



COSMOSTEEL HOLDINGS LIMITED
Co. Reg. No. 200515540Z

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2009

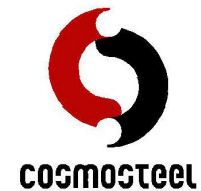
PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	Group		
	<u>FY2009</u>	<u>FY2008</u>	<u>Increase/(Decrease)</u>
	S\$'000	S\$'000	%
Revenue	136,923	106,766	28.2
Cost of sales	(102,603)	(80,090)	28.1
Gross profit	34,320	26,676	28.7
Financial income	150	93	61.3
Financial expense	(1,949)	(1,914)	1.8
Distribution costs	(5,145)	(3,971)	29.6
Administrative expenses	(8,890)	(7,848)	13.3
Other credits/ (charges)	(1,999)	(1,105)	80.9
Profit before income tax	16,487	11,931	38.2
Income tax expense	(2,803)	(2,221)	26.2
Profit for the year	13,684	9,710	40.9

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

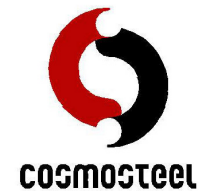
	Group	
	<u>FY2009</u>	<u>FY2008</u>
	S\$'000	S\$'000
Allowance for slowing-moving stock	-	(401)
Bad debts (written off)/recovered	(131)	(32)
Depreciation of property, plant and equipment	(1,401)	(1,061)
Foreign exchange gain (loss)	118	(550)
Gain on disposal of plant and equipment	6	-
Interest on borrowings	(1,821)	(1,296)
Loss on impairment of assets	(750)	(1,104)
Reversal of allowance for slowing-moving stock	52	-
Reversal of allowance for impairment on trade receivables (provision)	16	29
Stock impairment	(1,255)	-
Write-off for stock obsolescence	(73)	(29)



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

	<u>Group</u>		<u>Company</u>	
	<u>As at</u> <u>30/09/09</u> S\$'000	<u>As at</u> <u>30/09/08</u> S\$'000	<u>As at</u> <u>30/09/09</u> S\$'000	<u>As at</u> <u>30/09/08</u> S\$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Other Receivables, Non-Current	-	-	17,510	7,000
Investment in Subsidiary	-	-	18,811	18,092
Property, Plant and Equipment, Total	12,153	14,863	-	-
Other Assets	130	136	-	-
Total Non-Current Assets	12,283	14,999	36,321	25,092
<u>Current Assets</u>				
Inventories	71,250	51,336	-	-
Trade and Other Receivables, Current	26,318	27,350	3,601	3,812
Cash	24,599	8,797	15,172	1,150
Total Current Assets	122,167	87,483	18,773	4,962
Total Assets	134,450	102,482	55,094	30,054
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	42,062	25,489	42,062	25,489
Retained Earnings	28,853	15,541	4,843	2,690
Other Reserves, Total	1,561	2,776	-	-
Total Equity	72,476	43,806	46,905	28,179
<u>Non-Current Liabilities</u>				
Other Payables	-	-	107	-
Deferred Tax Liabilities	949	1,101	-	-
Long-Term Borrowings	10,786	3,318	3,688	-
Finance Leases	231	712	-	-
Total Non-Current Liabilities	11,966	5,131	3,795	-
<u>Current Liabilities</u>				
Income Tax Payable, Current	2,858	2,373	83	92
Trade and Other Payables, Current	8,101	8,846	3,187	1,783
Short-Term Borrowings, Current	34,162	41,327	-	-
Current Portion of Long-Term Borrowings	4,347	462	1,124	-
Current Portion of Finance Leases	540	537	-	-
Total Current Liabilities	50,008	53,545	4,394	1,875
Total Liabilities	61,974	58,676	8,189	1,875
Total Equity and Liabilities	134,450	102,482	55,094	30,054



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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 30/09/09		As at 30/09/08	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
39,049	-	42,326	-

Amount repayable after one year

As at 30/09/09		As at 30/09/08	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
11,017	-	4,030	-

Details of any collateral

As at 30 September 2009, the Group's borrowings and debt securities consist of bills payable, bridging loans under the Local Enterprise Finance scheme, term loan and loans on the properties at 14 Lok Yang Way Singapore 628633 and 21A Neythal Road Singapore 628587 and obligations under finance leases.

The bank borrowings were 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) Corporate guarantees issued by the Company.

The obligations under finance leases are secured by the lessor's charge over the leased assets and joint and several personal guarantees of certain directors of the Group.

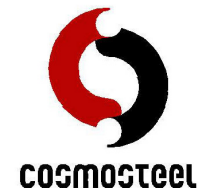


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1(c) A cash flow statement together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	<u>FY2009</u> S\$'000	<u>FY2008</u> S\$'000
Cash flows from operating activities :		
Profit before tax	16,487	11,931
Adjustments for :		
Depreciation expense	1,401	1,061
Interest income	(19)	(28)
Interest expense	1,821	1,296
Gain on disposal of assets	(6)	-
Loss on impairment of assets	750	1,104
Foreign exchange forward contract gains	(504)	517
Operating profit before working capital changes	<u>19,930</u>	<u>15,881</u>
Trade and other receivables	1,032	(2,644)
Inventories	(19,914)	(26,228)
Bills payable	(7,097)	20,093
Trade and other payables	(227)	1,788
Cash generated from operations	<u>(6,276)</u>	<u>8,890</u>
Income tax paid	(2,249)	(1,717)
Net cash (used in)/from operating activities	<u>(8,525)</u>	<u>7,173</u>
Cash flows from investing activities :		
Purchase of property, plant and equipment	(279)	(3,538)
Disposal of property, plant and equipment	6	-
Interest received	19	28
Net cash used in investing activities	<u>(254)</u>	<u>(3,510)</u>
Cash flows from financing activities :		
Cash restricted in use over 3 months	(115)	-
Net proceeds from issue of shares	16,573	-
(Decrease)/ increase in short-term borrowings	(82)	1,081
(Decrease)/ increase in long-term borrowings	11,352	(396)
Decrease in finance leases	(560)	(384)
Dividends paid	(881)	(1,762)
Interest paid	(1,821)	(1,296)
Net cash from/(used in) financing activities	<u>24,466</u>	<u>(2,757)</u>
Net increase in cash	15,687	906
Cash at beginning of year	8,797	7,891
Cash at end of year	<u>24,484</u>	<u>8,797</u>

(1) Non-cash transactions:
Additions to property, plant and equipment during the year amounting to S\$82,000 (2008: S\$734,600) were financed by new finance leases.



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(2)	FY2009	FY2008
	S\$'000	S\$'000
Cash	24,599	8,797
Cash restricted in use over 3 months	(115)	-
Cash and cash equivalents for cash flow statement purposes at end of year	24,484	8,797

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>Revaluation reserve</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total equity</u> S\$'000
Balance at 1 October 2007	25,489	501	7,593	33,583
Surplus on revaluation of property	-	2,755	-	2,755
Deferred tax on above amount	-	(496)	-	(496)
Surplus on revaluation of other assets	-	16	-	16
Net income recognised directly in equity	-	2,275	-	2,275
Profit for the year	-	-	9,710	9,710
Total recognised income for the year	-	2,275	9,710	11,985
Dividends paid	-	-	(1,762)	(1,762)
Balance at 30 September 2008	25,489	2,776	15,541	43,806
	<u>Share capital</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 2008	25,489	2,776	15,541	43,806
Deficit on revaluation of property	-	(921)	-	(921)
Deferred tax on above amount	-	157	-	157
Deficit on revaluation of other assets	-	(6)	-	(6)
Reduction in tax rates on deferred tax	-	64	-	64
Transfer of difference between depreciation on revalued amount and depreciation based on cost	-	(509)	509	-
Net income and expenses recognised directly in equity	-	(1,215)	509	(706)
Profit for the year	-	-	13,684	13,684
Total recognised income and expenses for the year	-	(1,215)	14,193	12,978
Issue of new shares pursuant to private placement	17,290	-	-	17,290
Placement expense	(717)	-	-	(717)
Dividends paid	-	-	(881)	(881)
Balance at 30 September 2009	42,062	1,561	28,853	72,476



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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. (Cont'd)

<u>Company</u>	<u>Share capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Total equity</u> S\$'000
Balance 1 October 2007	25,489	2,049	27,538
Profit for the year	-	2,403	2,403
Dividends paid	-	(1,762)	(1,762)
Balance at 30 September 2008	25,489	2,690	28,179
Balance 1 October 2008	25,489	2,690	28,179
Issue of new shares pursuant to private placement	17,290	-	17,290
Placement expense	(717)	-	(717)
Profit for the year	-	3,034	3,034
Dividends paid	-	(881)	(881)
Balance at 30 September 2009	42,062	4,843	46,905

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 28 September 2009, 35,000,000 new ordinary shares were issued pursuant to a private placement by the Company.

There were no outstanding options or convertibles as at 30 September 2008 and 30 September 2009.

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

The figures in respect of the financial year ended 30 September 2009 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 year as compared with the audited financial statements for the financial year ended 30 September 2008.

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.**

Save as disclosed in paragraph 4 above, 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.**

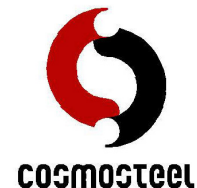
	Group	
	FY2009	FY2008
Earnings per ordinary share of the Group (in cents):		
(a) Based on weighted average number of ordinary shares in issue	7.75	5.51
(b) On a fully diluted basis	7.75	5.51
Weighted average number of ordinary shares in issue	176,487,671	176,200,000

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

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

	Group		Company	
	As at 30/09/09	As at 30/09/08	As at 30/09/09	As at 30/09/08
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	34.32	24.86	22.21	15.99
Number of ordinary shares in issue	211,200,000	176,200,000	211,200,000	176,200,000

The net asset value per share of the Group and the Company as at 30 September 2009 and 30 September 2008 are calculated based on the number of ordinary shares in issue as at year end.



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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.**

Income Statement

Revenue increased by \$30.1 million or 28.2% from \$106.8 million in FY2008 to \$136.9 in FY2009. The increase in revenue was mainly attributable to sales orders received from new and existing customers in the Energy industry whom we are better positioned to serve from our expanded range of inventory. Revenue from the Energy sector has increased by \$52.7 million or 104.5% from \$50.4 million in FY2008 to \$103.1 million in FY2009.

Geographically, revenue from Singapore in FY2009 remains the major contributor as in FY2008 but in absolute terms, revenue has decreased by \$15.6 million or 19.8% from \$79.1 million in FY2008 to \$63.5 million in FY2009. On the other hand, revenue from Brunei, Middle East and Europe has increased substantially. New customers in Brunei has contributed \$13.1 million of sales in FY2009 while existing customers in Middle East and Europe has contributed to an increase of \$26.7 million and \$19.8 million in FY2009 from \$3.0 million and \$15 thousand in FY2008 respectively.

Our gross profit rose by \$7.6 million or 28.7% from \$26.7 million in FY2008 to \$34.3 million in FY2009. Gross profit margin in FY2009 is maintained at around 25% as in FY2008.

Our profit before income tax has increased by \$4.6 million or 38.2% from \$11.9 million in FY2008 to \$16.5 million in FY2009. Profit before tax margin improved from 11.2% in FY2008 to 12.0% in FY2009.

Financial expense increased slightly by 1.8% from \$1.9 million in FY2008 to \$2.0 million as a result of interest on loans.

Distribution costs has increased by 29.6% from \$4.0 million in FY2008 to \$5.1 million in FY2009. The increase is due to expenses incurred for marketing efforts, freight outward and handling charges as well as warehouse rental.

Administrative expenses has increased 13.3% from \$7.8 million in FY2008 to \$8.9 million in FY2009. Higher depreciation of assets, bank charges and profit-sharing paid to executives under their service agreements attributable to the full financial year have resulted in the increase.

Other charges increased by 80.9% from \$1.1 million in FY2008 to \$2.0 million in FY2009 mainly due to stock impairment for certain category of inventory to take into account current market conditions.

Balance Sheet

Our cash balance increased substantially by \$15.8 million from \$8.8 million in FY2008 to \$24.6 million in FY2009 from the placement of new shares carried out in September 2009 that has raised gross proceeds of \$17.3 million.



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Trade and other receivables decreased by \$1.0 million or 3.8% from \$27.3 million in FY2008 to \$26.3 million in FY2009. Through stricter monitoring and collection procedures, trade receivables turnover has improved by 19.1% from 89 days in FY2008 to 72 days in FY2009.

Inventories have increased significantly by \$20.0 million from \$51.3 million in FY2008 to \$71.3 million in FY2009. The increase in inventories was attributable to expansion of the inventory range as well as higher stock level holding for existing categories of stock to meet customers' new and ongoing as well as potential orders.

Non-current assets decreased by \$2.7 million from \$15.0 million in FY2008 to \$12.3 million in FY2009 from a downward revaluation of properties.

Short term borrowings decreased by \$7.1 million from \$41.3 million in FY2008 to \$34.2 million in FY2009 as a result of repayment of bills. Similarly, current trade and other payables decreased by \$0.7 million or 8.4% from \$8.8 million in FY2008 to \$8.1 million in FY2009.

Long term borrowings increased by \$11.3 million from \$3.8 million in FY2008 to \$15.1 million in FY2009 from loans taken from banks and under the Local Enterprise Financing Scheme for working capital usage.

Finance leases decreased by \$0.4 million from \$1.2 million in FY2008 to \$0.8 million FY2009 from repayment of instalments, with no significant new leases taken out during FY2009.

Cash Flow Statement

Cash from operating activities has decreased by \$15.7 million from a surplus of \$7.2 million in FY2008 to a deficit of \$8.5 million in FY2009. The increase in the cash used from operating activities resulted mainly from repayment of bills payable.

Cash disbursed for investing activities decreased by \$3.2 million from \$3.5 million in FY2008 to \$0.3 million in FY2009 from a freeze on capital expenditure during the economic crisis in FY2009.

Cash from financing activities amounted to \$24.5 million in FY2009 from the proceeds raised under the placement of new shares which was completed in September 2009 as well as loans taken out, whereas in FY2008, \$2.8 million was used for payment of interest, dividends and repayment of loans.

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 economic crisis may have bottomed out and Singapore economy is continuing to show signs of stabilization but our Group expects to face challenges in our business in the forthcoming financial year, particularly in the Energy industry where a substantial part of our revenue is derived from in FY2009.

Barring unforeseen circumstances, our Group is cautiously optimistic about our performance in 2010.



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11. Dividend

(a) Current Financial Period Reported On

The Board of Directors has proposed a final dividend which is tax exempt in respect of the financial year ended 30 September 2009 as stated below:

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	\$0.01

The dividend amount per share is computed based on 211,200,000 ordinary shares in issue and the dividends are not taxable in the hands of shareholders.

(b) Corresponding Period of the Immediately Preceding Financial Year

A dividend of \$0.005 per share was declared by the Company for the corresponding period of the immediately preceding financial year.

(c) Date payable

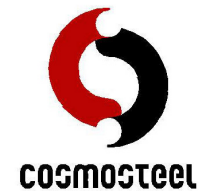
To be advised.

(d) Books closure date

To be advised.

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

See paragraph above.



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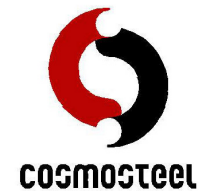
PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statement, with comparative information for the immediately preceding year.**

By Customer Types

Financial year ended 30 September 2009

	<u>Energy</u> S\$'000	<u>Marine</u> S\$'000	<u>Trading</u> S\$'000	<u>Water</u> S\$'000	<u>Others</u> S\$'000	<u>Consolidated</u> S\$'000
REVENUE						
Total Revenue	103,088	15,484	4,552	10,173	3,626	136,923
Segment Results	25,870	3,882	1,139	2,550	879	34,320
Unallocated corporate expenses						(14,035)
Financial Income						150
Financial Expense						(1,949)
Other Charges						(1,999)
Profit before income tax						16,487
Income Tax Expense						(2,803)
Profit for the year						13,684
Balance Sheet						
As at 30 September 2009						
ASSETS						
Unallocated corporate assets						134,450
LIABILITIES						
Unallocated corporate liabilities						61,974

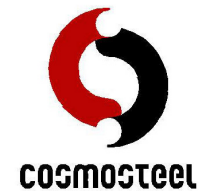


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By Customer Types

Financial year ended 30 September 2008

	<u>Energy</u> S\$'000	<u>Marine</u> S\$'000	<u>Trading</u> S\$'000	<u>Water</u> S\$'000	<u>Others</u> S\$'000	<u>Consolidated</u> S\$'000
REVENUE						
Total Revenue	50,411	19,612	5,533	24,048	7,162	106,766
Segment Results	13,471	5,578	1,779	3,425	2,423	26,676
Unallocated Corporate Expenses						(11,819)
Financial Income						93
Financial Expense						(1,914)
Other Charges						(1,105)
Profit before income tax						11,931
Income Tax Expense						(2,221)
Profit for the year						9,710
Balance Sheet						
As at 30 September 2008						
ASSETS						
Unallocated corporate assets						102,482
LIABILITIES						
Unallocated corporate liabilities						58,676



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By Geographical Segments

Sales revenue by geographical market
Financial year ended 30 September

	FY2009	FY2008
	S\$'000	S\$'000
Singapore	63,454	79,128
Middle East	29,699	3,041
Europe	19,772	15
Brunei	13,133	1
Others	5,410	2,911
Vietnam	2,073	10,526
Indonesia	1,685	1,988
Malaysia	1,045	1,906
Thailand	652	7,250
	136,923	106,766

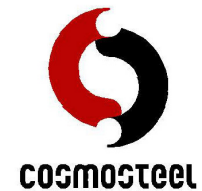
Others include customers in other industries such as manufacturing and pharmaceutical sectors.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

15. **A breakdown of sales.**

	FY2009	FY2008	Increase/ (Decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	85,888	42,387	102.6
(b) Operating profit/loss after tax before deducting minority interest reported for first half year	9,349	4,218	121.6
(c) Sales reported for second half year	51,035	64,379	(20.7)
(d) Operating profit/loss after tax before deducting minority interest reported for second half year	4,335	5,492	(21.1)



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16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous year.

	FY2009 \$'000	FY2008 \$'000
Ordinary	2,112	881

17. Interested Person Transactions.

During the year, there were no interested person transactions entered into by the Group.

By order of the Board

Ong Chin Sum
Chief Executive Officer
11 November 2009