



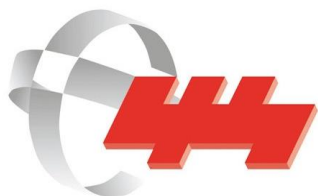
**UNION STEEL HOLDINGS LIMITED**

Co Reg. No.: 200410181W

**UNION STEEL HOLDINGS LIMITED  
(Company Registration No: 200410181W)**

**UNAUDITED CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS AND FULL FINANCIAL YEAR ENDED 30 JUNE 2021**

<b>Table of Contents</b>	<b>Page</b>
A. Condensed consolidated statement of profit or loss and other comprehensive income	2
B. Condensed statements of financial position (Group and Company)	4
C. Condensed statements of changes in equity (Group and Company)	5
D. Condensed consolidated statement of cash flows	6
E. Selected notes to the condensed consolidated financial statements	7
F. Other information required by Listing Rule Appendix 7.2	25



**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND HALF YEAR ("2H2021") AND FULL FINANCIAL YEAR ENDED 30 JUNE 2021 ("FY2021")**

**PART I – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FULL YEAR ENDED 30 JUNE 2021**

**(A) Condensed second half year and full year consolidated statement of profit or loss and other comprehensive income**

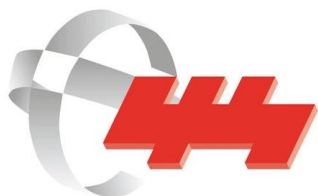
	Group		Note	Group	
	2H2021	2H2020		FY2021	FY2020
	unaudited	unaudited		unaudited	audited
	S\$'000	S\$'000		S\$'000	S\$'000
<b>Revenue</b>	<b>43,323</b>	26,112	<b>7</b>	<b>77,325</b>	59,742
Cost of sales	<b>(32,356)</b>	(21,272)		<b>(58,981)</b>	(48,750)
<b>Gross profit</b>	<b>10,967</b>	4,840		<b>18,344</b>	10,992
Other income	<b>2,747</b>	2,296		<b>5,641</b>	4,081
Distribution costs	<b>(88)</b>	(70)		<b>(183)</b>	(218)
Administrative expenses	<b>(5,133)</b>	(4,352)		<b>(9,668)</b>	(9,226)
Other operating expenses	<b>(1,834)</b>	(10,183)		<b>(3,602)</b>	(11,883)
<b>Profit/(loss) from operations</b>	<b>6,659</b>	(7,469)		<b>10,532</b>	(6,254)
Finance costs	<b>(501)</b>	(748)		<b>(1,076)</b>	(1,604)
<b>Profit/(loss) before income tax</b>	<b>6,158</b>	(8,217)		<b>9,456</b>	(7,858)
Income tax	<b>(1,398)</b>	(54)	<b>11</b>	<b>(1,732)</b>	64
<b>Net profit/(loss) for the period/year</b>	<b>4,760</b>	(8,271)		<b>7,724</b>	(7,794)
<b>Net profit/(loss) attributable to:-</b>					
Owners of the Company	<b>4,713</b>	(8,216)		<b>7,613</b>	(7,643)
Non-controlling interests	<b>47</b>	(55)		<b>111</b>	(151)

"2H2021" denotes the second half financial year of the financial year ended 30 June 2021 ("FY2021").

"2021" denotes the full financial year of FY2021.

"2H2020" denotes the second half financial year of the financial year ended 30 June 2020 ("FY2020").

"2020" denotes the full financial year of FY2020.



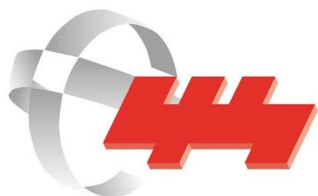
**(A) Condensed second half year and full year consolidated statement of profit or loss and other comprehensive income (Continued)**

	Group		Group	
	2H2021 unaudited S\$'000	2H2020 unaudited S\$'000	FY2021 unaudited S\$'000	FY2020 audited S\$'000
<b>Net profit/(loss) for the period/ year</b>	<b>4,760</b>	<b>(8,271)</b>	<b>7,724</b>	<b>(7,794)</b>
<b>Item that may be reclassified subsequently to profit/loss</b>				
Exchange differences on translating foreign operations	3	(1)	5	(7)
Other comprehensive income/(loss), net of tax	3	(1)	5	(7)
<b>Total comprehensive income/(loss) for the period/year</b>	<b>4,763</b>	<b>(8,272)</b>	<b>7,729</b>	<b>(7,801)</b>
<b>Total comprehensive income/(loss) attributable to:-</b>				
Owners of the Company	4,716	(8,217)	7,618	(7,650)
Non-controlling interests	47	(55)	111	(151)
	<b>4,763</b>	<b>(8,272)</b>	<b>7,729</b>	<b>(7,801)</b>
	<b>2H2021 unaudited S\$'000</b>	<b>2H2020 unaudited S\$'000</b>	<b>FY 2021 unaudited S\$'000</b>	<b>FY 2020 audited S\$'000</b>
<b>Earnings/ (loss) per share attributable to owners of the Company</b>				
Basic (Singapore cents)	<u>11.97cents*</u>	<u>(20.86)cents**</u>	<u>19.33 cents*</u>	<u>(19.41) cents **</u>
Diluted (Singapore cents)	<u>11.97cents*</u>	<u>(20.86)cents**</u>	<u>19.33 cents*</u>	<u>(19.41) cents **</u>

\*Basic and diluted profit per share for 2H2021 and FY2021 are computed based on profit for the period/year attributable to ordinary shareholders amounting to about S\$4.7 million and S\$7.6 million respectively over the weighted average number of shares of 39,378,100.

\*\* Basic and diluted loss per share for 2H2020 and FY2020 are computed based on loss for the period/year attributable to ordinary shareholders amounting to about S\$8.2 million and S\$7.6 million respectively over the weighted average number of shares of 39,378,100.

There were no potential dilutive shares as at 30 June 2021 and 30 June 2020.

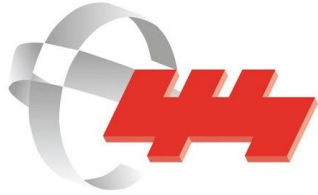


# UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

## (B) Condensed full year consolidated statements of financial position

	Group			Company	
	As at 2021 S\$'000	As at 2020 S\$'000	As at 2019 S\$'000	As at 2021 S\$'000	As at 2020 S\$'000
Note	unaudited	restated	restated	unaudited	audited
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	17,338	13,302	15,489	1,433	1,047
Trade and other receivables	16,252	11,417	14,791	6,721	6,814
Inventories	21,657	24,507	21,911	-	-
Total current assets	55,247	49,226	52,191	8,154	7,861
<b>Non-current assets</b>					
Property, plant and equipment	14 32,866	33,865	35,511	55	80
Investment property	15 5,867	6,685	9,924	-	-
Goodwill	13 5,053	5,053	7,583	-	-
Right-of-use assets	16 9,727	11,346	12,364	-	-
Other intangible assets	8	12	16	-	-
Golf club membership	201	201	201	201	201
Subsidiaries	17 -	-	-	40,802	42,102
Deferred tax assets	65	65	65	-	-
Total non-current assets	53,787	57,227	65,664	41,058	42,383
<b>Total assets</b>	<b>109,034</b>	<b>106,453</b>	<b>117,855</b>	<b>49,212</b>	<b>50,244</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank loans and bills payable	18 14,115	28,662	27,936	161	2,074
Trade and other payables	12,203	7,752	8,498	21,619	24,241
Lease liabilities	2,089	2,428	2,132	-	-
Income tax payable	1,647	277	284	-	-
Total current liabilities	30,054	39,119	38,850	21,780	26,315
<b>Non-current liabilities</b>					
Bank loans	18 4,823	-	2,545	-	-
Lease liabilities	9,365	10,629	11,897	-	-
Deferred tax liabilities	3,390	3,032	3,089	39	39
Total non-current liabilities	17,578	13,661	17,531	39	39
<b>Capital and reserves</b>					
Share capital	19 36,603	36,603	36,603	36,603	36,603
Capital reserve	5,237	5,237	5,237	-	-
Foreign currency translation reserve	(338)	(343)	(336)	-	-
Retained earnings/(Accumulated losses)	20,016	12,403	20,046	(9,210)	(12,713)
Equity attributable to owners of the Company	61,518	53,900	61,550	27,393	23,890
Non-controlling interests	(116)	(227)	(76)	-	-
Total equity	61,402	53,673	61,474	27,393	23,890
Total liabilities and equity	109,034	106,453	117,855	49,212	50,244



# UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

## (C) Condensed full year statements of changes in equity

Group	Share capital	Retained earnings	Foreign currency translation reserve	Capital reserve	Equity attributable to owners of the Company	Non-controlling interests	Total
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000
<i>Balance as at 1 July 2020</i>	36,603	12,403	(343)	5,237	53,900	(227)	53,673
Total comprehensive income							
Net profit for the year	-	7,613	-	-	7,613	111	7,724
Other comprehensive income	-	-	5	-	5	-	5
Total	-	7,613	5	-	7,618	111	7,729
<i>Balance as at 30 June 2021</i>	36,603	20,016	(338)	5,237	61,518	(116)	61,402
<i>Balance as at 1 July 2019</i>	36,603	20,046	(336)	5,237	61,550	(76)	61,474
Total comprehensive loss							
Net loss for the year	-	(7,643)	-	-	(7,643)	(151)	(7,794)
Other comprehensive loss	-	-	(7)	-	(7)	-	(7)
Total	-	(7,643)	(7)	-	(7,650)	(151)	(7,801)
<i>Balance as at 30 June 2020</i>	36,603	12,403	(343)	5,237	53,900	(227)	53,673

Company	Share capital S\$' 000	Accumulated losses S\$' 000	Total equity S\$' 000
<i>Balance as at 1 July 2020</i>	36,603	(12,713)	23,890
Total comprehensive income representing net profit for the year	-	3,503	3,503
<i>Balance as at 30 June 2021</i>	36,603	(9,210)	27,393
<i>Balance as at 1 July 2019</i>	36,603	(6,079)	30,524
Total comprehensive loss representing net loss for the year	-	(6,634)	(6,634)
<i>Balance as at 30 June 2020</i>	36,603	(12,713)	23,890



**(D) Condensed second half year and full year consolidated statement of cash flows**

	<b>Group</b>			
	<b>2H2021 unaudited S\$'000</b>	<b>2H2020 restated S\$'000</b>	<b>2021 unaudited S\$'000</b>	<b>2020 restated S\$'000</b>
<b>Operating activities</b>				
Profit/(loss) before income tax	6,158	(8,217)	9,456	(7,858)
Adjustments for:				
Depreciation of property, plant and equipment	1,677	2,217	3,516	4,345
(Gain)/ loss on disposal of property, plant and equipment	(110)	5	(170)	(27)
Fair value loss on investment property	818	3,239	818	3,239
Impairment of goodwill	-	2,530	-	2,530
Amortisation of intangible assets	2	2	4	4
Depreciation of right-of-use assets	943	1,049	2,047	1,976
Recovery of bad debts	(288)	-	(288)	-
(Reversal of)/ loss allowance for trade receivables	(64)	1,032	100	986
Allowance for write down of inventories	128	1,500	128	1,507
Property, plant and equipment written-off	-	199	-	399
Interest expense	501	748	1,076	1,604
Interest income	(11)	(31)	(24)	(78)
Operating cash flows before movement in working capital	9,754	4,273	16,663	8,627
Inventories	(1,085)	(2,113)	337	(5,531)
Trade and other receivables	(2,096)	3,383	(4,647)	2,388
Trade and other payables	1,857	(2,060)	4,451	(746)
Cash generated from operations	8,430	3,483	16,804	4,738
Interest paid	(199)	(411)	(458)	(910)
Interest received	11	31	24	78
Income tax paid	(22)	-	(3)	-
<b>Net cash generated from operating activities</b>	<b>8,220</b>	<b>3,103</b>	<b>16,367</b>	<b>3,906</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(2,144)	(1,093)	(3,253)	(3,929)
Proceeds from disposal of property, plant and equipment	1,337	508	3,289	2,286
<b>Net cash (used in) /generated from investing activities</b>	<b>(807)</b>	<b>(585)</b>	<b>36</b>	<b>(1,643)</b>
<b>Financing activities (Note 18)</b>				
Proceeds from bank loans	2,100	2,504	8,600	4,504
Decrease in bills payable	(353)	(2,251)	(1,135)	(679)
Repayment of bank loans	(8,210)	(2,964)	(17,189)	(5,644)
Repayment of lease liabilities	(1,323)	(1,491)	(2,647)	(2,624)
<b>Net cash used in financing activities</b>	<b>(7,786)</b>	<b>(4,202)</b>	<b>(12,371)</b>	<b>(4,443)</b>
Net changes in cash and cash equivalents	(373)	(1,684)	4,032	(2,180)
Effect of exchange rate changes on cash and cash equivalents	2	(1)	4	(7)
Cash and cash equivalents at beginning of the period/year	17,709	14,987	13,302	15,489
<b>Cash and cash equivalents at end of the period/year</b>	<b>17,338</b>	<b>13,302</b>	<b>17,338</b>	<b>13,302</b>



## **(E) Selected notes to the condensed 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 second half and full year ended 30 June 2021 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 the trading in and recycling of metal and steel products in various forms. An emerging growth area is in engineering, specifically the supply of specialised equipment. The principal activities of each subsidiary are disclosed in Note 17.

### **2. Basis of preparation**

The condensed second half year and full year consolidated financial statements ended 30 June 2021 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 second half 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 interim consolidated financial statements for the six months period ended 31 December 2020.

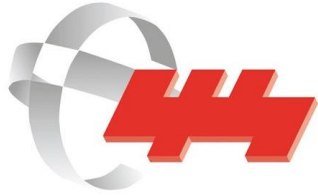
The accounting policies adopted are consistent with those adopted by the Group and the Company in its most recently audited consolidated financial statements for the year ended 30 June 2020, which were prepared in accordance with SFRS(I)s. The Group has adopted all the applicable new and revised SFRS(I)s and SFRS(I) Interpretations that are mandatory for the accounting periods beginning on or after 1 July 2020 as set out in Note 3. The 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 2020. 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 have to change its accounting policies or make retrospective adjustments as a result of adopting these new and revised standards and interpretations.



#### **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 were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020. 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) Calculation of loss allowances

When measuring ECL, the Group and the Company use 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.

(ii) Allowances for 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 require management to estimate future demand for their products. Possible changes in these estimates could result in revisions to the valuation of inventory.

(iii) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. Property, plant and equipment 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. Management has assessed that there are no indications that the Group's property, plant and equipment would be impaired as at 30 June 2021 and 2020.





#### **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 estimated.

(v) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the 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 calculations performed, management is of the view that no additional impairment is required for 2H2021 and FY2021 (2H2020 and FY2020: impairment charge of S\$2.5 million was required). Key assumptions used in the impairment assessment are disclosed in Note 13.

(vi) Impairment of 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 is estimated in order to determine the extent of the impairment loss, if any. Based on the value in use calculations, management is of the view that a \$1,300,000 impairment charge is required for the financial year ended 30 June 2021 (2020: \$7,500,000). The carrying amount of investments in subsidiaries is disclosed in Note 17 to the financial statements.

#### **5. Prior year adjustment**

During the financial period, management reviewed and reassessed the classification of lease agreement for land related to the Group's investment property based on the guidance set out in SFRS(I) 16 *Leases* which was adopted by the Group on 1 July 2019. In accordance with SFRS(I) 16, a lessee is required to account for right-of-use assets that meet the definition of investment property in a manner consistent with its policy for owned investment property which is measured at fair value based on the accounting policies adopted by the Company in its most recently audited consolidated financial statements for the year ended 30 June 2020, accordingly, the Group shall account for the lease of land related to its investment property at fair value.

On the initial adoption of SFRS(I) 16, the lease of land related to the Group's investment property was inadvertently accounted for as right-of-use asset based on the present value of the remaining lease payments adjusted for the amount of any repaid or accrued lease payment and subsequently depreciated over the lease period. Following the reassessment, a prior year adjustment has been made to reclassify the right-of-use asset as part of the investment property.



**5. Prior year adjustment (Continued)**

The effect of the abovementioned adjustment to the consolidated statement of financial position as at 30 June 2020 and 1 July 2019, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the financial year ended 30 June 2020 are as follows:

	<b>Group</b>		
	<b>As previously reported S\$'000</b>	<b>Reclassification S\$'000</b>	<b>As restated S\$'000</b>
<b>Consolidated statement of financial position</b>			
As at 30 June 2020			
<b>Non-current assets</b>			
Investment property	5,250	1,435	6,685
Right-of-use assets	12,781	(1,435)	11,346

	<b>Group</b>		
	<b>As previously reported S\$'000</b>	<b>Reclassification S\$'000</b>	<b>As restated S\$'000</b>
<b>Consolidated statement of financial position</b>			
As at 1 July 2019			
<b>Non-current assets</b>			
Investment property	8,312	1,612	9,924
Right-of-use assets	13,976	(1,612)	12,364

**Consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 30 June 2020**

	<b>Group</b>		
	<b>As previously reported S\$'000</b>	<b>Reclassification S\$'000</b>	<b>As restated S\$'000</b>
<b>Other operating expenses / Adjustments for operating activities</b>			
Fair value loss on investment property	3,062	177	3,239
Depreciation of right-of-use assets	2,153	(177)	1,976

There is no impact on the consolidated statement of changes in equity of the Group and the earnings per share attributable to owner of the Company as a result of the prior year adjustment.

**6. Seasonal operations**

The Group's business has not been affected significantly by seasonal or cyclical factors during the financial period ended 30 June 2021.



**7. Segment and revenue information**

**7.1 Reportable segments**

The Group's reportable segments under SFRS(I) 8 *Operating Segments* are as follows:

- Metals - import and export of scrap metals, trading and leasing of metal products;
- Scaffolding - provision of scaffolding services and related consultancy services;
- Engineering - civil construction and engineering work, manufacturing of motor vehicle bodies and sale and rental of marine deck equipment;
- Others – other income from rental properties

<b>Business Segments</b>	<b>Metals S\$'000</b>	<b>Scaffolding S\$'000</b>	<b>Engineering S\$'000</b>	<b>Others* S\$'000</b>	<b>Total S\$'000</b>
<b>2H2021 unaudited</b>					
External revenue	27,486	2,291	13,546	-	43,323
Reportable segment results from operating activities	4,819	402	3,122	(490)	7,853
Finance income					11
Finance costs					(501)
Unallocated corporate expenses					(1,205)
Profit before income tax					6,158
Income tax					(1,398)
Net profit for the period					4,760
<u>Other material non-cash items:</u>					
Depreciation of property, plant and equipment	760	195	621	101	1,677
Reversal of loss allowance for trade receivables	(33)	-	(319)	-	(352)
Fair value loss on investment property	-	-	-	818	818
Depreciation of right-of-use assets	768	41	134	-	943
Allowance for write-down of inventories	24	-	104	-	128

\*Include leasing of industrial properties.

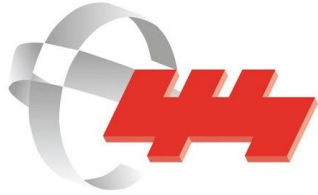


**7. Segment and revenue information (Continued)**

**7.1 Reportable segments (Continued)**

<b>Business Segments</b>	<b>Metals S\$'000</b>	<b>Scaffolding S\$'000</b>	<b>Engineering S\$'000</b>	<b>Others* S\$'000</b>	<b>Total S\$'000</b>
<b>2H2020 unaudited</b>					
External revenue	16,241	2,173	7,698	-	26,112
Reportable segment results from operating activities	516	381	(1,996)	(2,965)	(4,064)
Finance income					31
Finance costs					(748)
Impairment of goodwill		(1,800)	(730)		(2,530)
Unallocated corporate expenses					(906)
Loss before income tax					(8,217)
Income tax					(54)
Net loss for the period					(8,271)
<u>Other material non-cash items</u>					
Depreciation of property, plant and equipment	1,133	133	859	92	2,217
Loss allowance for trade receivables	781	-	251	-	1,032
Fair value loss on investment property	-	-	-	3,239	3,239
Depreciation of right-of-use assets	742	200	107	-	1,049
Write-off of property, plant and equipment	199	-	-	-	199
Allowance for write-down of inventories	-	-	1,500	-	1,500

\*Include leasing of industrial properties.

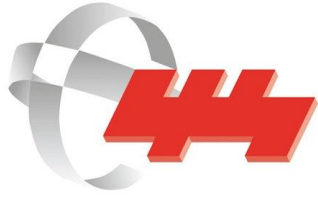


**7. Segment and revenue information (Continued)**

**7.1 Reportable segments (Continued)**

<b>Business Segments</b>	<b>Metals S\$'000</b>	<b>Scaffolding S\$'000</b>	<b>Engineering S\$'000</b>	<b>Others* S\$'000</b>	<b>Total S\$'000</b>
<b>2021 unaudited</b>					
External revenue	49,966	3,621	23,738	-	77,325
Reportable segment results from operating activities	7,824	343	4,816	(381)	12,602
Finance income					24
Finance costs					(1,076)
Unallocated corporate expenses					(2,094)
Profit before income tax					9,456
Income tax					(1,732)
Net profit for the year					7,724
Reportable segments assets	51,885	6,230	36,358	6,981	101,454
Goodwill					5,053
Unallocated assets					2,527
Total assets					109,034
Reportable segments liabilities	33,388	1,055	10,575	1,580	46,598
Unallocated liabilities					1,034
Total liabilities					47,632
<u>Other material non-cash items:</u>					
Depreciation of property, plant and equipment	1,828	316	1,198	174	3,516
Loss allowance /(reversal of loss allowance) for trade receivables	63	-	(251)	-	(188)
Fair value loss on investment property	-	-	-	818	818
Depreciation of right-of-use assets	1,660	177	210	-	2,047
Allowance for write-down of inventories	24	-	104	-	128

\*Include leasing of industrial properties.



**7. Segment and revenue information (Continued)**

**7.1 Reportable segments (Continued)**

<b>Business Segments</b>	<b>Metals S\$'000</b>	<b>Scaffolding S\$'000</b>	<b>Engineering S\$'000</b>	<b>Others* S\$'000</b>	<b>Total S\$'000</b>
<b>2020 audited</b>					
External revenue	38,594	5,076	16,072	-	59,742
Reportable segment results from operating activities	1,949	876	(2,030)	(2,650)	(1,855)
Finance income					78
Finance costs					(1,604)
Impairment of goodwill		(1,800)	(730)		(2,530)
Unallocated corporate expenses					(1,947)
Loss before income tax					(7,858)
Income tax					64
Net loss for the year					(7,794)
Reportable segments assets	54,119	6,746	30,361	8,055	99,281
Goodwill					5,053
Unallocated assets					2,119
Total assets					106,453
Reportable segments liabilities	39,536	1,634	7,316	1,741	50,227
Unallocated liabilities					2,553
Total liabilities					52,780
<u>Other material non-cash items:</u>					
Depreciation of property, plant and equipment	2,329	243	1,569	204	4,345
Loss allowance for trade receivables	881	-	105	-	986
Fair value loss on investment property	-	-	-	3,239	3,239
Depreciation of right-of-use assets	1,562	200	214	-	1,976
Write off of property, plant and equipment	399	-	-	-	399
Allowance for write-down of inventories	-	-	1,507	-	1,507

\*Include leasing of industrial properties.



**7. Segment and revenue information (Continued)**

**7.2. Disaggregation of Revenue**

<b>Geographical information (Top 5 sales by countries)</b>	<b>Metals S\$'000</b>	<b>Scaffolding S\$'000</b>	<b>Engineering S\$'000</b>	<b>Total S\$'000</b>
<b>2H2021 unaudited</b>				
Singapore	25,034	2,291	10,027	37,352
India	1,810	-	194	2,004
South Africa	-	-	201	201
Malaysia	-	-	421	421
Netherlands	-	-	658	658
Others*	642	-	2,045	2,687
<b>Total</b>	<b>27,486</b>	<b>2,291</b>	<b>13,546</b>	<b>43,323</b>

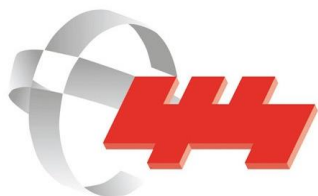
<b>2H2020 unaudited</b>				
Singapore	11,632	2,173	6,408	20,213
India	2,556	-	194	2,750
Malaysia	-	-	635	635
Indonesia	710	-	-	710
Pakistan	998	-	-	998
Others^	345	-	461	806
<b>Total</b>	<b>16,241</b>	<b>2,173</b>	<b>7,698</b>	<b>26,112</b>

<b>Geographical information (Top 5 sales by countries)</b>	<b>Metals S\$'000</b>	<b>Scaffolding S\$'000</b>	<b>Engineering S\$'000</b>	<b>Total S\$'000</b>
<b>2021 unaudited</b>				
Singapore	43,316	3,621	15,427	62,364
India	5,485	-	194	5,679
South Africa	-	-	3,250	3,250
Malaysia	-	-	1,504	1,504
Netherlands	-	-	1,313	1,313
Others*	1,165	-	2,050	3,215
<b>Total</b>	<b>49,966</b>	<b>3,621</b>	<b>23,738</b>	<b>77,325</b>

<b>2020 audited</b>				
Singapore	28,167	5,076	12,931	46,174
India	6,008	-	407	6,415
Malaysia	108	-	1,207	1,315
Indonesia	1,679	-	13	1,692
Pakistan	1,051	-	-	1,051
Others^	1,581	-	1,514	3,095
<b>Total</b>	<b>38,594</b>	<b>5,076</b>	<b>16,072</b>	<b>59,742</b>

\*Include Indonesia, Bahamas & Hong Kong;

^Include Bangladesh, Vietnam, Korea.

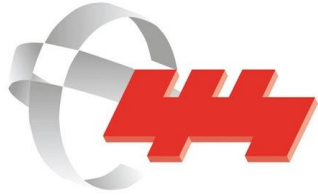


**7. Segment and revenue information (Continued)**

**7.2. Disaggregation of Revenue (Continued)**

Type of goods or services	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
<b>2H2021 unaudited</b>				
Sale of goods	23,534	48	11,132	34,714
Scaffolding services	-	2,243	-	2,243
Rental of materials and equipment	3,321	-	2,414	5,735
Other service income	631	-	-	631
<b>Total</b>	<b>27,486</b>	<b>2,291</b>	<b>13,546</b>	<b>43,323</b>
<b>2H2020 unaudited</b>				
Sale of goods	13,044	63	6,982	20,089
Scaffolding services	-	2,110	-	2,110
Rental of materials and equipment	2,708	-	716	3,424
Other service income	489	-	-	489
<b>Total</b>	<b>16,241</b>	<b>2,173</b>	<b>7,698</b>	<b>26,112</b>
<b>2021 unaudited</b>				
Sale of goods	42,499	61	20,497	63,057
Scaffolding services	-	3,560	-	3,560
Rental of materials and equipment	6,178	-	3,241	9,419
Other service income	1,289	-	-	1,289
<b>Total</b>	<b>49,966</b>	<b>3,621</b>	<b>23,738</b>	<b>77,325</b>
<b>2020 audited</b>				
Sale of goods	31,133	103	14,289	45,525
Scaffolding services	-	4,973	-	4,973
Rental of materials and equipment	6,096	-	1,380	7,476
Other service income	1,365	-	403	1,768
<b>Total</b>	<b>38,594</b>	<b>5,076</b>	<b>16,072</b>	<b>59,742</b>
<b>Timing of revenue recognition</b>				
<b>2H2021 unaudited</b>				
At a point in time	27,486	48	13,546	41,080
Over time	-	2,243	-	2,243
<b>Total</b>	<b>27,486</b>	<b>2,291</b>	<b>13,546</b>	<b>43,323</b>
<b>2H2020 unaudited</b>				
At a point in time	16,241	63	7,698	24,002
Over time	-	2,110	-	2,110
<b>Total</b>	<b>16,241</b>	<b>2,173</b>	<b>7,698</b>	<b>26,112</b>





**7. Segment and revenue information (Continued)**

**7.2. Disaggregation of Revenue (Continued)**

Timing of revenue recognition	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
<b>2021 unaudited</b>				
At a point in time	49,966	61	23,738	73,765
Over time	-	3,560	-	3,560
<b>Total</b>	<b>49,966</b>	<b>3,621</b>	<b>23,738</b>	<b>77,325</b>
<b>2020 audited</b>				
At a point in time	38,594	103	16,072	54,769
Over time	-	4,973	-	4,973
<b>Total</b>	<b>38,594</b>	<b>5,076</b>	<b>16,072</b>	<b>59,742</b>

Information about major customers

There were no customers which accounted for 10% or more of the Group's revenue for both periods and years presented.

**8. Financial assets and financial liabilities**

	Group		Company	
	2021 S\$'000 unaudited	2020 S\$'000 audited	2021 S\$'000 Unaudited	2020 S\$'000 audited
<b>Financial assets</b>				
Cash	<b>17,338</b>	13,302	<b>1,433</b>	1,047
Trade and other receivables	<b>16,252</b>	11,417	<b>6,721</b>	6,814
Less: prepayments	<b>(4,208)</b>	(3,879)	<b>(26)</b>	(61)
<b>Financial assets at amortised cost</b>	<b>29,382</b>	20,840	<b>8,128</b>	7,800
<b>Financial liabilities</b>				
Bank loans & bills payable	<b>18,938</b>	28,662	<b>161</b>	2,074
Trade and other payables	<b>12,203</b>	7,752	<b>21,619</b>	24,241
Lease liabilities	<b>11,454</b>	13,057	-	-
Less: advances from customers	<b>(1,068)</b>	(1,464)	-	-
<b>Financial liabilities at amortised cost</b>	<b>41,527</b>	48,007	<b>21,780</b>	26,315



**9. Profit before income tax**

Significant items	Group			
	2H 2021 S\$'000 unaudited	2H 2020 S\$'000 restated	2021 S\$'000 unaudited	2020 S\$'000 restated
<b>Income</b>				
Rental of leasehold properties and warehousing	1,421	875	2,434	1,807
Rental of investment property	391	332	725	929
Recovery of bad debts	288	-	288	-
Gain on disposal of property, plant and equipment	110	(6)	170	27
Government grant	618	940	1,855	983
<b>Expenses</b>				
Depreciation of property, plant and equipment	1,677	2,217	3,516	4,345
Net foreign currency exchange (gain)/loss	(123)	(102)	104	(160)
Depreciation of right-of-use assets	943	1,049	2,047	1,976
Interest expense	501	748	1,076	1,604
(Reversal of)/ Loss allowance for trade receivables	(64)	1,032	100	986
Fair value loss on investment property	818	3,239	818	3,239
Allowance for write-down of inventories	128	1,500	128	1,507
Impairment of goodwill	-	-	-	2,530

**10. Related party transactions**

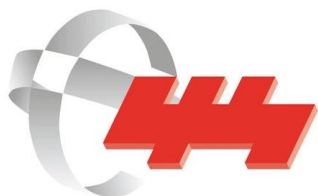
Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

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 period/year was as follows:

	Group		Group	
	2H2021 S\$'000 Unaudited	2H2020 S\$'000 Unaudited	2021 S\$'000 unaudited	2020 S\$'000 audited
Short-term benefits	954	553	1,507	1,107
Post-employment benefits	8	8	16	17
	<b>962</b>	<b>561</b>	<b>1,523</b>	<b>1,124</b>



**11. Income tax**

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The corporate tax rate for Singapore is 17% (2020: 17%). The major components of income tax expense in the condensed interim statement of profit or loss are:

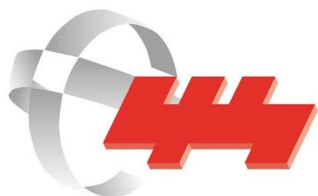
Tax Expense/(credit)	Group		Group	
	2H2021 S\$'000 unaudited	2H2020 S\$'000 audited	2021 S\$'000 unaudited	2020 S\$'000 audited
Current income tax for the period/year	923	225	1,257	225
Under / (Over) provision of current income tax in respect of prior years	116	(114)	116	(232)
	<b>1,039</b>	111	<b>1,373</b>	(7)
Deferred income tax				
- Origination and reversal of temporary differences	359	(57)	359	(57)
Total	<b>1,398</b>	54	<b>1,732</b>	(64)

**12. Net Asset Value**

	Group		Company	
	2021 S\$'000 unaudited	2020 S\$'000 Audited	2021 S\$'000 unaudited	2020 S\$'000 audited
Net asset attributable to the owners of the Company as at the respective balance sheet dates	<b>61,518</b>	53,900	<b>27,393</b>	23,890
Net asset attributable to owners of the Company per ordinary share based on issued share capital as at the respective balance sheet dates (Singapore cents)	<b>156.22 cents</b>	136.88 cents	<b>69.56 cents</b>	60.67 cents

**13. Goodwill**

	Group	
	2021 S\$'000 unaudited	2020 S\$'000 audited
At beginning of the year	5,053	7,583
Impairment loss recognised during the year	-	(2,530)
At end of the year	<b>5,053</b>	5,053



**13. Goodwill (Continued)**

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	
	2021 S\$'000 unaudited	2020 S\$'000 audited
Scaffolding services CGU:		
- Hock Ann Metal Scaffolding Pte Ltd	4,603	4,603
Other CGUs with insignificant goodwill	450	450
	<b>5,053</b>	<b>5,053</b>

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the 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:

	Estimated average growth rate		Discount rate	
	2021	2020	2021	2020
Scaffolding services CGU	3.0%	3.0%	6.2%	6.5%

Management has forecasted future cash flows taking into account the effects of COVID-19, including developments subsequent to year end. 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.

**14. Property, plant and equipment**

During the financial year ended 30 June 2021, the Group acquired assets amounting to S\$3,253,000 (30 June 2020: S\$3,929,000) and disposed of assets with net book value of \$3,119,000 (30 June 2020: S\$2,657,000).

**15. Investment property**

	Group	
	2021 S\$'000 unaudited	2020 S\$'000 restated
Beginning of the year, as reported	5,250	8,312
Prior year adjustments (Note 5)	1,435	1,612
As restated	6,685	9,924
Fair value loss recognised in profit or loss (Note 9)	(818)	(3,239)
- As previously reported (Note 5)	-	(3,062)
- Prior year adjustments (Note 5)	-	(177)
End of the year	<b>5,867</b>	<b>6,685</b>



**15. Investment property (Continued)**

The fair value of the Group's investment property at year end 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. As these adjustments constitute significant unobservable inputs, the fair value measurement of the investment property is categorised into Level 3 of the fair value hierarchy. There were no transfers between the respective levels during the years ended 30 June 2021 and 30 June 2020.

Particulars of the investment property held by the Group as at 30 June 2021 and 2020 are as follows:

<b>Location</b>	<b>Description</b>	<b>Title</b>
1,3,5,7 Gul Road Singapore 629362, 629339, 629363, 629364 (Lot 4085T, Mukim 7)	Yard-cum-factory warehouse with land area of 15,665 square metres.	Leasehold (21 years ending 31 July 2028)

**16. Right of use assets**

	<b>Group</b>	
	<b>2021</b> <b>S\$'000</b> <b>unaudited</b>	<b>2020</b> <b>S\$'000</b> <b>restated</b>
<b>Cost</b>		
Beginning of the year as reported	<b>14,934</b>	13,976
Prior year adjustments (Note 5)	<b>(1,612)</b>	(1,612)
As restated	<b>13,322</b>	12,364
Additions	<b>576</b>	958
Disposal	<b>(961)</b>	-
End of the year	<b>12,937</b>	13,322
<b>Accumulated depreciation</b>		
Beginning of the year as reported	<b>2,153</b>	-
Prior year adjustments (Note 5)	<b>(177)</b>	-
As restated	<b>1,976</b>	-
Charge for the year (Note 9)	<b>2,047</b>	1,976
- As previously reported (Note 5)	-	2,153
- As restated (Note 5)	-	(177)
Disposal	<b>(813)</b>	-
End of the year	<b>3,210</b>	1,976
<b>Carrying amount</b>	<b>9,727</b>	11,346

The Group's right of use assets relating to leasing of land and buildings and staff accommodation.



**17. Subsidiaries**

	<b>Company</b>	
	<b>2021</b> <b>S\$'000</b> <b>unaudited</b>	<b>2020</b> <b>S\$'000</b> <b>audited</b>
Unquoted equity shares, at cost	<b>59,802</b>	59,802
Less: Allowance for impairment	<b>(19,000)</b>	(17,700)
	<b>40,802</b>	42,102

Movement in the allowance for impairment:

Balance at beginning of the year	<b>17,700</b>	10,200
Increase in allowance recognised in profit or loss	<b>1,300</b>	7,500
Balance at end of the year	<b>19,000</b>	17,700

The Company has considered indicators of impairment on certain subsidiaries and recognised impairment charge of S\$1.3 million (2020: S\$7.5 million) based on the estimated recoverable amounts determined from value in use of the respective subsidiary.

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

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest and voting power held	
			2021	2020
			%	%
<b><u>Held by the Company</u></b>				
Union Steel Pte Ltd <sup>(1)</sup>	Trading of steel products.	Singapore	<b>100</b>	100
YLS Steel Pte Ltd <sup>(1)</sup>	Recycling of scrap metals, trading of steel products, waste collection and management, and rental of materials.	Singapore	<b>100</b>	100
Yew Lee Seng Metal Pte Ltd <sup>(1)</sup>	Trading of ferrous and non-ferrous scrap metals.	Singapore	<b>100</b>	100
Union Engineering Pte Ltd <sup>(1)</sup>	Investment property holding and rental of properties.	Singapore	<b>100</b>	100



**17. Subsidiaries (Continued)**

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

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity interest and voting power held	
			2021 %	2020 %
<u>Held by the subsidiaries</u>				
Hock Ann Metal Scaffolding Pte Ltd <sup>(1)</sup>	Scaffolding services.	Singapore	<b>100</b>	100
Gee Sheng Machinery & Engineering Pte Ltd <sup>(1)</sup>	Mechanical engineering services.	Singapore	<b>100</b>	100
Transvictory Holdings Pte Ltd <sup>(1)</sup>	Investment holding.	Singapore	<b>100</b>	100
Hock Ann Marine Scaffolding Pte Ltd <sup>(1)</sup>	Scaffolding services.	Singapore	<b>100</b>	100
Union CHH Sdn Bhd <sup>(2)</sup>	Inactive.	Malaysia	<b>100</b>	100
Transvictory Winch System Pte Ltd <sup>(1)</sup>	Sale of marine deck equipment.	Singapore	<b>100</b>	100
Steadfast Offshore & Marine Pte Ltd <sup>(1)</sup>	Sale of marine deck equipment.	Singapore	<b>100</b>	100
Megafab Engineering Pte Ltd <sup>(1)</sup>	Equipment and related installation of industrial machinery, mechanical engineering work.	Singapore	<b>70</b>	70
Used Equipment Pte Ltd <sup>(1)</sup>	Online portal for sales of industrial equipment.	Singapore	<b>100</b>	100
YLS Holdings Sdn Bhd <sup>(2)(3)</sup>	Investment holding.	Malaysia	<b>40</b>	40

<sup>(1)</sup> Audited by Nexia TS Public Accounting LLP, Singapore.

<sup>(2)</sup> Audited by other audit firm for statutory purpose and not significant to the Group.

<sup>(3)</sup> 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.



# UNION STEEL HOLDINGS LIMITED

Co Reg. No.: 200410181W

## 18. Borrowings

	Group		Company	
	2021 S\$'000 unaudited	2020 S\$'000 audited	2021 S\$'000 unaudited	2020 S\$'000 audited
<b>Amount repayable within one year or on demand</b>				
Secured	<b>14,115</b>	28,622	<b>161</b>	2,074
<b>Amount repayable after one year</b>				
Secured	<b>4,823</b>	-	-	-

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

### Reconciliation of liabilities arising from financing activities

	1 July 2020 S\$'000	Financing cash flows S\$'000	Non-cash changes			30 June 2021 S\$'000
			New lease liabilities S\$'000	Interest accruing S\$'000	Termination of leases S\$'000	
Bank loans and bills payable	28,662	(9,724)	-	-	-	18,938
Lease liabilities	13,057	(2,647)	576	616	(148)	11,454
	<b>41,719</b>	<b>(12,371)</b>	<b>576</b>	<b>616</b>	<b>(148)</b>	<b>30,392</b>

	30 June 2019 S\$'000	Adoption of FRS 116 S\$'000	1 July 2019 S\$'000	Non-cash changes			30 June 2020 S\$'000
				Financing cash flows S\$'000	New lease liabilities S\$'000	Interest accruing S\$'000	
Bank loans and bills payable	30,481	-	30,481	(1,819)	-	-	28,662
Lease liabilities	-	14,029	14,029	(2,624)	958	694	13,057
Finance leases	53	(53)	-	-	-	-	-
	<b>30,534</b>	<b>13,976</b>	<b>44,510</b>	<b>(4,443)</b>	<b>958</b>	<b>694</b>	<b>41,719</b>

## 19. Share Capital

	The Group and the Company			
	2021 Number of ordinary shares	2020 Number of ordinary shares	2021 S\$'000	2020 S\$'000
<b>Issued and paid:</b>				
At the beginning and end of the year	39,378,100	39,378,100	<b>36,603</b>	36,603

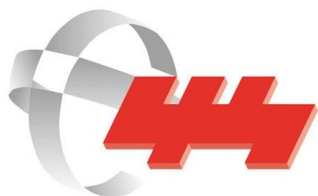
The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 30 June 2020.

## 20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.



**(F) Other information required by Listing Rule Appendix 7.2**

1. (a) Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed full year consolidated statement of financial position of Union Steel Holding Limited and its subsidiaries as at 30 June 2021 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 and full year ended 30 June 2021 and explanatory notes have not been audited or reviewed by the Company's auditors.

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

Not applicable.

**2. Review of performance of the Group****Statements of Comprehensive Income**

<i>Revenue</i>	<b>2HFY2021</b>	<b>2HFY2020</b>	<b>+ / (-)</b>	<b>+ / (-)</b>	<b>FY2021</b>	<b>FY2020</b>	<b>+ / (-)</b>	<b>+ / (-)</b>
	S\$'million	S\$'million	S\$'million	%	S\$'million	S\$'million	S\$'million	%
<b>Metals</b>	27.5	16.2	11.3	70%	50.0	38.6	11.4	30%
<b>Engineering</b>	13.5	7.7	5.8	75%	23.7	16.0	7.6	47%
<b>Scaffolding</b>	2.3	2.2	0.1	5%	3.6	5.1	(1.5)	-29%
	43.3	26.1	17.2	66%	77.3	59.7	17.5	29%

The Group's total revenue rose 29% in FY2021 (vis-à-vis FY2020) and by 66% in 2HFY2021 (vis-à-vis 2HFY2020), mainly attributable to the growth in the metals' division and the engineering segment of marine deck equipment business. International prices of new steel products started strengthening in the last quarter of 2020 due to a rising demand with tight supplies as the global economies recovered. This consequently pushed up prices in the metal recycling markets. The increased demand and the resulting price surge largely improved the metals' division's sales. The progressive recovery of offshore activities also gave a significant boost to the order book which contributed to the jump in the engineering segment.

***Geographical information***

Geographically, Singapore remains the main contributor to the Group's revenue, accounting for 81% of group sales in FY2021 (FY2020: 77%) and 86% in 2HFY2021 (2HFY2020: 77%). Due to the disruptions of COVID-19, several key overseas markets for the recycling business were in lockdown during the financial year, causing the shrinkage in metal exports. This was partly compensated by the gradual recovery of global offshore activities, where sales of winch deck equipment were boosted by the penetration into other continents other than the South East Asian market.

(Selected Notes to the condensed consolidated financial statements - 7.2 Disaggregation of Revenue)



## 2. Review of performance of the Group (continued)

### Statements of Comprehensive Income (continued)

#### **Gross profit margin**

The Group's gross profit also jumped 67% in FY2021 (vis-à-vis FY2020) and by 127% in 2HFY2021 (vis-à-vis 2HFY2020), as gross profit margin edged up from 18% in FY2020 to 24% in FY2021 and from 19% in 2HFY2020 to 25% in 2HFY2021. As mentioned, the improvement in gross profit margin was due mainly to the higher average price of metals and better margin commanded by marine deck equipment.

#### **Other income**

Other income went up 38% in FY2021 and by 20% in 2HFY2021, mainly due to higher government support grants, higher warehouse servicing and rental income and recovery of some bad debts.

#### **Administrative expenses**

Administrative expenses in FY2021 and 2HFY2021 increased up 5% and 18% respectively, mainly due to higher staff benefits but this was partially offset by lower depreciation of property, plant and equipment.

#### **Other operating expenses**

The Group's other operating expenses fell 70% and 82% in FY2021 and 2HFY2021 respectively. The higher expenses in the previous financial year were due mainly to higher fair value losses on the investment property, impairment of goodwill, and loss allowance for trade receivables and write-down of inventories. These were significantly lower in FY2021.

#### **Finance costs**

Finance costs in FY2021 and 2HFY2021 both decreased 33%, due mainly to loan repayment during the year.

#### **Income tax**

Income tax expenses increased due to the tax provision accrued on the profit made in FY2021 as compared to over-provision of current income tax in FY2020.

### Review of Financial Position

#### **Statement of Financial Position as at 30 June 2021**

#### **Assets and Liabilities**

The slight decrease in property, plant and equipment to S\$32.8 million was mainly due to the depreciation charges of S\$3.5 million, offset partly by the acquisition of rental materials of S\$3.3 million.

Decrease in right-of-use assets was mainly due to the S\$2.0 million in depreciation on charges offset by additional right-of-use assets recognized from the renewal of some lease contracts.

Decrease in inventories mainly relates to decrease in metals due to largely higher sales.

Increase in trade and other receivables were due to higher sales in the last quarter of FY2021 in metals and engineering segment.

Increase in trade and other payables were in line with the increase in sales which led to more purchases during the year.



## **2. Review of performance of the Group (Continued)**

### **Review of Financial Position (continued)**

The Group's total bank loans and bills payable fell by 34% to S\$18.9 million as at 30 June 2021, from S\$28.7 million as at 30 June 2020, mainly due to the repayment of bank loans.

### ***Statement of Cash Flows***

Net cash generated from operating activities amounted to S\$16.4 million in FY2021 and S\$8.2 million in FY2020. These were due to higher sales made that yielded better margins.

Net cash used in investing activities in the respective financial periods were mainly attributed to the replacement of retired rental materials.

Net cash used in financing activities amounted to S\$12.4 million in FY2021 and S\$7.8 million in FY2020 was due mainly to the repayment of bank loans.

The Group's cash and cash equivalents increased by S\$4.0 million compared to, as at 30 June 2020, and 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) fell to 2.6% as at 30 June 2021 from 28.7% a year ago.

## **3. A commentary at the date of the announcement of the 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.**

For the metals sector, demand for steel products has largely recovered, rising in tandem with pricing which benefitted both revenue and margins. Though steel pricing is inherently volatile, the Group is cautiously positive on performance in the near term.

For the marine deck equipment sector, the progressive resumption of offshore activities has seen a build-up in order books since July 2020 for both trading and leasing of winch equipment. This is an encouraging development, and the group will intensify its efforts to sustain the momentum.

The mechanical engineering business remains challenging as the oil and gas industry is still facing uncertainties.

Likewise, the group's scaffolding business is also facing challenges as the construction industry in Singapore is affected by continual disruptions due to the pandemic, resulting in project delays. However, we believe that the worst may be over and are hopeful of a muted recovery in the current financial year.

The group's diversification into more product and service offerings is also beginning to bear fruits. There are synergies between the business entities in our engineering businesses which have contributed to operating efficiencies.

The Group is encouraged that prudent control over its cash and resources has placed it in a favorable position to build on its current businesses and explore new opportunities as they arise.

**4. 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 4.00 cents per share (FY2020: Nil) in respect of the full year ended 30 June 2021. The date of final dividend paid is to be announced at a later date.

<b>Name of Dividend</b>	<b>Final Dividend</b>
Dividend Type	Cash
Dividend Amount per Share	4.00 cents
Tax rate	One tier tax-exempt

	Latest full year (in \$'000)	Previous full year (in \$'000)
Proposed final dividend	1,575	-
Total	1,575	-

**(b) Corresponding Period of the immediately Preceding Financial Year****Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

**(c) Date payable**

To be announced at a later date.

**(d) Books closure date**

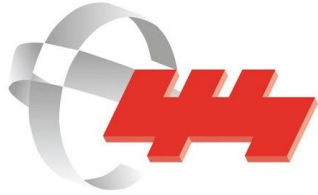
To be announced at a later date.

**5. 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, statement to that effect.**

The Group does not have a general mandate from shareholders for IPTs.

**6. Breakdown of revenue and profit/(loss)**

<b>The Group</b>	<b>2021</b>	<b>2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Revenue reported for the first half year	<b>34,002</b>	33,630
Profit after tax reported for the first half year	<b>2,964</b>	477
Revenue reported for the second half year	<b>43,323</b>	26,112
Profit/(loss) after tax reported for the second year	<b>4,760</b>	(8,271)



7. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

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	30	Son to our Executive Chairman and Chief Executive Officer and substantial shareholder, Mr Ang Yu Seng and nephew to our Executive director and substantial shareholder, Mr Ang Yew Chye.	General Manager. He is in charge of overall operations and general administration of Transvictory Group, a position he held since 24 August 2017.	None.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**BY ORDER OF THE BOARD**

**ANG YU SENG**

Executive Chairman and Chief Executive Officer  
25 August 2021