



**COSMOSTEEL HOLDINGS LIMITED**  
Co. Reg. No. 200515540Z

**FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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>2QFY2015</u>	<u>2QFY2014</u>	%	<u>1HY2015</u>	<u>1HY2014</u>	%
	S\$'000	S\$'000	+ / (-)	S\$'000	S\$'000	+ / (-)
<b>Revenue</b>	33,241	42,680	(22.1)	59,679	77,356	(22.9)
Cost of sales	(27,012)	(33,862)	(20.2)	(47,098)	(62,461)	(24.6)
<b>Gross profit</b>	6,229	8,818	(29.4)	12,581	14,895	(15.5)
Financial income	2	3	(33.3)	7	5	40.0
Financial expense	(341)	(341)	-	(743)	(699)	6.3
Distribution costs	(2,699)	(2,918)	(7.5)	(6,089)	(5,609)	8.6
Administrative expenses	(3,134)	(2,986)	5.0	(5,657)	(5,246)	7.8
Other credits/(charges)	281	111	153.2	641	(129)	(596.9)
<b>Profit before income tax</b>	338	2,687	(87.4)	740	3,217	(77.0)
Income tax expense	(71)	(463)	(84.7)	(162)	(577)	(71.9)
<b>Profit for the period</b>	267	2,224	(88.0)	578	2,640	(78.1)
<b>Other Comprehensive Income:</b>						
Exchange differences on translating foreign operations, net of tax	-	(24)	NM	77	25	208.0
<b>Total Comprehensive Income for the period, net of tax</b>	267	2,200	(87.9)	655	2,665	-75.4

NM: Not meaningful

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

	Group			
	<u>2QFY2015</u>	<u>2QFY2014</u>	<u>1HY2015</u>	<u>1HY2014</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Reversal for impairment on trade receivables	56	118	157	123
Reversal/(Allowance) for slow-moving inventories and decline in net realisable values	379	(387)	609	(670)
Bad debts recovered/(written off)	9	3	18	(121)
Depreciation of property, plant and equipment	(1,065)	(648)	(1,909)	(1,247)
Foreign exchange gain/(loss)	206	(16)	450	(69)
Interest on borrowings	(341)	(341)	(743)	(699)
Write-off for slow moving inventory	(177)	(79)	(211)	(273)



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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>As at</u>	<u>As at</u>	<u>As at</u>
	<u>31/03/15</u>	<u>30/09/14</u>	<u>31/03/15</u>	<u>30/09/14</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>ASSETS</u></b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	29,232	24,063	-	-
Investments in Subsidiaries	-	-	46,107	46,107
Available-For-Sale Financial Assets	130	130	-	-
<b>Total Non-Current Assets</b>	<b>29,362</b>	<b>24,193</b>	<b>46,107</b>	<b>46,107</b>
<b><u>Current Assets</u></b>				
Inventories	105,480	109,214	-	-
Trade and Other Receivables	33,959	41,171	2,455	3,769
Financial Assets at Fair Value Through Profit or Loss	1,638	1,454	-	-
Other Assets	461	1,368	50	33
Cash and Cash Equivalents	33,391	33,177	14,492	807
<b>Total Current Assets</b>	<b>174,929</b>	<b>186,384</b>	<b>16,997</b>	<b>4,609</b>
<b>Total Assets</b>	<b>204,291</b>	<b>210,577</b>	<b>63,104</b>	<b>50,716</b>
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>Equity</u></b>				
Share Capital	56,325	42,062	56,325	42,062
Retained Earnings	49,900	50,642	6,352	7,372
Other Reserves	14,457	14,380	-	-
<b>Total Equity</b>	<b>120,682</b>	<b>107,084</b>	<b>62,677</b>	<b>49,434</b>
<b><u>Non-Current Liabilities</u></b>				
Deferred Tax Liabilities	3,556	3,556	-	-
Provisions	64	64	-	-
Other Financial Liabilities	7,005	4,679	-	2
<b>Total Non-Current Liabilities</b>	<b>10,625</b>	<b>8,299</b>	<b>-</b>	<b>2</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	962	1,537	91	58
Trade and Other Payables	15,191	25,976	334	1,220
Other Financial Liabilities	54,530	65,491	2	2
Other Liabilities	2,301	2,190	-	-
<b>Total Current Liabilities</b>	<b>72,984</b>	<b>95,194</b>	<b>427</b>	<b>1,280</b>
<b>Total Liabilities</b>	<b>83,609</b>	<b>103,493</b>	<b>427</b>	<b>1,282</b>
<b>Total Equity and Liabilities</b>	<b>204,291</b>	<b>210,577</b>	<b>63,104</b>	<b>50,716</b>



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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 31/03/15		As at 30/09/14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
54,507	-	65,396	-

**Amount repayable after one year**

As at 31/03/15		As at 30/09/14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,005	-	4,679	-

**Details of any collateral**

As at 31 March 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.**

	<b>Group</b>			
	<u><b>2QFY2015</b></u> S\$'000	<u><b>2QFY2014</b></u> S\$'000	<u><b>1HY2015</b></u> S\$'000	<u><b>1HY2014</b></u> S\$'000
<b>Cash Flows From Operating Activities :</b>				
Profit Before Tax	338	2,687	740	3,217
Adjustments for :				
Interest Income	(2)	(3)	(7)	(5)
Interest Expense	341	341	743	699
Depreciation of Property, Plant and Equipment	1,065	648	1,909	1,247
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	-	(24)	77	25
Fair Value (Gain)/Loss on Financial Assets at Fair Value through Profit or Loss	(98)	(34)	(184)	38
Fair Value Gain on Derivative Financial Instruments	(24)	30	(72)	(41)
Operating Cash Flows before Changes in Working Capital	1,620	3,645	3,206	5,180
Inventories	507	7,712	3,734	7,785
Trade and Other Receivables	(5,249)	(14,631)	7,212	(18,202)
Other Assets	54	90	907	208
Bills Payable	(5,465)	3,456	(10,504)	5,181
Trade and Other Payables	60	1,197	(10,785)	(2,686)
Other Liabilities	(1,416)	35	111	395
Net Cash Flows (Used in)/From Operations Before Tax	(9,889)	1,504	(6,119)	(2,139)
Income Taxes Paid	(442)	(405)	(737)	(676)
Net Cash Flows (Used in)/From Operating Activities	(10,331)	1,099	(6,856)	(2,815)
<b>Cash Flows from Investing Activities :</b>				
Purchase of Property, Plant and Equipment	(174)	(171)	(7,078)	(274)
Interest Received	2	3	7	5
Net Cash Flows Used in Investing Activities	(172)	(168)	(7,071)	(269)
<b>Cash Flows From Financing Activities :</b>				
Cash Restricted in Use Over 3 Months	-	(1)	43	1
Proceeds from Issue of Shares	14,263	-	14,263	-
(Decrease)/Increase in Other Financial Liabilities	(1,382)	1,737	(3,499)	(2,292)
(Decrease)/Increase from New Borrowings	(1,500)	3,000	5,440	8,000
Decrease in Finance Leases	-	(14)	-	(33)
Dividends Paid	(1,320)	(2,640)	(1,320)	(2,640)
Interest Paid	(341)	(341)	(743)	(699)
Net Cash Flows From Financing Activities	9,720	1,741	14,184	2,337
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	(783)	2,672	257	(747)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	34,147	16,970	33,107	20,389
<b>Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance</b>	33,364	19,642	33,364	19,642



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	<u>2QFY2015</u> S\$'000	<u>2QFY2014</u> S\$'000	<u>1HY2015</u> S\$'000	<u>1HY2014</u> S\$'000
Cash and Cash Equivalents	33,391	19,696	33,391	19,696
Cash Restricted in Use Over 3 Months	(27)	(54)	(27)	(54)
<b>Cash and Cash Equivalents for Statement of Cash Flows purposes at end of the period</b>	<b>33,364</b>	<b>19,642</b>	<b>33,364</b>	<b>19,642</b>

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
<b>Balance at 1 October 2013</b>	42,062	53	10,249	47,000	99,364
Dividends paid	-	-	-	(2,640)	(2,640)
Total Comprehensive Income for 1HY2014	-	25	-	2,640	2,665
<b>Balance at 31 March 2014</b>	<b>42,062</b>	<b>78</b>	<b>10,249</b>	<b>47,000</b>	<b>99,389</b>
<b>Balance at 1 October 2014</b>	42,062	101	14,279	50,642	107,084
Issue of new shares pursuant to private placement	15,312	-	-	-	15,312
Placement expense	(1,049)	-	-	-	(1,049)
Dividends paid	-	-	-	(1,320)	(1,320)
Total Comprehensive Income for 1HY2015	-	77	-	578	655
<b>Balance at 31 March 2015</b>	<b>56,325</b>	<b>178</b>	<b>14,279</b>	<b>49,900</b>	<b>120,682</b>

<u>Company</u>	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total Equity</u> S\$'000
<b>Balance at 1 October 2013</b>	42,062	8,063	50,125
Dividends paid	-	(2,640)	(2,640)
Total Comprehensive Income for 1HY2014	-	231	231
<b>Balance at 31 March 2014</b>	<b>42,062</b>	<b>5,654</b>	<b>47,716</b>
<b>Balance at 1 October 2014</b>	42,062	7,372	49,434
Issue of new shares pursuant to private placement	15,312	-	15,312
Placement expense	(1,049)	-	(1,049)
Dividends paid	-	(1,320)	(1,320)
Total Comprehensive Income for 1HY2015	-	300	300
<b>Balance at 31 March 2015</b>	<b>56,325</b>	<b>6,352</b>	<b>62,677</b>



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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.**

On 6 March 2015, 26,400,000 new ordinary shares were issued pursuant to a private placement by the Company.

There were no outstanding convertibles and treasury shares as at 31 March 2014 and 31 March 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.**

<b>As at 31/03/15</b>	<b>As at 30/09/14</b>
290,399,997	263,999,997

The Company did not have any treasury shares at the end of the current financial year 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.**

	<b>Group</b>			
	<b>2QFY2015</b>	<b>2QFY2014</b>	<b>1HY2015</b>	<b>1HY2014</b>
Earnings per ordinary share of the Company (in cents):				
(a) Based on weighted average number of ordinary shares in issue	0.10	0.84	0.22	1.00
(b) On a fully diluted basis	0.10	0.84	0.22	1.00
Weighted average number of ordinary shares in issue	267,761,093	263,999,997	267,761,093	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.**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31/03/2015</b>	<b>As at 30/09/2014</b>	<b>As at 31/03/2015</b>	<b>As at 30/09/2014</b>
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	41.56	40.56	21.58	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**

Revenue had decreased by \$9.5 million or 22.1% from \$42.7 million in 2QFY2014 to \$33.2 million in 2QFY2015. Year on year, revenue had decreased by \$17.7 million or 22.9% from \$77.4 million in 1HY2014 to \$59.7 million in 1HY2015. The decrease was mainly due to a decrease of \$17.4 million or 27.7% in revenue from customers in the Energy Sector on the back of flagging oil prices, from \$63.1 million in 1HY2014 to \$45.6 million in 1HY2015. Notwithstanding the decrease in revenue from the Energy Sector, the Energy Sector contributed 76.5% of the total revenue generated for 1HY2015. Revenue from the Marine and Others Sectors had also decreased while revenue from the Trading Sector saw an increase of \$3.9 million or 179.2% in 1HY2015, from \$2.2 million in 1HY2014 to \$6.1 million in 1HY2015.

Corresponding to the decrease in revenue, gross profit had decreased by \$2.6 million or 29.4% from \$8.8 million in 2QFY2014 to \$6.2 million in 2QFY2015. Gross profit margin decreased by 2.0 percentage points from 20.7% in 2QFY2014 to 18.7% in 2QFY2015 with heightened competitiveness during the quarter. Year on year, despite a decrease in gross profit of \$2.3 million or 15.5% from \$14.9 million in 1HY2014 to \$12.6 million in 1HY2015, gross profit margin had increased marginally by 1.8 percentage points from 19.3% in 1HY2014 to 21.1% in 1HY2015 due to higher gross profit margins earned on orders received in 1QFY2015.

Financial expense remained at similar levels of \$0.3 million in both 2QFY2014 and 2QFY2015 and \$0.7 million in both 1HY2014 and 1HY2015.

Distribution costs had decreased by \$0.2 million or 7.5% from \$2.9 million in 2QFY2014 to \$2.7 million in 2QFY2015 from stringent cost control. However, year on year, distribution costs had increased by \$0.5 million or 8.6% from \$5.6 million in 1HY2014 to \$6.1 million in 1HY2015, despite the lower revenue in 1HY2015. This was attributable to an increase in freight outwards and handling costs which arose from the specific requirements of our customers' orders.

Administrative expenses had increased marginally by \$0.1 million or 5.0% from \$3.0 million in 2QFY2014 to \$3.1 million in 2QFY2015 which resulted from higher depreciation on properties. The same reason accounted for the year on year increase in administrative costs of \$0.5 million or 7.8% from \$5.2 million in 1HY2014 to \$5.7 million in 1HY2015. Depreciation on properties increased by \$0.7 million or 72.7% from \$1.0 million in 1HY2014 to \$1.7 million in 1HY2015.

Other credits/(charges) had increased by \$0.2 million from a credit of \$0.1 million in 2QFY2014 to a credit of \$0.3 million in 2QFY2015 from foreign currency gains. Year on year, other credits/(charges) had increased by \$0.7 million from a charge of \$0.1 million in 1HY2014 to a credit of \$0.6 million in 1HY2015 due to reversal of bad debts and foreign currency gains.

Our profit before income tax had decreased by \$2.4 million or 87.4% from \$2.7 million in 2QFY014 to \$0.3 million in 2QFY2015. Year on year, profit before income tax had decreased by \$2.5 million or 77.0% from \$3.2 million in 1HY2014 to \$0.7 million in 1HY2015 due to aforementioned.





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**Statement of Financial Position**

Non-current assets had increased by \$5.2 million or 21.4% from \$24.2 million as at 30 September 2014 to \$29.4 million as at 31 March 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 half of the current financial year.

Current assets had decreased by \$11.5 million or 6.2% from \$186.4 million as at 30 September 2014 to \$174.9 million as at 31 March 2015. The decrease was mainly due to a decrease in both Trade and other receivables and Inventories. Trade and other receivables decreased by \$7.2 million or 17.5% from \$41.2 million as at 30 September 2014 to \$34.0 million as at 31 March 2015. Inventories had decreased by a smaller extent of \$3.7 million or 3.4% from \$109.2 million as at 30 September 2014 to \$105.5 million as at 31 March 2015.

Non-current liabilities had increased by \$2.3 million or 28.0% from \$8.3 million as at 30 September 2014 to \$10.6 million as at 31 March 2015 from drawdown of a long term loan facility in 1QFY2015 for the purchase of the warehouse at 36 Tuas Crescent Singapore 628724.

Conversely, current liabilities had decreased by \$22.2 million or 23.3% from \$95.2 million as at 30 September 2014 to \$73.0 million as at 31 March 2015, primarily from a decrease in other financial liabilities which includes short-term borrowings and current portion of long-term borrowings. Trade and other payables had also decreased by \$10.8 million from \$26.0 million as at 30 September 2014 to \$15.2 million as at 31 March 2015 from repayments.

**Statement of Cash Flows**

Cash used in operating activities had increased by \$11.4 million from an inflow of \$1.1 million in 2QFY2014 to an outflow of \$10.3 million in 2QFY2015 from lower receipts of payments from customers and repayments of borrowings. Year on year, cash used in operating activities had increased by \$4.1 million from \$2.8 million in 1HY2014 to \$6.9 million in 1HY2015 from repayments to trade suppliers and repayments of borrowings.

Cash used in investing activities had remained at \$0.2 million in both 2QFY2014 and 2QFY2015. Year on year, cash used in investing activities had increased by \$6.8 million from \$0.3 million in 1HY2014 to \$7.1 million in 1HY2015 due to purchase of the warehouse at 36 Tuas Crescent Singapore 628724 and other capital expenditure.

Cash from financing activities had increased by \$8.0 million from \$1.7 million in 2QFY2014 to \$9.7 million in 2QFY2015 mainly from the proceeds raised from the placement of new shares which was completed on 6 March 2015. Year on year, cash from financing activities had increased by \$11.9 million from \$2.3 million in 1HY2014 to \$14.2 million in 1HY2015 mainly from the aforementioned.

**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.



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- 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.**

Generation of revenue for the rest of the financial year is expected to be challenging due to slower order book growth in the Energy sector, the main contributor to our total revenue, on the back of falling oil prices. Gross profit margin is also expected to continue to come under pressure due to the competitive conditions. To counter this, we will review our operations to improve productivity and to streamline costs. We will continue to keep up our marketing efforts, including to seek customers in other sectors and to explore the expansion of our product offering. We remain cautious in our outlook for the rest of the financial year.

- 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 *	-	342

\* 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 2QFY2015 to be false or misleading in any material aspect.

By order of the Board

Ong Chin Sum  
 Chief Executive Officer

Ong Tong Hai  
 Director

14 May 2015