

COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

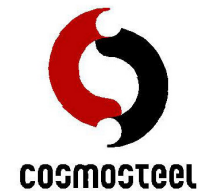
PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, & Q3), HALF-YEAR RESULTS

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>1QFY2016</u>	<u>1QFY2015</u>	%
	S\$'000	S\$'000	+ / (-)
Revenue	17,137	26,438	(35.2)
Cost of sales	(13,834)	(21,434)	(35.5)
Gross profit	<u>3,303</u>	<u>5,004</u>	<u>(34.0)</u>
Financial income	3	5	(40.0)
Financial expense	(206)	(402)	(48.8)
Distribution costs	(1,653)	(2,189)	(24.5)
Administrative expenses	(1,735)	(1,728)	0.4
Depreciation expense	(1,363)	(844)	61.5
Other (charges)/credits	(183)	556	(132.9)
(Loss)/Profit before income tax	<u>(1,834)</u>	<u>402</u>	<u>(556.2)</u>
Income tax expense	(48)	(91)	(47.3)
(Loss)/Profit for the period	<u>(1,882)</u>	<u>311</u>	<u>(705.1)</u>
<u>Other Comprehensive (Loss)/Income:</u>			
Exchange differences on translating foreign operations, net of tax	(10)	77	(113.0)
Total Comprehensive (Loss)/Income for the period, net of tax	<u>(1,892)</u>	<u>388</u>	<u>(587.6)</u>

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

	Group	
	<u>1QFY2016</u>	<u>1QFY2015</u>
	S\$'000	S\$'000
Reversal for impairment on trade receivables	6	101
(Allowance)/Reversal for slow-moving inventories and decline in net realisable values	(301)	196
Bad debts recovered	6	9
Foreign exchange gain	96	244
Gain on disposal of plant and equipment	4	-
Interest on borrowings	(206)	(402)



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

1(b)(i) Statements of financial position together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	<u>As at</u> <u>31/12/15</u> S\$'000	<u>As at</u> <u>30/09/15</u> S\$'000	<u>As at</u> <u>31/12/15</u> S\$'000	<u>As at</u> <u>30/09/15</u> S\$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	29,869	30,863	-	-
Investments in Subsidiaries	-	-	60,107	60,107
Trade and Other Receivables	2,094	2,214	-	-
Available-For-Sale Financial Assets	130	130	-	-
Total Non-Current Assets	32,093	33,207	60,107	60,107
<u>Current Assets</u>				
Inventories	95,542	93,851	-	-
Trade and Other Receivables	18,475	25,958	2,422	2,010
Financial Assets at Fair Value Through Profit or Loss	1,615	1,606	-	-
Other Assets	314	517	24	34
Cash and Cash Equivalents	21,436	25,021	841	1,211
Total Current Assets	137,382	146,953	3,287	3,255
Total Assets	169,475	180,160	63,394	63,362
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	56,325	56,325	56,325	56,325
Retained Earnings	48,925	50,807	6,608	6,546
Other Reserves	15,492	15,502	-	-
Total Equity	120,742	122,634	62,933	62,871
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	3,740	3,740	-	-
Provisions	88	88	-	-
Other Financial Liabilities	3,816	4,762	-	-
Total Non-Current Liabilities	7,644	8,590	-	-
<u>Current Liabilities</u>				
Income Tax Payable	116	85	41	35
Trade and Other Payables	11,451	11,879	420	456
Other Financial Liabilities	29,315	36,852	-	-
Other Non-Financial Liabilities	207	120	-	-
Total Current Liabilities	41,089	48,936	461	491
Total Liabilities	48,733	57,526	461	491
Total Equity and Liabilities	169,475	180,160	63,394	63,362



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/15		As at 30/09/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
29,315	-	36,852	-

Amount repayable after one year

As at 31/12/15		As at 30/09/15	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,816	-	4,762	-

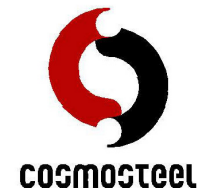
Details of any collateral

As at 31 December 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 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 36 Tuas Crescent Singapore 638724;

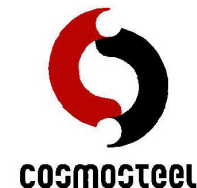
and covered by corporate guarantees issued by the Company.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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

	Group	
	<u>1QFY2016</u> S\$'000	<u>1QFY2015</u> S\$'000
Cash Flows From Operating Activities :		
(Loss)/Profit Before Tax	(1,834)	402
Adjustments for :		
Interest Income	(3)	(5)
Interest Expense	206	402
Depreciation of Property, Plant and Equipment	1,363	844
Gain on Disposal of Plant and Equipment	(4)	-
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	(10)	77
Fair Value Gain on Financial Assets at Fair Value through Profit or Loss	(4)	(86)
Fair Value Gain on Derivative Financial Instruments	(5)	(48)
Operating Cash Flows before Changes in Working Capital Inventories	(291)	1,586
Trade and Other Receivables	(1,691)	3,227
Other Assets	7,603	12,461
Bills Payable	203	853
Trade and Other Payables	(7,328)	(5,039)
Other Non-Financial Liabilities	(428)	(10,845)
Other Non-Financial Liabilities	87	1,527
Net Cash Flows (Used in)/From Operations Before Tax	(1,845)	3,770
Income Taxes Paid	(17)	(295)
Net Cash Flows (Used in)/From Operating Activities	(1,862)	3,475
Cash Flows From Investing Activities :		
Purchase of Property, Plant and Equipment	(369)	(6,904)
Disposal of Property, Plant and Equipment	4	-
Interest Received	3	5
Net Cash Flows Used in Investing Activities	(362)	(6,899)
Cash Flows From Financing Activities :		
Cash Restricted in Use Over 3 Months	-	43
Decrease in Other Financial Liabilities	(1,155)	(2,117)
Increase from New Borrowings	-	6,940
Interest Paid	(206)	(402)
Net Cash Flows (Used in)/From Financing Activities	(1,361)	4,464
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,585)	1,040
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	24,996	33,107
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	21,411	34,147



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

	<u>1QFY2016</u> S\$'000	<u>1QFY2015</u> S\$'000
Cash and Cash Equivalents	21,436	34,174
Cash Restricted in Use Over 3 Months	(25)	(27)
Cash and Cash Equivalents for Statement of Cash Flows purposes at end of the period	<u>21,411</u>	<u>34,147</u>

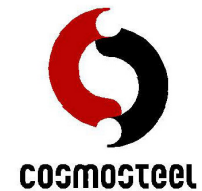
1(d)(i) A statement (for the issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>Currency Translation Reserve</u> S\$'000	<u>Asset Revaluation Reserve</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
Balance at 1 October 2014	42,062	101	14,279	50,642	107,084
Total Comprehensive Income for 1QFY2015	-	77	-	311	388
Balance at 31 December 2014	<u>42,062</u>	<u>178</u>	<u>14,279</u>	<u>50,953</u>	<u>107,472</u>
Balance at 1 October 2015	56,325	281	15,221	50,807	122,634
Total Comprehensive Loss for 1QFY2016	-	(10)	-	(1,882)	(1,892)
Balance at 31 December 2015	<u>56,325</u>	<u>271</u>	<u>15,221</u>	<u>48,925</u>	<u>120,742</u>

<u>Company</u>	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
Balance at 1 October 2014	42,062	7,372	49,434
Total Comprehensive Income for 1QFY2015	-	138	138
Balance at 31 December 2014	<u>42,062</u>	<u>7,510</u>	<u>49,572</u>
Balance at 1 October 2015	56,325	6,546	62,871
Total Comprehensive Income for 1QFY2016	-	62	62
Balance at 31 December 2015	<u>56,325</u>	<u>6,608</u>	<u>62,933</u>

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 2015. There were no outstanding convertibles and treasury shares as at 31 December 2014 and 31 December 2015.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31/12/15	As at 30/09/15
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 financial year.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited or reviewed.

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

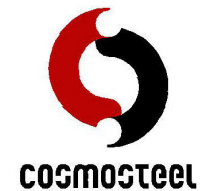
Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as compared with the audited financial statements for the financial year ended 30 September 2015.

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.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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	
	1QFY2016	1QFY2015
Earnings per ordinary share of the Group (in cents):		
(a) Based on weighted average number of ordinary shares in issue	(0.65)	0.12
(b) On a fully diluted basis	(0.65)	0.12
Weighted average number of ordinary shares in issue	290,399,997	263,999,997

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

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

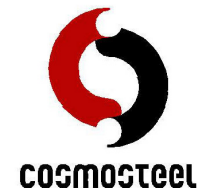
	Group		Company	
	As at 31/12/2015	As at 30/09/2015	As at 31/12/2015	As at 30/09/2015
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	41.58	42.23	21.67	21.65
Number of ordinary shares in issue	290,399,997	290,399,997	290,399,997	290,399,997

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
 (a) **any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Statement of Comprehensive Income

Revenue

Revenue had decreased by \$9.3 million or 35.2%, from \$26.4 million in 1QFY2015 to \$17.1 million in 1QFY2016 which was mainly attributable to a decrease in revenue from customers in the Energy Sector, partly offset by an increase in revenue from the Marine Sector. Revenue from the Energy Sector had decreased by \$10.2 million or 49.4% from \$20.6 million in 1QFY2015 to \$10.4 million in 1QFY2016. Despite the decrease, the Energy Sector remains the main contributor to the revenue generated in the period, which constitutes 60.7% of the revenue generated in 1QFY2016. Conversely, revenue from the Marine Sector had increased by \$1.4 million or 33.7% from \$4.2 million in 1QFY2015 to \$5.6 million in 1QFY2016.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

Geographically, revenue had decreased in all markets with the exception of Malaysia, Vietnam and Japan which saw an increase of \$0.2 million, \$1.0 million and \$0.3 million respectively in 1QFY2016. Collectively, Singapore and Vietnam accounts for the majority of the revenue generated in 1QFY2016 of \$14.1 million or 82.1%.

Gross Profit and Gross Profit Margin

As a consequence of the decrease in revenue, gross profit had decreased by \$1.7 million or 34.0% from \$5.0 million in 1QFY2015 to \$3.3 million in 1QFY2016. Notwithstanding the decrease in gross profit and stiff competition, gross profit margin had improved marginally by 0.4 percentage point from 18.9% in 1QFY2015 to 19.3% in 1QFY2016 mainly from a decrease in freight outwards and handling costs.

Financial Income and Expense

Financial income had decreased marginally by \$2 thousand while financial expense had decreased by a larger extent of \$0.2 million from \$0.4 million in 1QFY2015 to \$0.2 million in 1QFY2016 from a reduction in bank borrowings.

Operating Expenses

Distribution costs had decreased by \$0.5 million or 24.5% from \$2.2 million in 1QFY2015 to \$1.7 million in 1QFY2016 mainly due to a decrease in warehouse rental cost.

Administrative expenses had remained relatively stable at \$1.7 million in both 1QFY2015 and 1QFY2016 due to fixed overheads.

Depreciation expense had increased by \$0.6 million or 61.5% from \$0.8 million in 1QFY2015 to \$1.4 million in 1QFY2016 mainly from higher depreciation on properties.

Other Charges/Credits

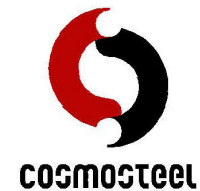
A charge of \$0.2 million was made in 1QFY2016 which was mainly attributable to provision for slow-moving stocks as compared to a credit of \$0.6 million in 1QFY2015 that arose mainly from foreign currency gains.

Profit/Loss Before Income Tax

Profit before income tax had decreased by \$2.2 million or 556.2% from a profit of \$0.4 million in 1QFY2015 to a loss of \$1.8 million in 1QFY2016 due to reasons as aforementioned.

Other Comprehensive Income/Loss

Other comprehensive income had decreased by \$87 thousand or 113.0% from exchange differences on translating foreign operations.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

Statement of Financial Position Review

Non-Current Assets

Non-current assets had decreased by \$1.1 million or 3.4% from \$33.2 million as at 30 September 2015 to \$32.1 million as at 31 December 2015 mainly due to depreciation charged in the first quarter of the current financial year.

Current Assets

Current assets had decreased by \$9.6 million or 6.5% from \$147.0 million as at 30 September 2015 to \$137.4 million as at 31 December 2015. The decrease was mainly due to lower trade and other receivables which saw a decline of \$7.5 million or 28.8% from \$26.0 million as at 30 September 2015 to \$18.5 million as at 31 December 2015. Cash and cash equivalents had also decreased by \$3.6 million or 14.3% from \$25.0 million as at 30 September 2015 to \$21.4 million as at 31 December 2015 from repayment of bank borrowings.

Non-Current Liabilities

Non-current liabilities had decreased by \$1.0 million or 11.0% from \$8.6 million as at 30 September 2015 to \$7.6 million as at 31 December 2015 from repayment of bank borrowings.

Current Liabilities

Similarly, current liabilities had also decreased by \$7.8 million or 16.0% from \$48.9 million as at 30 September 2015 to \$41.1 million as at 31 December 2015 from a decrease in both trade and other payables and other financial liabilities. Trade and other payables had decreased by \$0.4 million or 3.6% from \$11.9 million as at 30 September 2015 to \$11.5 million as at 31 December 2015 from payments to suppliers. Other financial liabilities had decreased by a larger extent of \$7.6 million or 20.5% from \$36.9 million as at 30 September 2015 to \$29.3 million as at 31 December 2015 from reduction in bank borrowings.

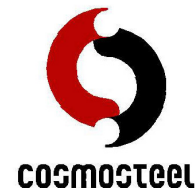
Equity

Total equity decreased by \$1.9 million or 1.5% from \$122.6 million as at 30 September 2015 to \$120.7 million as at 31 December 2015 from the total comprehensive loss of \$1.9 million which resulted from the reasons as aforementioned.

Statement of Cash Flows Review

Cash Flows used in/from Operating Activities

Cash used in operating activities had increased by \$5.4 million from an inflow of \$3.5 million in 1QFY2015 to an outflow of \$1.9 million in 1QFY2016. The increase was mainly attributable to repayments of bank borrowings.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

Cash Flows used in Investing Activities

Cash used in investing activities had decreased by \$6.5 million from \$6.9 million in 1QFY2015 to \$0.4 million in 1QFY2016 due to minimal capital expenditure in the first quarter of the current financial year.

Cash Flows used in/from Financing Activities

Cash used in financing activities had increased by \$5.9 million from an inflow of \$4.5 million in 1QFY2015 to an outflow of \$1.4 million in 1QFY2016 from repayments of bank borrowings.

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's performance is expected to continue to be affected by the challenging market conditions, both locally and globally. As such, sluggish demands and intense competition is expected to continue to exert pressure on our revenue, with the possibility of an adverse financial performance in FY2016. As mitigating measures, we will continue to focus on stringent cost management of our operations as well as to intensify our marketing efforts. We will remain vigilant in the management of the Group's business activities and to identify new potential markets or suitable opportunities for growth.

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.



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

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 *	-	4,988

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

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 1QFY2016 to be false or misleading in any material aspect.

By order of the Board

Ong Chin Sum
Chief Executive Officer

Ong Tong Hai
Director

11 February 2016