

COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

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.

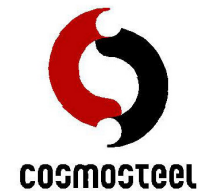
	Group		
	<u>1QFY2018</u>	<u>1QFY2017</u>	%
	S\$'000	S\$'000	+ / (-)
Revenue	18,462	14,813	24.6
Cost of sales	(15,839)	(11,351)	39.5
Gross profit	2,623	3,462	(24.2)
Financial income	4	11	(63.6)
Financial expense	(125)	(105)	19.0
Distribution costs	(1,202)	(1,493)	(19.5)
Administrative expenses	(1,458)	(1,760)	(17.2)
Depreciation expense	(1,422)	(1,532)	(7.2)
Other (charges)/ credits	(1,075)	471	(328.2)
Loss before income tax	(2,655)	(946)	180.7
Income tax expense	(6)	(8)	(25.0)
Loss for the period	(2,661)	(954)	178.9

Other Comprehensive Income / (Loss):
Items that may be reclassified subsequently to
profit or loss:

Exchange differences on translating foreign operations, net of tax	34	(39)	(187.2)
Other comprehensive income / (loss) for the period, net of tax	34	(39)	(187.2)
Total comprehensive loss for the period, net of tax	(2,627)	(993)	164.6

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

	Group	
	<u>1QFY2018</u>	<u>1QFY2017</u>
	S\$'000	S\$'000
Impairment on trade receivables	(1)	(15)
Allowance for slow-moving inventories and decline in net realisable values	(960)	(160)
Bad debts recovered	-	8
Foreign exchange (loss)/ gain	(142)	562
Gain on disposal of plant and equipment	-	1
Interest on borrowings	(125)	(105)



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

	Group		Company	
	<u>As at</u> <u>31/12/17</u> S\$'000	<u>As at</u> <u>30/09/17</u> S\$'000	<u>As at</u> <u>31/12/17</u> S\$'000	<u>As at</u> <u>30/09/17</u> S\$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	25,940	24,008	-	-
Investments in Subsidiaries	-	-	60,107	60,107
Trade and Other Receivables	-	301	-	-
Total Non-Current Assets	25,940	24,309	60,107	60,107
<u>Current Assets</u>				
Inventories	68,825	68,871	-	-
Trade and Other Receivables	24,940	27,041	1,341	1,324
Financial Assets at Fair Value Through Profit or Loss	1,601	1,574	-	-
Other Assets	235	483	19	32
Cash and Cash Equivalents	19,176	21,326	308	269
Total Current Assets	114,777	119,295	1,668	1,625
Total Assets	140,717	143,604	61,775	61,732
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	56,325	56,325	56,325	56,325
Retained Earnings	34,531	37,192	5,252	5,224
Other Reserves	10,158	10,124	-	-
Total Equity	101,014	103,641	61,577	61,549
<u>Non-Current Liabilities</u>				
Provisions	20	20	-	-
Deferred Tax Liabilities	1,293	1,293	-	-
Other Financial Liabilities	1,231	1,563	-	-
Total Non-Current Liabilities	2,544	2,876	-	-
<u>Current Liabilities</u>				
Income Tax Payable	-	-	5	4
Trade and Other Payables	12,972	5,203	193	179
Other Financial Liabilities	23,422	30,605	-	-
Other Non-Financial Liabilities	765	1,279	-	-
Total Current Liabilities	37,159	37,087	198	183
Total Liabilities	39,703	39,963	198	183
Total Equity and Liabilities	140,717	143,604	61,775	61,732



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

Amount repayable in one year or less, or on demand

As at 31/12/2017		As at 30/9/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
23,422	-	30,605	-

Amount repayable after one year

As at 31/12/2017		As at 30/9/2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,231	-	1,563	-

Details of any collateral

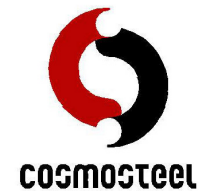
As at 31 December 2017, the Group's borrowings and debt securities consist of bills payable, finance leases and loan for the properties at 90 Second Lok Yang Road Singapore 628166 and 36 Tuas Crescent Singapore 638724.

The borrowings are secured by:

- (a) Legal mortgage on the Group's leasehold properties at 90 Second Lok Yang Road Singapore 628166 and 36 Tuas Crescent Singapore 638724;
- (b) Negative pledge over the assets of the Group;

and covered by corporate guarantees issued by the Company.

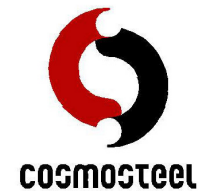
The obligations under finance leases are secured by the lessor's charge over the leased assets.



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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.**

	<u>Group</u>	
	<u>1QFY2018</u>	<u>1QFY2017</u>
	S\$'000	S\$'000
Cash Flows From Operating Activities :		
Loss Before Tax	(2,655)	(946)
Adjustments for :		
Interest Income	(4)	(11)
Interest Expense	125	105
Depreciation of Property, Plant and Equipment	1,422	1,532
Gain on Disposal of Plant and Equipment	-	(1)
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	34	(39)
Operating Cash Flows before Changes in Working Capital	(1,078)	640
Inventories	46	348
Trade and Other Receivables	2,169	(3,858)
Financial Assets at Fair Value through Profit or Loss	(27)	(41)
Other Assets	248	92
Bills Payable	(8,502)	1,968
Trade and Other Payables	7,768	408
Other Non-Financial Liabilities	(513)	80
Net Cash Flows From/ (Used in) Operations	111	(363)
Income Taxes Refunded/ (Paid)	227	(52)
Net Cash Flows From/ (Used in) Operating Activities	338	(415)
Cash Flows From Investing Activities :		
Purchase of Property, Plant and Equipment	(3,354)	(78)
Proceeds From Disposal of Property, Plant and Equipment	-	43
Interest Received	4	11
Net Cash Flows Used in Investing Activities	(3,350)	(24)
Cash Flows From Financing Activities :		
Cash Restricted in Use Over 3 Months	1	1
Decrease in Other Financial Liabilities	(274)	(2,950)
Increase from New Borrowings	1,311	-
Finance Leases Repayments	(50)	(40)
Interest Paid	(125)	(105)
Net Cash Flows From/ (Used in) Financing Activities	863	(3,094)
Net Decrease in Cash and Cash Equivalents	(2,149)	(3,533)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	21,299	17,082
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	19,150	13,549



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	<u>Group</u>	
	<u>1QFY2018</u> S\$'000	<u>1QFY2017</u> S\$'000
Cash and Cash Equivalents	19,176	13,576
Cash Restricted in Use Over 3 Months	(26)	(27)
Cash and Cash Equivalents for Statement of Cash Flows purposes at end of the period	19,150	13,549

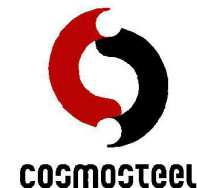
Non-cash transactions:

There were acquisitions of certain assets under property, plant and equipment with a total cost of \$nil (1QFY2017: \$142,000) acquired by means of finance leases.

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

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>Currency Translation Reserve</u> S\$'000	<u>Revaluation Reserve</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
Balance at 1 October 2016	56,325	254	13,862	44,780	115,221
Total Comprehensive Loss for 1QFY2017	-	(39)	-	(954)	(993)
Balance at 31 December 2016	56,325	215	13,862	43,826	114,228
Balance at 1 October 2017	56,325	194	9,930	37,192	103,641
Total Comprehensive Loss for 1QFY2018	-	34	-	(2,661)	(2,627)
Balance at 31 December 2017	56,325	228	9,930	34,531	101,014

<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 2016	56,325	5,208	61,533
Total Comprehensive Income for 1QFY2017	-	37	37
Balance at 31 December 2016	56,325	5,245	61,570
Balance at 1 October 2017	56,325	5,224	61,549
Total Comprehensive Income for 1QFY2018	-	28	28
Balance at 31 December 2017	56,325	5,252	61,577



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- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since 30 September 2017. There were no outstanding convertibles and treasury shares as at 31 December 2016 and 31 December 2017.

- 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 31/12/17	As at 30/09/17
290,399,997	290,399,997

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

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

Not applicable.

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

The figures have not been audited or reviewed.

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

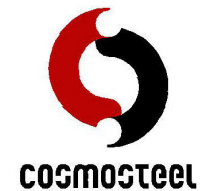
Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as in the most recently audited financial statements for the financial year ended 30 September 2017.

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.



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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	
	1QFY2018	1QFY2017
Earnings per ordinary share of the Group (in cents):		
(a) Based on weighted average number of ordinary shares in issue	(0.92)	(0.33)
(b) On a fully diluted basis	(0.92)	(0.33)
Weighted average number of ordinary shares in issue	290,399,997	290,399,997

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

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

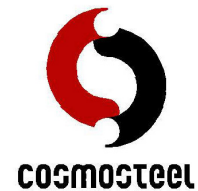
	Group		Company	
	As at 31/12/2017	As at 30/9/2017	As at 31/12/2017	As at 30/9/2017
Net asset value per ordinary share based on issued share capital at the end of the financial period (in cents):	34.78	35.69	21.20	21.19
Number of ordinary shares in issue	290,399,997	290,399,997	290,399,997	290,399,997

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 Review

Revenue

Revenue increased by \$3.7 million or 24.6% from \$14.8 million in 1QFY2017 to \$18.5 million in 1QFY2018. The increase was mainly due to increase in revenue from customers in the Energy Sector, partly offset by a decrease in revenue from Marine and Trading Sectors. Revenue from Energy Sector had increased by \$4.9 million or 49.4% from \$10.1 million in 1QFY2017 to \$15.0 million in 1QFY2018. Meanwhile, revenue from Marine and Trading Sectors had decreased by \$1.4 million or 31.1% from \$4.6 million in 1QFY2017 to \$3.2 million in 1QFY2018.



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Geographically, Singapore market remained the main contributor at 36.1% of the revenue generated in 1QFY2018. The revenue from Singapore market increased by \$1.0 million or 17.7% from \$5.7 million in 1QFY2017 to \$6.7 million in 1QFY2018. Revenue had increased in all markets with the exception of Indonesia, Middle East, Europe and China.

Gross Profit and Gross Profit Margin

Despite the increase in revenue, gross profit margin decreased by 9.2 percentage point from 23.4% in 1QFY2017 to 14.2% in 1QFY2018 due to margin pressure from the market. Gross profit decreased by \$0.9 million or 24.2% from \$3.5 million in 1QFY2017 to \$2.6 million in 1QFY2018.

Financial Income and Expense

Financial income in 1QFY2018 decreased by \$7 thousand from interest earned on fixed deposits. Financial expense remained relatively stable at \$0.1 million in both 1QFY2017 and 1QFY2018.

Operating Expenses

Distribution costs had decreased by \$0.3 million or 19.5% from \$1.5 million in 1QFY2017 to \$1.2 million in 1QFY2018 mainly from decreases in employee benefits expenses.

Administrative expenses had decreased by \$0.2 million or 17.2% from \$1.7 million in 1QFY2017 to \$1.5 million in 1QFY2018 as per the reason contributing to the distribution costs decline.

Depreciation expense had decreased by \$0.1 million or 7.2% from \$1.5 million in 1QFY2017 to \$1.4 million in 1QFY2018 mainly from lower depreciation on properties.

Other (Charges)/Credits

Other charges had increased by \$1.6 million from a credit of \$0.5 million in 1QFY2017 to a charge of \$1.1 million in 1QFY2018 mainly due to foreign exchange currency loss and provision for slow moving inventories.

Loss Before Income Tax

Loss before tax had increased by \$1.8 million or 180.7% from \$0.9 million in 1QFY2017 to \$2.7 million in 1QFY2018 due to the reasons as aforementioned.

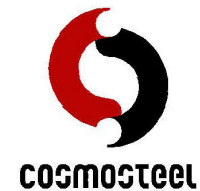
Other Comprehensive Income/ (Loss)

Other comprehensive income had increased by \$73 thousand or 187.2% from exchange differences on translating foreign operations.

Statement of Financial Position Review

Non-Current Assets

Non-current assets had increased by \$1.6 million or 6.7% from \$24.3 million as at 30 September 2017 to \$25.9 million as at 31 December 2017 mainly due to the construction costs of warehouse located at 90 Second Lok Yang Road, offset by depreciation charged in the current financial period.



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Current Assets

Current assets had decreased by \$4.5 million or 3.8% from \$119.3 million as at 30 September 2017 to \$114.8 million as at 31 December 2017. The decrease was mainly due to decrease in trade and other receivables and cash and cash equivalent. Trade and other receivables decreased by \$2.1 million or 7.8% from \$27.0 million as at 30 September 2017 to \$24.9 million as at 31 December 2017. Meanwhile, cash and cash equivalent had decreased by \$2.1 million or 10.1% from \$21.3 million as at 30 September 2017 to \$19.2 million as at 31 December 2017.

Non-Current Liabilities

Non-current liabilities had decreased by \$0.4 million or 11.5% from \$2.9 million as at 30 September 2017 to \$2.5 million as at 31 December 2017 from repayment of bank borrowings.

Current Liabilities

Current liabilities remained relatively stable at \$37.2 million as at 31 December 2017 as compared to \$37.1 million as at 30 September 2017.

Trade and other payables had increased by \$7.8 million or 149.3% from \$5.2 million as at 30 September 2017 to \$13.0 million as at 31 December 2017. Other financial liabilities, which consist of short-term borrowings and current portion of long-term borrowings and finance leases, had decreased by \$7.2 million or 23.5% from \$30.6 million as at 30 September 2017 to \$23.4 million as at 31 December 2017.

Equity

Total equity decreased by \$2.6 million or 2.53% from \$103.6 million as at 30 September 2017 to \$101.0 million as at 31 December 2017 mainly from the loss incurred in 1QFY2018.

Statement of Cash Flows Review

Cash Flows From/ (Used in) Operating Activities

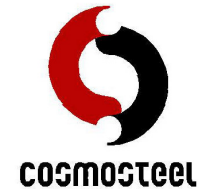
Cash from operating activities had increased by \$0.7 million from an outflow of \$0.4 million in 1QFY2017 to an inflow of \$0.3 million in 1QFY2018 mainly from the working capital changes.

Cash Flows Used In Investing Activities

Cash used in investing activities had increased by \$3.4 million from \$24 thousand in 1QFY2017 to \$3.4 million in 1QFY2018 due to capital expenditure for the financial period.

Cash Flows From/ (Used In) Financing Activities

Cash from financing activities had increased by \$4.0 million from an outflow of \$3.1 million in 1QFY2017 to \$0.9 million in 1QFY2018 from the repayment of bank borrowings.



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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.**

Our revenue and margin generation will continue to be impacted by market conditions, which is likely to result in a continuing loss for 1HY2018. We will continue to manage our cost effectively and actively identify new potential markets and 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

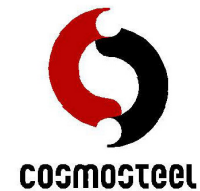
Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded.



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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 *	-	2,422

* 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 1QFY2017 to be false or misleading in any material aspect.

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

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

16. **Disclosure of proceeds from placement**

Use of Proceeds	In circular		Actual	
	Estimated percentage allocation of net proceeds as set out in the Circular	Allocation of net proceeds	Proceeds utilised as at the date of this announcement	Balance of the proceeds as at the date of this announcement
	%	S\$'000	S\$'000	S\$'000
Financing the construction of a new building and acquisition of machinery and equipment at 90 Second Lok Yang Road	24.0%	3,400	3,004	396
Acquisition of machinery and equipment at 36 Tuas Crescent	8.0%	1,100	318	782
Repayment of short term loans	35.0%	5,000	5,000	-
General working capital purposes	33.0%	4,800	4,800	-
Total	100.0%	14,300	13,122	1,178



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By order of the Board

A handwritten signature in blue ink, appearing to be "Ong Chin Sum", written in a cursive style.

Ong Chin Sum
Chief Executive Officer

A handwritten signature in black ink, appearing to be "Ong Tong Hai", written in a cursive style.

Ong Tong Hai
Director

6 February 2018