015 from the proceeds raised from the private placement of new shares which was completed on 6 March 2015.

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.

We expect generation of revenue to remain challenging with the volatility of the oil market resulting in fewer projects available in the market. Gross profit margin will also continue to come under pressure from the intensifying competitive conditions amid the sluggish market.

The challenging market conditions and competition within the industry, whether locally or globally, are expected to continue for the rest of the financial year. Moving forward, we will explore various options to improve our marketing strategies and at the same time, to manage our operating costs stringently.

The Group is of the view that it is not likely to be able to generate sufficient revenue to avoid a loss in FY2015.



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11. Dividend

(a) Current Financial Period Reported On

No dividend is declared by the Company for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared by the Company for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

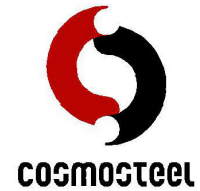
12. If no dividend has been declared/recommended, a statement to that effect.

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	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 *	-	2,340

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



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 3QFY2015 to be false or misleading in any material aspect.

By order of the Board

A handwritten signature in blue ink, appearing to read "ON 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

12 August 2015