



UEN 200410181W

UNION STEEL HOLDINGS LIMITED

友联钢铁控股有限公司

33 Pioneer Road North Singapore 628474 Tel : (65) 6861 9833 Fax: (65) 6862 9833
GST Reg. No: 20-0410181W

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL FINANCIAL YEAR ENDED 30 JUNE 2023**

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UNAUDITED CONDENSED FINANCIAL STATEMENT FOR THE SIX MONTHS AND FULL FINANCIAL YEAR ENDED 30 JUNE 2023

(A) Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Group			
		6 months ended 30 June 2023 unaudited S\$'000	6 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2023 unaudited S\$'000	12 months ended 30 June 2022 audited S\$'000
Revenue	6	54,126	41,033	107,296	80,135
Cost of sales		(40,142)	(32,105)	(79,914)	(61,510)
Gross profit		13,984	8,928	27,382	18,625
Other income		4,716	2,695	7,347	5,494
Distribution costs		(89)	(87)	(209)	(198)
Administrative expenses		(8,511)	(5,611)	(15,339)	(10,877)
Other operating expenses		(2,799)	(1,884)	(4,685)	(3,196)
Finance expenses		(1,023)	(466)	(1,793)	(898)
Profit before income tax	8	6,278	3,575	12,703	8,950
Income tax expense	10	(649)	(589)	(1,561)	(1,615)
Net profit for the financial period/year		5,629	2,986	11,142	7,335
Other comprehensive income					
<u>Item that may be reclassified to profit or loss in subsequent periods/years</u>					
Exchange differences on translating foreign operations		44	61	(43)	63
Total other comprehensive income for the financial period/year		44	61	(43)	63
Total comprehensive income for the financial period/year		5,673	3,047	11,099	7,398



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(A) Condensed consolidated statement of profit or loss and other comprehensive income (Continued)

	Group			
	6 months ended 30 June 2023 unaudited S\$'000	6 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2023 unaudited S\$'000	12 months ended 30 June 2022 audited S\$'000
Net profit attributable to:				
Owners of the Company	5,589	2,896	11,003	7,074
Non-controlling interests	40	90	139	261
	5,629	2,986	11,142	7,335
Total comprehensive income attributable to:				
Owners of the Company	5,633	2,957	10,960	7,137
Non-controlling interests	40	90	139	261
	5,673	3,047	11,099	7,398
Basic (SGD in cents)	14.19 cents*	7.35 cents**	27.94 cents*	17.96 cents**
Diluted (SGD in cents)	14.19 cents*	7.35 cents**	27.94 cents*	17.96 cents**

*Basic and diluted profit per share for 2H2023 and FY2023 are computed based on net profit for the period/year attributable to ordinary shareholders amounting to about S\$5.6 million and S\$11.0 million respectively over the weighted average number of shares of 39,378,100.

** Basic and diluted profit per share for 2H2022 and FY2022 are computed based on net profit for the period/year attributable to ordinary shareholders amounting to about S\$2.9 million and S\$7.1 million respectively over the weighted average number of shares of 39,378,100.

There were no potential dilutive shares as at 30 June 2023 and 30 June 2022.

"2H2023" denotes the second half financial year of the financial year ended 30 June 2023 ("FY2023").

"2023" denotes the full financial year of FY2023.

"2H2022" denotes the second half financial year of the financial year ended 30 June 2022 ("FY2022").

"2022" denotes the full financial year of FY2022.



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(B) Condensed statements of financial position

	Note	Group		Company	
		30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		22,725	17,789	687	679
Trade and other receivables		29,994	19,224	11,547	8,819
Contract assets		4,706	1,821	-	-
Inventories		25,422	29,315	-	-
Total current assets		82,847	68,149	12,234	9,498
Non-current assets					
Property, plant and equipment	13	49,127	48,251	87	51
Investment property	14	4,923	5,290	-	-
Right-of-use assets	15	11,784	11,216	-	-
Goodwill	16	7,699	7,360	-	-
Other intangible assets	17	463	4	-	-
Golf club membership		201	201	201	201
Investment in subsidiaries	20	-	-	56,494	56,802
Deferred tax assets		65	65	-	-
Total non-current assets		74,262	72,387	56,782	57,054
Total assets		157,109	140,536	69,016	66,552
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	18	18,223	21,757	2,240	2,240
Trade and other payables		26,792	16,337	28,318	25,980
Contract liabilities		3,180	1,733	-	-
Lease liabilities		2,523	1,890	-	-
Income tax payable		2,800	2,001	-	-
Total current liabilities		53,518	43,718	30,558	28,220
Non-current liabilities					
Borrowings	18	8,681	12,270	6,663	8,773
Lease liabilities		11,087	11,219	-	-
Deferred tax liabilities		6,177	6,104	39	39
Total non-current liabilities		25,945	29,593	6,702	8,812
Capital and reserves					
Share capital	19	36,603	36,603	36,603	36,603
Retained earnings/(Accumulated losses)		36,124	25,515	(4,847)	(7,083)
Capital reserve		5,237	5,237	-	-
Foreign currency translation reserve		(318)	(275)	-	-
Equity attributable to owners of the Company		77,646	67,080	31,756	29,520
Non-controlling interests		*	145	-	-
Total equity		77,646	67,225	31,756	29,520
Total liabilities and equity		157,109	140,536	69,016	66,552

* Less than S\$1,000



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(C) Condensed statements of changes in equity

Group	Note	Share capital S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Equity attributable to owners of the Company		Total S\$'000
						Company S\$'000	Non-controlling interests S\$'000	
<i>Balance as at 1 July 2022</i>		36,603	25,515	(275)	5,237	67,080	145	67,225
Total comprehensive income								
Net profit for the financial year		-	11,003	-	-	11,003	139	11,142
Other comprehensive income		-	-	(43)	-	(43)	-	(43)
Total		-	11,003	(43)	-	10,960	139	11,099
Disposal of subsidiary		-	-	-	-	-	(284)	(284)
Dividends paid	11	-	(394)	-	-	(394)	-	(394)
<i>Balance as at 30 June 2023</i>		36,603	36,124	(318)	5,237	77,646	-	77,646
<i>Balance as at 1 July 2021</i>		36,603	20,016	(338)	5,237	61,518	(116)	61,402
Total comprehensive income								
Net profit for the financial year		-	7,074	-	-	7,074	261	7,335
Other comprehensive income		-	-	63	-	63	-	63
Total		-	7,074	63	-	7,137	261	7,398
Dividends paid	11	-	(1,575)	-	-	(1,575)	-	(1,575)
<i>Balance as at 30 June 2022</i>		36,603	25,515	(275)	5,237	67,080	145	67,225
Company	Note				Share capital S\$'000	Accumulated losses S\$'000		Total equity S\$'000
<i>Balance as at 1 July 2022</i>					36,603	(7,083)		29,520
Total comprehensive income representing net profit for the financial year					-	2,630		2,630
Dividends paid	11				-	(394)		(394)
<i>Balance as at 30 June 2023</i>					36,603	(4,847)		31,756
<i>Balance as at 1 July 2021</i>					36,603	(9,210)		27,393
Total comprehensive income representing net profit for the financial year					-	3,702		3,702
Dividends paid	11				-	(1,575)		(1,575)
<i>Balance as at 30 June 2022</i>					36,603	(7,083)		29,520



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(D) Condensed consolidated statement of cash flows

	Group	
	12 months ended 30 June 2023 unaudited S\$'000	12 months ended 30 June 2022 audited S\$'000
Note		
Cash flows from operating activities		
Profit before income tax	12,703	8,950
Adjustments for:		
Depreciation of property, plant and equipment	4,588	3,238
Depreciation of right-of-use assets	1,961	1,863
Amortisation of intangible assets	158	4
Fair value loss on investment property	367	577
Gain on disposal of property, plant and equipment	(92)	(354)
Loss allowance for trade receivables	815	260
Recovery of slow-moving inventories	(17)	-
Allowance for write down of inventories	5	1
Gain on disposal of a subsidiary	(1,434)	-
Interest expense	1,793	898
Interest income	(78)	(22)
Operating cash flows before movement in working capital, net effects from acquisition of subsidiaries	20,769	15,415
Change in working capital, net of effects from acquisition of subsidiaries		
Trade and other receivables	(8,181)	442
Contract assets	(2,692)	(237)
Inventories	1,608	(3,611)
Trade and other payables	7,268	(546)
Contract liabilities	(2,426)	1,098
Cash generated from operations	16,346	12,561
Interest received	78	22
Income tax paid	(1,303)	(1,271)
Net cash generated from operating activities	15,121	11,312
Cash flow from investing activities		
Purchase of property, plant and equipment	(6,202)	(5,283)
Acquisition of subsidiaries, net of cash acquired	22(b) 2,320	(15,861)
Proceeds from disposal of property, plant and equipment	1,096	509
Disposal of a subsidiary, net of cash disposed	21 1,524	-
Net cash used in investing activities	(1,262)	(20,635)



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(D) Condensed consolidated statement of cash flows (Continued)

	Note	Group	
		12 months ended 30 June 2023 unaudited S\$'000	12 months ended 30 June 2022 audited S\$'000
Cash flow from financing activities			
Payment of dividends to members of the Company		(394)	(1,575)
(Decrease)/Increase in bills payable	18	(86)	1,684
Proceeds from bank loans	18	3,000	15,700
Repayment of bank loans	18	(8,625)	(3,504)
Repayment of lease liabilities	18	(2,779)	(2,594)
Net cash (used in)/generated from financing activities		(8,884)	9,711
Net increase in cash and cash equivalents		4,975	388
Cash and cash equivalents at beginning of the financial year		17,789	17,338
Effects of currency translation on cash and cash equivalents		(39)	63
Cash and cash equivalents at end of the financial year		22,725	17,789



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(E) Selected notes to the condensed interim consolidated financial statements

1. Corporate information

Union Steel Holdings Limited (the “Company”) (Registration No. 200410181W) is incorporated in Singapore with its principal place of business and registered office at 33 Pioneer Road North, Singapore 628474. The Company is listed on the Singapore Exchange Securities Trading Limited. These condensed consolidated financial statements as at and for the second half year and full financial year ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of investment holding. The principal activities of the Group are disclosed in Note 19 to the financial statements.

2. Basis of preparation

The condensed interim financial statements for the second half year and full financial year ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 3.

The condensed interim financial statements are presented in Singapore Dollar (“S\$” or “SGD”) which is the Company’s functional currency and all financial information presented in Singapore Dollar is rounded to the nearest thousand (S\$’000) except when otherwise indicated.

Basis of preparation for going concern assumption

The condensed interim financial statements have been prepared on a going concern basis, since management has verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

3. New and amended standards adopted by the Group

The Group and the Company have adopted all the new and revised SFRS(I)s and SFRS(I) Interpretations that are relevant to its operations and effective for annual period beginning on 1 July 2022. The adoption of the new and revised standards and interpretations is assessed to have no material financial effect on the performance and financial position of the Group and of the Company for the current financial period reported on. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these new and revised standards and interpretations.



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4. Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that will have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Allowance for write-down of inventories

A review is made periodically for excess inventory, obsolescence and declines in net realisable value below cost and management records an allowance against the inventory balance for any such declines. These reviews are based on current market conditions and historical experience which require management's judgement in assessing the market positioning of the Group's products and are dependent on factors such as customer specification requirements, demands and price competition in response to the industry life cycles. Possible changes in these judgements could result in revisions to the valuation of inventory.

(ii) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(iii) Impairment of property, plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment for its property, plant and equipment and right-of-use assets at each reporting date. Property, plant and equipment and right-of-use assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.



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4. Use of judgements and estimates (Continued)

(iv) Fair value measurement of investment property

The Group's investment property is stated at estimated fair value, as accounted for by management based on independent external appraisals. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates such as overall market conditions require an assessment of factors not within management's control. As a result, actual results of operations and realisation of net assets may vary significantly from that estimate. The carrying amount of investment property is disclosed in Note 14.

(v) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount (i.e., higher of fair value less cost to disposal and value in use) of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Based on the impairment test performed, management is of the view that no impairment charge is required for the financial years ended 30 June 2023 and 2022. Further details are disclosed in Note 16 to the financial statements.

(vi) Impairment of investments in subsidiaries

In determining whether investments in subsidiaries are impaired, the Company evaluates the market and economic environment in which each subsidiary operates and its economic performance to determine if indicators of impairment exist. Where such indicators exist, the subsidiary's recoverable amount are determined based on value-in-use calculations. These calculations require the use of estimates and key assumptions, inter alia, future income, operating costs, capital expenditure and an appropriate discount rate to determine the extent of the impairment loss, if any. Based on the value in use calculations, management is of the view that an impairment charge of \$308,000 is required for the financial year ended 30 June 2023 (30 June 2022: S\$Nil). The carrying amount of investment in subsidiary corporations is disclosed in Note 19.

5. Seasonal operations

The Group's business has not been affected significantly by seasonal or cyclical factors during the financial year ended 30 June 2023.



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6. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Metals - import and export of scrap metals, waste collection services, trading and leasing of metal products;
- Segment 2: Scaffolding - provision of scaffolding services and related consultancy services;
- Segment 3: Engineering - civil construction and engineering work, manufacturing of motor vehicle bodies, mechanical construction and fabrication services and repair, commissioning, sale and rental of marine deck equipment;
- Segment 4: Others – Income from rental properties

These operating segments are reported in a manner consistent with internal reporting provided to chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

6.1 Reportable segments

Business segments	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Others* S\$'000	Total S\$'000
1 Jan 2023 to 30 Jun 2023 unaudited					
External revenue	22,427	5,394	26,305	-	54,126
Reportable segment results from operating activities	4,694	2,171	637	1,509	9,011
Finance income					64
Finance costs					(1,023)
Unallocated corporate expenses					(1,774)
Profit before income tax					6,278
Income tax expense					(649)
Net profit for the financial period					5,629
Reportable segments assets	52,943	14,860	80,710	6,321	154,834
Unallocated assets					2,275
Total assets					157,109
Reportable segments liabilities	33,619	2,206	28,212	2,752	66,789
Unallocated liabilities					12,674
Total liabilities					79,463
<u>Other material non-cash items:</u>					
Depreciation of property, plant and equipment	579	272	1,564	78	2,493
Depreciation of right-of-use assets	697	25	376	11	1,109
Fair value loss on investment property	-	-	-	367	367
Loss allowance for trade receivables	400	-	129	-	529
Amortisation of intangible assets	-	-	154	4	158

* Include leasing of industrial properties.



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6. Segment and revenue information (Continued)

6.1 Reportable segments (Continued)

Business segments	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Others* S\$'000	Total S\$'000
1 Jan 2022 to 30 Jun 2022 unaudited					
External revenue	27,932	3,977	9,124	-	41,033
Reportable segment results from operating activities	4,418	1,613	(343)	(286)	5,402
Finance income					11
Finance costs					(466)
Unallocated corporate expenses					(1,372)
Profit before income tax					3,575
Income tax expense					(589)
Net profit for the financial period					2,986
Reportable segments assets	51,760	11,437	68,040	7,487	138,724
Unallocated assets					1,812
Total assets					140,536
Reportable segments liabilities	35,784	1,460	22,685	1,458	61,387
Unallocated liabilities					11,924
Total liabilities					73,311
<u>Other material non-cash items:</u>					
Depreciation of property, plant and equipment	510	223	818	75	1,626
Depreciation of right-of-use assets	842	25	32	-	899
Fair value loss on investment property	-	-	-	577	577
Loss allowance /(reversal of loss allowance) for trade receivables	160	-	(100)	-	60

* Include leasing of industrial properties.



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6. Segment and revenue information (Continued)

6.1 Reportable segments (Continued)

Business segments	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Others* S\$'000	Total S\$'000
1 Jul 2022 to 30 Jun 2023 unaudited					
External revenue	50,019	10,504	46,773	-	107,296
Reportable segment results from operating activities	8,475	4,574	2,702	1,707	17,458
Finance income					78
Finance costs					(1,793)
Unallocated corporate expenses					(3,040)
Profit before income tax					12,703
Income tax expense					(1,561)
Net profit for the financial year					11,142
Reportable segments assets	52,943	14,860	80,710	6,321	154,834
Unallocated assets					2,275
Total assets					157,109
Reportable segments liabilities	33,619	2,206	28,212	2,752	66,789
Unallocated liabilities					12,674
Total liabilities					79,463
<u>Other material non-cash items:</u>					
Depreciation of property, plant and equipment	1,096	527	2,812	153	4,588
Depreciation of right-of-use assets	1,338	51	561	11	1,961
Fair value loss on investment property	-	-	-	367	367
Loss allowance for trade receivables	500	-	315	-	815
Amortisation of intangible assets	-	-	154	4	158

* Include leasing of industrial properties.



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6. Segment and revenue information (Continued)

6.1 Reportable segments (Continued)

Business segments	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Others* S\$'000	Total S\$'000
1 Jul 2021 to 30 Jun 2022 audited					
External revenue	54,591	6,773	18,771	-	80,135
Reportable segment results from operating activities	8,981	2,270	1,425	(40)	12,636
Finance income					22
Finance costs					(898)
Unallocated corporate expenses					(2,810)
Profit before income tax					8,950
Income tax expense					(1,615)
Net profit for the financial year					7,335
Reportable segments assets	51,760	11,437	68,040	7,487	138,724
Unallocated assets					1,812
Total assets					140,536
Reportable segments liabilities	35,784	1,460	22,685	1,458	61,387
Unallocated liabilities					11,924
Total liabilities					73,311
<u>Other material non-cash items:</u>					
Depreciation of property, plant and equipment	1,164	451	1,469	154	3,238
Depreciation of right-of-use assets	1,670	50	143	-	1,863
Fair value loss on investment property	-	-	-	577	577
Loss allowance for trade receivables	260	-	-	-	260

* Include leasing of industrial properties.



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6. Segment and revenue information (Continued)

6.2 Disaggregation of revenue

Geographical information (Top 5 sales by countries)	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
1 Jan 2023 to 30 Jun 2023 unaudited				
Singapore	20,510	5,394	17,587	43,491
United States	-	-	3,167	3,167
Indonesia	97	-	1,811	1,908
India	1,511	-	30	1,541
Middle East	-	-	1,146	1,146
Others^	309	-	2,564	2,873
Total	22,427	5,394	26,305	54,126

1 Jan 2022 to 30 June 2022 unaudited

Singapore	23,950	3,977	6,999	34,926
India	3,374	-	401	3,775
Indonesia	203	-	764	967
Vietnam	405	-	-	405
China	-	-	339	339
Others*	-	-	621	621
Total	27,932	3,977	9,124	41,033

Geographical information (Top 5 sales by countries)	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
1 Jul 2022 to 30 Jun 2023 unaudited				
Singapore	44,949	10,504	28,101	83,554
Indonesia	3,087	-	3,632	6,719
France	-	-	4,170	4,170
United States	-	-	3,225	3,225
Middle East	-	-	2,144	2,144
Others^	1,983	-	5,501	7,484
Total	50,019	10,504	46,773	107,296

1 Jul 2021 to 30 Jun 2022 audited

Singapore	48,409	6,773	13,119	68,301
India	5,574	-	401	5,975
Malaysia	-	-	2,385	2,385
Indonesia	203	-	764	967
Netherlands	-	-	780	780
Others*	405	-	1,322	1,727
Total	54,591	6,773	18,771	80,135

^Include Malaysia, India, Netherlands, Thailand, China, Brunei, Mexico and etc.

*Include Philippine, France, Italy, Australia, Vietnam, China & Africa and etc.



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6. Segment and revenue information (Continued)

6.2 Disaggregation of revenue (Continued)

Type of goods or services	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
1 Jan 2023 to 30 Jun 2023 unaudited				
Sale of goods	17,409	-	6,325	23,734
Scaffolding services	-	5,371	-	5,371
Rental of materials and equipment	4,517	2	273	4,792
Engineering services	-	-	19,663	19,663
Other service income	501	21	44	566
Total	22,427	5,394	26,305	54,126
1 Jan 2022 to 30 Jun 2022 unaudited				
Sale of goods	23,504	11	8,198	31,713
Scaffolding services	-	3,952	-	3,952
Rental of materials and equipment	3,819	14	-	3,833
Engineering services	-	-	926	926
Other service income	609	-	-	609
Total	27,932	3,977	9,124	41,033
1 Jul 2022 to 30 Jun 2023 unaudited				
Sale of goods	40,624	4	16,351	56,979
Scaffolding services	-	10,463	-	10,463
Rental of materials and equipment	8,256	2	943	9,201
Engineering services	-	-	29,435	29,435
Other service income	1,139	35	44	1,218
Total	50,019	10,504	46,773	107,296
1 Jul 2021 to 30 Jun 2022 audited				
Sale of goods	45,886	20	13,219	59,125
Scaffolding services	-	6,686	-	6,686
Rental of materials and equipment	7,457	67	3,632	11,156
Engineering services	-	-	1,920	1,920
Other service income	1,248	-	-	1,248
Total	54,591	6,773	18,771	80,135



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6. Segment and revenue information (Continued)

6.2 Disaggregation of revenue (Continued)

Timing of revenue recognition	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
1 Jan 2023 to 30 Jun 2023 unaudited				
At a point in time	17,910	21	9,458	27,389
Over time	4,517	5,373	16,847	26,737
Total	22,427	5,394	26,305	54,126
1 Jan 2022 to 30 Jun 2022 unaudited				
At a point in time	27,932	25	8,198	36,155
Over time	-	3,952	926	4,878
Total	27,932	3,977	9,124	41,033
Timing of revenue recognition	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
1 Jul 2022 to 30 Jun 2023 unaudited				
At a point in time	41,763	39	19,550	61,352
Over time	8,256	10,465	27,223	45,944
Total	50,019	10,504	46,773	107,296
1 Jul 2021 to 30 Jun 2022 audited				
At a point in time	54,591	87	17,845	72,523
Over time	-	6,686	926	7,612
Total	54,591	6,773	18,771	80,135

7. Financial assets and financial liabilities

	Group		Company	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Financial assets				
Cash and cash equivalents	22,725	17,789	687	679
Trade and other receivables	29,994	19,224	11,547	8,819
Less: advance billing from suppliers and prepayments	(3,026)	(5,310)	(28)	(24)
Financial assets at amortised cost	49,693	31,703	12,206	9,474
Financial liabilities				
Borrowings	26,904	34,027	8,903	11,013
Trade and other payables	26,792	16,337	28,318	25,980
Lease liabilities	13,610	13,109	-	-
Less: advance from customers	(286)	(2,880)	-	-
Financial liabilities at amortised cost	67,020	60,593	37,221	36,993



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8. Profit before income tax

	Group			
	6 months ended 30 June 2023 unaudited S\$'000	6 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2023 unaudited S\$'000	12 months ended 30 June 2022 audited S\$'000
Income				
Rental from leasehold properties and warehousing	2,101	2,318	4,070	3,553
Rental from investment property	430	290	755	641
Gain on disposal of property, plant and equipment	152	76	92	354
Gain on disposal of a subsidiary	1,434	-	1,434	-
Government grant	185	258	355	578
Expenses				
Depreciation of property, plant and equipment	2,493	1,626	4,588	3,238
Depreciation of right-of-use assets	1,109	899	1,961	1,863
Amortisation of other intangible assets	158	4	158	4
Net foreign currency exchange (gain)/loss	(7)	(111)	118	(153)
Interest expense	1,023	466	1,793	898
Loss of allowance for trade receivables	529	60	815	260
Fair value loss on investment property	367	577	367	577

9. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel, directors and their close family members.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial period/year was as follows:

	Group			
	6 months ended 30 June 2023 unaudited S\$'000	6 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2023 unaudited S\$'000	12 months ended 30 June 2022 audited S\$'000
Short-term benefits	1,928	1,245	3,358	2,164
Post-employment benefits	40	19	78	31
	1,968	1,264	3,436	2,195



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10. Taxation

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total earnings of the period. The major components of income tax expense in the condensed full year consolidated statement of profit or loss are:

	Group			
	6 months ended 30 June 2023 unaudited S\$'000	6 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2023 unaudited S\$'000	12 months ended 30 June 2022 audited S\$'000
Current income tax expense	698	634	1,801	1,560
(Over)/Under provision of income tax in respect of prior financial period/year	6	(50)	(56)	50
Deferred income tax	(55)	5	(184)	5
	649	589	1,561	1,615

11. Dividends

Ordinary dividend paid:

Final dividend in respect of the financial year ended 30 June 2022,
tax exempt one-tier final cash dividend of 1.00 cent per share
(FY2022: 4.00 cents per share in respect of the financial year ended
30 June 2021), approved and paid during the financial years

Group	
Financial year 2023 unaudited S\$'000	Financial year 2022 audited S\$'000
394	1,575

12. Net Asset Value

	Group		Company	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Net asset value per ordinary share	197.18 cents	170.35 cents	80.64 cents	74.97 cents



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13. Property, plant and equipment

During the financial year ended 30 June 2023, the Group recognised additions in property, plant and equipment from acquisition of subsidiaries of S\$5,362,000 (30 June 2022: S\$17,234,000), acquired new assets amounting to S\$6,258,000 (30 June 2022: S\$5,283,000), disposal of assets with net book value of S\$1,004,000 (30 June 2022: S\$155,000) and disposed assets arising from disposal of a subsidiary of S\$360,000 (30 June 2022: S\$Nil).

14. Investment property

	Group	
	Financial year 2023 unaudited S\$'000	Financial year 2022 audited S\$'000
Beginning of the financial year	5,290	5,867
Fair value loss recognised in profit or loss (Note 8)	(367)	(577)
End of the financial year	<u>4,923</u>	<u>5,290</u>

Valuation processes of the Group

The fair value of the Group's investment property at the end of financial year has been determined on the basis of valuation carried out at the reporting date by an independent valuer with a recognised and relevant professional qualification and experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on transacted prices for similar properties, adjusted for comparability. Such adjustments mainly relate to differences in remaining lease term and size of the comparable properties.

15. Right-of-use assets

	Group	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Costs		
Beginning of the financial year	16,289	12,937
Arising on acquisition of a subsidiary	212	3,070
Additions	2,364	282
Derecognition	(3,402)	-
End of the financial year	<u>15,463</u>	<u>16,289</u>
Accumulated depreciation		
Beginning of the financial year	5,073	3,210
Depreciation charge (Note 8)	1,961	1,863
Derecognition	(3,355)	-
End of the financial year	<u>3,679</u>	<u>5,073</u>
End of the financial year	<u>11,784</u>	<u>11,216</u>



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16. Goodwill

	Group	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Beginning of the financial year	7,360	5,053
Goodwill arising on acquisition (Note 22(f))	339	2,307
End of the financial year	7,699	7,360

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The allocation is as follows:

	Group	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Scaffolding services CGU – Hock Ann Metal Scaffolding Pte Ltd	4,603	4,603
Engineering CGU – BTH Holdings Pte. Ltd. and its subsidiary	2,307	2,307
Engineering CGU – Promoter Hydraulic Pte Ltd	339	-
Other CGUs with insignificant goodwill	450	450
	7,699	7,360

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the Scaffolding CGUs and Engineering CGUs are determined using value in use calculations, derived from the most recent financial budgets approved by management for the next five years. Key assumptions as follows:

	Group			
	Estimated average growth rate		Discount rate	
	30 June 2023 unaudited	30 June 2022 audited	30 June 2023 unaudited	30 June 2022 audited
Scaffolding services CGU	3.0%	3.0%	10.0%	9.0%
Engineering CGU	3.0%	N.A.	11.0%	N.A.

Discount rates were estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

For other CGUs with insignificant goodwill, management is of the view that the financial impact is not material to the Group regardless whether impairment is required.



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17. Other intangible assets

	Group	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Costs		
Beginning of the financial year	20	20
Arising on acquisition of a subsidiary (Note 22(c))	617	-
End of the financial year	637	20
Accumulated amortisation		
Beginning of the financial year	16	12
Amortisation charge	158	4
End of the financial year	174	16
End of the financial year	463	4

Intangible assets arising from acquisition of a subsidiary related to customer relationships that are initially recognised at cost, which represents the fair value at the date of acquisition, and subsequently, carried at cost less accumulated amortisation and any accumulated impairment losses. Customer relationships are amortised on a straight-line basis over its estimated economic useful lives of 2 years.

18. Borrowings

	Group		Company	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Amount repayable within one year or on demand				
Secured	18,223	21,757	2,240	2,240
Amount repayable after one year				
Secured	8,681	12,270	6,663	8,773

The bank borrowings are secured by leasehold land and buildings, corporate guarantees by the Company and charges over shares of a subsidiary.



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18. Borrowings (Continued)

Reconciliation of liabilities arising from financing activities

	1 July 2022	Proceeds from borrowing	Principal and interest payment	Liabilities from acquisition	New lease liabilities	Disposal of a subsidiary	Interest expense	30 June 2023
Borrowings	31,210	3,000	(8,625)	-	-	(1,700)	1,041	24,926
Bills payable	2,817	5,856	(5,942)	-	-	(810)	57	1,978
Lease liabilities	13,109	-	(2,779)	258	2,374	(47)	695	13,610
	47,136	8,856	(17,346)	258	2,374	(2,557)	1,793	40,514

	1 July 2021	Proceeds from borrowing	Principal and interest payment	Liabilities from acquisition	New lease liabilities	Interest expense	30 June 2022
Borrowings	17,862	15,700	(3,504)	869	-	283	31,210
Bills payable	1,076	3,549	(1,865)	-	-	57	2,817
Lease liabilities	11,454	-	(2,594)	3,409	282	558	13,109
	30,392	19,249	(7,963)	4,278	282	898	47,136

19. Share capital

	30 June 2023 Number of ordinary shares	30 June 2022 Number of ordinary shares	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Issued and fully paid:				
At the beginning and end of the financial year	39,378,100	39,378,100	36,603	36,603

The Company did not hold any treasury shares as at 30 June 2023 and 30 June 2022.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2023 and 30 June 2022.



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20. Investment in subsidiaries

	Company	
	30 June 2023 unaudited S\$'000	30 June 2022 audited S\$'000
Unquoted equity shares, at cost	75,802	59,802
Add: Addition	-	16,000
Less: Allowance for impairment	(19,308)	(19,000)
End of the financial year	56,494	56,802
Movement in the allowance for impairment:		
Beginning of the financial year	19,000	19,000
Increase in allowance recognized in profit or loss	308	-
End of the financial year	19,308	19,000

The Company has considered indicators of impairment on certain subsidiaries and estimated the recoverable amount using the value-in-use calculations. Based on the value in use calculations, management is of the view that an impairment charge of S\$308,000 is required for the financial year ended 30 June 2023 (30 June 2022: S\$Nil).

The Group's subsidiaries as at the end of the current and prior financial years are listed in the table below.

Name of subsidiary	Principal activities	Place of incorporation	Effective equity interest and voting power held	
			30 June 2023 %	30 June 2022 %
<u>Held by the Company</u>				
Union Steel Pte Ltd ⁽¹⁾	Trading of steel products.	Singapore	100	100
YLS Steel Pte Ltd ⁽¹⁾	Recycling of scrap metals, trading of steel products, waste collection and management, and rental of materials.	Singapore	100	100
Yew Lee Seng Metal Pte Ltd ⁽¹⁾	Trading of ferrous and non-ferrous scrap metals.	Singapore	100	100
Union Engineering Pte Ltd ⁽¹⁾	Investment property holding and rental of properties.	Singapore	100	100
Gee Sheng Machinery & Engineering Pte Ltd ⁽¹⁾	Mechanical engineering services.	Singapore	100	100
Transvictory Holdings Pte Ltd ⁽¹⁾	Investment holding.	Singapore	100	100
Hock Ann Metal Scaffolding Pte Ltd ⁽¹⁾	Scaffolding services.	Singapore	100	100
BTH Holdings Pte. Ltd. ⁽²⁾⁽⁵⁾	Investment holding.	Singapore	100	100



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20. Investment in subsidiaries (Continued)

Name of subsidiary	Principal activities	Place of incorporation	Effective equity interest and voting power held	
			30 June 2023 %	30 June 2022 %
Held by the Subsidiaries				
Hock Ann Marine Scaffolding Pte Ltd ⁽¹⁾	Scaffolding services.	Singapore	100	100
Union Applied Engineering Sdn Bhd ⁽²⁾⁽³⁾⁽⁵⁾	Inactive.	Malaysia	100	100
YLS Holdings Sdn Bhd ⁽²⁾⁽⁴⁾⁽⁵⁾	Investment holding.	Malaysia	45	40
Transvictory Winch System Pte Ltd ⁽¹⁾	Sale of marine deck equipment.	Singapore	100	100
Steadfast Offshore & Marine Pte Ltd ⁽¹⁾	Sale of marine deck equipment.	Singapore	100	100
Used Equipment Pte Ltd ⁽¹⁾	Online portal for sales of industrial equipment.	Singapore	100	100
Applied Engineering Pte Ltd ⁽²⁾	Process and industrial plant engineering design and consultancy services	Singapore	100	100
Marshal Systems Pte Ltd ⁽¹⁾⁽⁷⁾	Contractors for electronic and electrical engineering works	Singapore	100	-
Marshal Offshore and Marine Engrg Co., Ltd ⁽²⁾⁽⁷⁾	Contractors for electronic and electrical engineering works	China	100	-
Promoter Hydraulics Pte Ltd ⁽¹⁾⁽⁷⁾	Sale and rental of marine equipment, marine accessories and parts	Singapore	100	-
Fastweld Engineering Construction Pte Ltd ⁽²⁾⁽⁸⁾	Installation and construction of gas piping systems, aluminium or stainless fabrication and related structures	Singapore	100	-
Megafab Engineering Pte Ltd ⁽¹⁾⁽⁶⁾	Equipment and related installation of industrial machinery, mechanical engineering work.	Singapore	-	70

(1) Audited by CLA Global TS Public Accounting Corporation Singapore.

(2) Audited by other audit firm for statutory purpose.

(3) The Company has changed its name, formerly known as Union CHH Sdn Bhd.

(4) The Company is considered a subsidiary as the Group has the rights to appoint 2 out of 3 members of its board of directors. The board of directors has the power to direct the relevant activities of YLS Holdings Sdn Bhd.

(5) Not significant to the Group.

(6) Disposed on 3 February 2023 for cash consideration of \$2,100,000.

(7) Acquired on 29 July 2022.

(8) Acquired on 25 November 2022.



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21. Disposal of subsidiary

On 3 February 2023, the Group together with Mr. Low Keng Kee, Sebastian entered into a sale and purchase agreement with a non-related third party to dispose off the entire issued and paid-up share capital in Megafab Engineering Pte Ltd ("Megafab") for a consideration of S\$3,000,000. The Group owned 70% of the issued and paid-up share capital and Low Keng Kee, Sebastian owned the remaining 30%. The disposal was completed on the same day.

The carrying amounts of assets and liabilities of Megafab at the date of disposal were as follows:

	At 3 February 2023 S\$'000
Cash and cash equivalents	576
Property, plant and equipment	360
Inventories	4,261
Trade and other receivables	3,008
Bank loans and bills payable	(2,510)
Trade and other payables	(4,690)
Lease liabilities	(47)
Deferred tax liabilities	(8)
Net identifiable assets disposed	<u>950</u>
Less: Non-controlling interest	<u>(284)</u>
Net assets disposed off	<u>666</u>

Gain on disposal:

	At 3 February 2023 S\$'000
Consideration received	2,100
Net assets disposed off	<u>(666)</u>
Gain on disposal	<u>1,434</u>

Cash inflows arising from disposal:

	At 3 February 2023 S\$'000
Net assets disposed off (as above)	666
Gain on disposal	1,434
Cash proceed on disposal	<u>2,100</u>
Less: Cash and bank balances in the subsidiary disposed off	<u>(576)</u>
Net cash inflow from disposal	<u>1,524</u>



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22. Business combination

On 29 July 2022, the Company's wholly owned subsidiary corporation, Transvictory Holdings Pte Ltd acquired 100% ownership interests in Promoter Hydraulics Pte. Ltd. ("Promoter") and Marshal Systems Private Limited and its wholly owned subsidiary of Marshal Offshore & Marine Engrg Co., Ltd ("Marshal Group") for a purchase consideration of S\$240,000 and S\$265,000 respectively in cash.

On 25 November 2022, the Company's wholly owned subsidiary, Union Engineering Pte Ltd ("UEPL") acquired 100% of the issued shared capital of Fastweld Engineering Construction Pte Ltd ("Fastweld") for a cash consideration of S\$2,500,000, where S\$1,250,000 was paid on the Completion Date and the remaining S\$1,250,000 is payable on 25 November 2023.

As a result of these acquisitions, the Group's market share and performance in the engineering CGU is expected to increase and improve.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

Subsidiaries	Acquisition dates	Purchase Consideration S\$'000
Promoter Hydraulics Pte. Ltd. ("Promoter")	29 July 2022	240
Marshal Systems Private Limited and its subsidiary corporation ("Marshal Group")	29 July 2022	265
Fastweld Engineering Construction Pte Ltd ("Fastweld")	25 November 2022	2,500

(b) Effect on cash flows of the Group

	Promoter S\$'000	Marshal Group S\$'000	Fastweld S\$'000	Total S\$'000
Purchase consideration	240	265	2,500	3,005
Consideration paid on acquisitions*	240	265	1,250	1,755
Less: Cash and bank balances in subsidiary acquired	(77)	(282)	(3,716)	(4,075)
Cash outflow/(inflow) on acquisitions	163	(17)	(2,466)	(2,320)

* As at 30 June 2023, the consideration payment made for the acquisition of Fastweld was amounted to S\$1,250,000. Pursuant to the sale and purchase agreement, the rest of the consideration payable of S\$1,250,000 included in trade and other payables, is due to pay on 25 November 2023, the date falling twelve months after the completion date on 25 November 2022.



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22. Business combination (Continued)

(c) Identifiable assets acquired and liabilities assumed

	BTH Group** S\$'000	Promoter S\$'000	Marshal Group S\$'000	Fastweld S\$'000
Property, plant and equipment	17,234	5	15	2,183
Right-of-use assets	3,070	-	-	212
Other intangible assets (Note 22(e))	-	-	-	617
Inventories	308	10	325	-
Cash and cash equivalents	139	77	282	3,716
Trade and other receivables	5,259	455	891	5,258
Total assets	26,010	547	1,513	11,986
Bank borrowings	(869)	-	-	-
Trade and other payables	(5,316)	(646)	(1,248)	(8,606)
Lease liabilities	(3,409)	-	-	(258)
Current tax liabilities	(14)	-	-	(357)
Deferred tax liabilities	(2,709)	-	-	(265)
Total liabilities	(12,317)	(646)	(1,248)	(9,486)
Total identifiable net assets	13,693	(99)	265	2,500
Add: Goodwill (Note 22(f))	2,307	339	-	-
Purchase consideration	16,000	240	265	2,500

** The acquisition of BTH Group was completed on 4 May 2022 and the fair value of the acquired assets and liabilities assumed of BTH Group have been determined on a provisional basis as at 30 June 2022. The fair value of the acquired assets and liabilities were finalised during the financial year ended 30 June 2023 with no adjustments were required to be made on the provisional numbers reported in the prior financial year.

(d) Acquisition-related costs

The Group incurred acquisition-related costs relating to external legal fees and due diligence cost aggregate to S\$70,000 which have been excluded from the consideration and have been expensed-off as administrative expenses in the Group's profit or loss.

(e) Fair values

The fair value of the acquired identifiable assets of S\$617,000 (customer relationships) arising from the acquisition of Fastweld was finalised during the financial year. The fair values have been determined by using the multi-period excess earnings method ("MEEM"). The discount rate used to discount future cash flow is 11%.



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22. Business combination (Continued)

(f) Goodwill

	Promoter S\$'000	Marshal Group S\$'000	Fastweld S\$'000
Purchase consideration	240	265	2,500
Less: fair value of identifiable (assets) / liabilities acquired	99	(265)	(2,500)
Goodwill arising on acquisition	339	-	-

(g) Revenue and profit contribution

The revenue and net profit contributed by the newly acquired businesses to the Group are as follows:

	Promoter From 29 July 2022 to 30 June 2023 S\$'000	Marshal Group From 29 July 2022 to 30 June 2023 S\$'000	Fastweld From 25 November 2022 to 30 June 2023 S\$'000
Revenue	1,586	4,560	4,352
Net profit	369	977	15

Had the above subsidiaries been acquired from 1 July 2022, consolidated revenue and consolidated net profit for the financial year ended 30 June 2023 would have been S\$116,093,000 and S\$12,688,000 respectively.



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GST Reg. No: 20-0410181W**(F) Other information required by Listing Rule Appendix 7.2****1. Review**

The condensed consolidated statement of financial position of Union Steel Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the second half year and full financial year ended 30 June 2023 and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group**2H2023 (six months ended 30 June 2023) vs 2H2022 (six months ended 30 June 2022)****FY2023 (twelve months ended 30 June 2023) vs FY2022 (twelve months ended 30 June 2022)****Statements of Comprehensive Income**

Revenue	2H2023	2H2022	+ / (-)	+ / (-)	FY2023	FY2022	+ / (-)	+ / (-)
	S\$'million	S\$'million	S\$'million	%	S\$'million	S\$'million	S\$'million	%
Metals	22.4	27.9	(5.5)	(20)	50.0	54.5	(4.5)	(8)
Engineering	26.3	9.1	17.2	189	46.8	18.8	28.0	149
Scaffolding	5.4	4.0	1.4	35	10.5	6.8	3.7	54
	54.1	41.0	13.1	32	107.3	80.1	27.2	34

The Group's revenue increased by 34% or S\$27.2 million to S\$107.3 million in FY2023 (FY2022: S\$80.1 million) and increased by 32% or S\$13.1 million to S\$54.1 million in 2H2023 (2H2022: S\$41.0 million). The revenue increase of both periods under review were mainly attributable to the growth of the Engineering segment and the Scaffolding segment.

The Group expanded into complementary business segments within the offshore, marine and oil & gas industries since FY2022. The acquisition of BTH Group in May 2022, Promoter and Marshal Group in July 2022 and Fastweld Engineering in November 2022 has diversified the Group's revenue streams and contributed to the large revenue increase from the engineering segment. The Engineering segment's revenue grew by 149% or S\$28.0 million to S\$46.8 million in FY2023 (FY2022: S\$18.8 million) and by 189% or S\$17.2 million to S\$26.3 million in 2H2023 (2H2022: S\$9.1 million).

The construction sector's sustained strength, combined with some backlog of workloads caused by the previous COVID-19 pandemic, has led to an increase demand for scaffolding services. This mainly contributed to the 54% or S\$3.7 million revenue increase in the Scaffolding segment to S\$10.5 million in FY2023 (FY2022: S\$6.8 million), and the 35% or S\$1.4 million increase to S\$5.4 million in 2H2023 (2H2022: S\$4.0 million).

The metal sector, particularly the steel market, experienced some softening in pricing for both new steel and scrap metal since the end of FY2022. This has led to an 8% or S\$4.5 million decrease in revenue for the Metals segment to S\$50 million in FY2023 (FY2022: S\$54.5 million) and a 20% or S\$5.5 million decrease to S\$22.4 million in 2H2023 (2H2022: S\$27.9 million).



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2. Review of performance of the Group (Continued)

Statements of Comprehensive Income (Continued)

Geographical information

Geographically, Singapore remains the main contributor to the Group's revenue, accounting for 78% or S\$83.6 million of group sales in FY2023 (FY2022: 85% or S\$68.3 million) and 80% or S\$43.5 million in 2H2023 (2H2022:85% or S\$34.9 million). Overseas sales increased to S\$23.7 million in FY2023 from FY2022 of S\$11.8 million and this was mainly due to the abovementioned business expansion through acquisition in 2022. The expansion into the engineering segment within the offshore, marine and oil & gas industries not only diversified the Group's revenue streams but also widened its sales to other countries.

Gross profit margin

The Group's gross profit jumped 47% to S\$27.4 million in FY2023 (FY2022 of S\$18.6 million) and 57% to S\$14.0 million in 2H2023 (2H2022 of S\$8.9 million) due mainly to the higher revenue. In FY2023 and 2H2023, the Group witnessed an enhancement in its gross profit margins, reaching 25.5% and 25.8% respectively as compared to the gross margins of 23.2% and 21.8% achieved in FY2022 and 2H2022 driven by the Scaffolding segment and Metal segment.

Other income

The higher other income in FY2023 and 2HFY2023 of S\$7.3 million and S\$4.7 million respectively compared to S\$5.5 million and S\$2.7 million in FY2022 and 2H2022 respectively was mainly due to the gain on disposal of a subsidiary in February 2023 of S\$1.4 million and the improvement from warehousing logistics and property rental.

Administrative expenses

Administrative expenses increased 40% from S\$10.9 million in FY2022 to S\$15.3 million in FY2023, and 52% from S\$5.6 million in 2HFY2022 to S\$8.5 million in 2H2023 mainly due to the incorporation of expenses incurred by newly acquired subsidiaries of S\$3.6 million and an increase in staff related expenditures.

Other operating expenses

Other operating expenses rose 47% from S\$3.2 million in FY2022 to S\$4.7 million in FY2023 and 47% from S\$1.9 million in 2H2022 to S\$2.8 million in 2H2023. The increments were mainly due to a \$0.6 million increase in the allowance for expected credit losses on trade receivables, \$0.5 million in expenses related to short-term operating leases, and an added \$0.2 million in amortization of intangible assets.

Finance expenses

Finance expenses rose 100% from S\$0.9 million in FY2022 to S\$1.8 million in FY2023 and rose 100% from S\$0.5 million to S\$1 million mainly due to the loan obtained for business acquisition since May 2022 and interest rate hikes since June 2022 with interest rates raised from the range of 1.5% to 3.1% to the range of 1.91% to 5.68%.



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2. Review of performance of the Group (Continued)

Review of Financial Position

Statement of Financial Position as at 30 June 2023

Assets

The increase in property, plant and equipment of S\$0.9 million was mainly due to the S\$2.2 million in assets contributed from the acquisition of subsidiaries and the S\$6.3 million for purchase of new plant and machinery during FY2023. These were partly offset by depreciation charges of S\$4.6 million and disposal of plant and equipment and a subsidiary in FY2023 with a net value of S\$3.0 million.

The increase in right-of-use assets of S\$0.6 million was mainly due to the asset recognition from new leases of S\$2.4 million and the addition from a newly acquired subsidiary of S\$0.2 million, which was partly offset by the depreciation charge of S\$2.0 million in FY2023.

The rise in goodwill of S\$0.3 million originated from the acquisitions of Promoter in July 2022.

The increase in other intangible assets of S\$0.5 million was due to the recognition of customer relationships of S\$0.6 million arising from the acquisition of a subsidiary, partly offset by the amortisation charge of S\$0.1 million during the financial year.

The rise in trade and other receivables and contract assets of S\$13.7 million was made up of S\$9.2 million from the newly acquired subsidiaries in 2022, S\$1.6 million from the increase sales of Scaffolding and Engineering segments, and S\$2.8 million of accrued revenue from progress claims due to more projects being secured by Engineering segment.

The decrease in inventories of S\$3.9 million was mainly attributable to the disposal of a subsidiary in FY2023.

Liabilities

The increase in trade and other payables, along with contract liabilities, totaling S\$11.9 consisted of S\$9.0 million attributable to the newly acquired subsidiaries, and S\$1.8 million from heightened procurement activities in tandem with increased sales and projects within scaffolding, steel leasing and engineering sectors.

Loan repayment during the financial year accounted for the decrease in bank borrowings of S\$7.1 million in FY2023.

The increase in income tax payable of \$0.8 million was due to the increased provision for the higher profit made in the current financial year.



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2. Review of performance of the Group (Continued)

Review of Financial Position (Continued)

Statement of Cash Flows

The net cash generated from operating activities rose from S\$11.3 million in FY2022 to S\$15.1 million in FY2023 and this was mainly attributed to the improved performance of profit in FY2023.

Net cash used in investing activities amounted to S\$1.3 million in FY2023 and S\$20.6 million in FY2022. The higher cash outflow in FY2022 was mainly due to the acquisition of a subsidiary which amounted to S\$15.9 million.

Net cash used in financing activities amounted to S\$8.9 million in FY2023 primarily as a result of the settlement of bank loans. Conversely, in FY2022, there was a net cash inflow of S\$9.7 million from financing activities by the acquisition-related bank borrowings for a subsidiary company.

The Group's cash and cash equivalents increased by S\$4.9 million compared to a year ago, mainly due to the cash generated from the operating activities and proceeds from the disposal of a subsidiary. The net gearing of the Group (defined as the ratio of the aggregate of interest-bearing loans net of cash and cash equivalents to total equity) has decreased to 5.4% from 24.2% one year ago due mainly to the repayment of borrowings which resulted a lower borrowing as at 30 June 2023 and an increase in cash and cash equivalents.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

4. 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

Metal

While the pricing for both new steel and scrap metal has further softened since FY2022, it continues to be affected by highly volatile international commodity pricing. The Group remains cautiously optimistic about the segment's performance and will continue to maintain sales volume while supplementing the segment's performance with its continued focus on steel leasing, logistics and warehousing services.

Scaffolding

Scaffolding services rebounded after COVID-19 pandemic with a strong level of construction demand and a backlog of remaining workloads that was previously impacted by COVID-19 pandemic. The Group is observing a return to regular operations within this dependable business segment as construction backlogs are being addressed. This segment remains a significant contributor to the Group's profit.



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4. 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 (Continued)

Engineering

The Group has strategically positioned itself to extend its reach into the offshore, marine and oil & gas sectors through its acquisitions of Applied Engineering, Fastweld Engineering, Marshal Systems, and Promoter Hydraulics in 2022. These acquisitions enable collaboration with the Group's current engineering entities, Transvictory and Gee Sheng, enhancing the Group's capability and capacity to deliver integrated offshore, marine and oil & gas engineering solutions. The services now offered by the Engineering segment include the production of machinery and offshore equipment, fabrication of oil drilling apparatus, electronic and instrumentation system integration, provision of quality mechanical engineering products, and maintenance of process plant industry. Additionally, the Group intends to venture into international markets to expand its network within the offshore, marine and oil & gas industry. This targeted growth strategy is expected to drive near-term development in the Engineering segment, strengthening its overall contribution to the Group.

5. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes. The Directors are pleased to declare a tax exempt one-tier final cash dividend of 5.00 cent per share (FY2022: 1.00 cents per share) in respect of the full financial year ended 30 June 2023. The date of final dividend paid is to be announced at a later date.

Name of Dividend	Final Dividend
Dividend Type	Cash
Dividend Amount per Share	5.00 cents
Tax rate	One tier tax-exempt

	Latest full financial year (in S\$'000)	Previous full financial year (in S\$'000)
Proposed final dividend	1,969	394
Total	1,969	394



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5. Dividend

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes. A tax exempt one-tier final cash dividend of 1.00 cents per share was declared in respect of the full financial year ended 30 June 2022.

(c) Date payable

To be announced at a later date.

(d) Books closure date

To be announced at a later date.

6. Interested person transactions

The Group does not have a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received 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 of the SGX-ST.

8. Review of performance of the Group – turnover and earnings

The Group	2023	2022
	S\$'000	S\$'000
Revenue reported for the first half year	53,170	39,102
Profit after tax reported for the first half year	5,513	4,349
Revenue reported for the second half year	54,126	41,033
Profit after tax reported for the second year	5,629	2,986



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9. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes of duties and position held, if any, during the financial year
Mr Ang Jun Long	32	Son of Executive Chairman and Chief Executive Officer and substantial shareholder, Mr. Ang Yu Seng, and nephew of Executive Director and substantial shareholder, Mr. Ang Yew Chye.	<p>Director, Engineering Division.</p> <p>Since 31 August 2022, he has held the official position of Director of the Engineering division, overseeing all operation within the Group's Engineering segment.</p> <p>The Engineering companies under his purview include:</p> <ul style="list-style-type: none"> - Gee Sheng Machinery & Engineering, - Transvictory Group, - Applied Engineering, - Promoter Hydraulics, - Marshal Systems, and - Fastweld Engineering & Construction. 	<p>The newly acquired engineering companies under his responsibilities are the ones acquired in July and November 2022 of:</p> <ul style="list-style-type: none"> - Promoter Hydraulics - Marshal Systems - Fastweld Engineering & Construction

BY ORDER OF THE BOARD

ANG YU SENG

Executive Chairman and Chief Executive Officer
25 August 2023