



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 2022**

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### UNAUDITED CONDENSED FINANCIAL STATEMENT FOR THE SIX MONTHS AND FULL FINANCIAL YEAR ENDED 30 JUNE 2022

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

	Note	Group			
		6 months ended 30 June 2022 unaudited S\$'000	6 months ended 30 June 2021 unaudited S\$'000	12 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2021 audited S\$'000
<b>Revenue</b>	6	<b>41,033</b>	43,323	<b>80,135</b>	77,325
Cost of sales		<b>(32,105)</b>	(32,356)	<b>(61,510)</b>	(58,981)
<b>Gross profit</b>		<b>8,928</b>	10,967	<b>18,625</b>	18,344
Other income		<b>2,695</b>	2,747	<b>5,647</b>	5,353
Distribution and marketing expenses		<b>(87)</b>	(88)	<b>(198)</b>	(183)
Administrative expenses		<b>(5,611)</b>	(5,133)	<b>(10,877)</b>	(9,668)
Other operating expenses		<b>(1,884)</b>	(1,834)	<b>(3,349)</b>	(3,314)
Finance expenses		<b>(466)</b>	(501)	<b>(898)</b>	(1,076)
<b>Profit before income tax</b>	8	<b>3,575</b>	6,158	<b>8,950</b>	9,456
Income tax expense	10	<b>(589)</b>	(1,398)	<b>(1,615)</b>	(1,732)
<b>Net profit for the financial period/year</b>		<b>2,986</b>	4,760	<b>7,335</b>	7,724
<b>Other comprehensive income</b>					
<u>Item that may be reclassified to profit or loss in subsequent period/years (net of tax)</u>					
Exchange differences on translating foreign operations		<b>61</b>	3	<b>63</b>	5
Total other comprehensive income for the financial period/year		<b>61</b>	3	<b>63</b>	5
Total comprehensive income for the financial period/year		<b>3,047</b>	4,763	<b>7,398</b>	7,729



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

	Group			
	6 months ended 30 June 2022 unaudited S\$'000	6 months ended 30 June 2021 unaudited S\$'000	12 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2021 audited S\$'000
Note				
<b>Net profit attributable to:</b>				
Owners of the Company	2,896	4,713	7,074	7,613
Non-controlling interests	90	47	261	111
	<b>2,986</b>	<b>4,760</b>	<b>7,335</b>	<b>7,724</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	2,957	4,716	7,137	7,618
Non-controlling interests	90	47	261	111
	<b>3,047</b>	<b>4,763</b>	<b>7,398</b>	<b>7,729</b>
Basic (SGD in cents)	7.35 cents*	11.97 cents**	17.96 cents*	19.33 cents**
Diluted (SGD in cents)	7.35 cents*	11.97 cents**	17.96 cents*	19.33 cents**

\*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.

\*\* Basic and diluted profit per share for 2H2021 and FY2021 are computed based on net 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.

There were no potential dilutive shares as at 30 June 2022 and 30 June 2021.

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

"2022" denotes the full financial year of FY2022.

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

"2021" denotes the full financial year of FY2021.



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## (B) Condensed statements of financial position

	Note	Group		Company	
		30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		17,789	17,338	679	1,433
Trade and other receivables		19,224	16,252	8,819	6,721
Contract assets		1,821	-	-	-
Inventories		29,315	21,657	-	-
Total current assets		68,149	55,247	9,498	8,154
<b>Non-current assets</b>					
Property, plant and equipment	13	48,251	32,866	51	55
Investment property	14	5,290	5,867	-	-
Right-of-use assets	15	11,216	9,727	-	-
Goodwill	16	7,360	5,053	-	-
Other intangible assets		4	8	-	-
Golf club membership		201	201	201	201
Investment in subsidiaries	19	-	-	56,802	40,802
Deferred tax assets		65	65	-	-
Total non-current assets		72,387	53,787	57,054	41,058
<b>Total assets</b>		<b>140,536</b>	<b>109,034</b>	<b>66,552</b>	<b>49,212</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Borrowings	17	21,757	14,115	2,240	161
Trade and other payables		16,337	12,203	25,980	21,619
Contract liabilities		1,733	-	-	-
Lease liabilities		1,890	2,089	-	-
Income tax payable		2,001	1,647	-	-
Total current liabilities		43,718	30,054	28,220	21,780
<b>Non-current liabilities</b>					
Borrowings	17	12,270	4,823	8,773	-
Lease liabilities		11,219	9,365	-	-
Deferred tax liabilities		6,104	3,390	39	39
Total non-current liabilities		29,593	17,578	8,812	39
<b>Capital and reserves</b>					
Share capital	18	36,603	36,603	36,603	36,603
Retained earnings/(Accumulated losses)		25,515	20,016	(7,083)	(9,210)
Capital reserve		5,237	5,237	-	-
Foreign currency translation reserve		(275)	(338)	-	-
Equity attributable to owners of the Company		67,080	61,518	29,520	27,393
Non-controlling interests		145	(116)	-	-
Total equity		67,225	61,402	29,520	27,393
Total liabilities and equity		140,536	109,034	66,552	49,212



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

Group	Note	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 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
<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 financial 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

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



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## (D) Condensed consolidated statement of cash flows

	Note	Group	
		12 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2021 audited S\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		8,950	9,456
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	8	3,238	3,516
Depreciation of right-of-use assets	8	1,863	2,047
Amortisation of intangible assets		4	4
Fair value loss on investment property	8	577	818
Gain on disposal of property, plant and equipment	8	(355)	(170)
Impairment of property, plant and equipment written back		(356)	-
Recovery of bad debts	8	-	(288)
Loss allowance for trade receivables	8	260	100
Allowance for write down of inventories	8	-	128
Interest expense	8	898	1,076
Interest income		(22)	(24)
Operating cash flows before movement in working capital, net effects from acquisition of subsidiaries		15,057	16,663
Change in working capital, net of effects from acquisition of a subsidiary			
Trade and other receivables		442	(4,647)
Contract assets		(237)	-
Inventories		(3,458)	338
Trade and other payables		(546)	4,451
Contract liabilities		1,098	-
Cash generated from operations		12,356	16,805
Interest received		22	24
Income tax paid		(1,271)	(4)
<b>Net cash generated from operating activities</b>		<b>11,107</b>	<b>16,825</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	13	(5,282)	(3,252)
Acquisition of a subsidiary, net of cash acquired	19.1	(15,861)	-
Proceeds from disposal of property, plant and equipment		713	3,289
<b>Net cash (used in)/generated from investing activities</b>		<b>(20,430)</b>	<b>37</b>
<b>Cash flow from financing activities</b>			
Payment of dividends to members of the Company	11	(1,575)	-
Increase/(Decrease) in bills payable		1,740	(1,198)
Proceeds from bank loans		15,700	8,600
Repayment of bank loans		(3,560)	(17,584)
Repayment of lease liabilities		(2,594)	(2,649)
<b>Net cash generated from/(used in) financing activities</b>		<b>9,711</b>	<b>(12,831)</b>



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

	<b>Group</b>	
	<b>12 months ended 30 June 2022 unaudited S\$'000</b>	<b>12 months ended 30 June 2021 audited S\$'000</b>
	Note	
<b>Net increase in cash and cash equivalents</b>	<b>388</b>	4,031
Cash and cash equivalents at beginning of the financial year	<b>17,338</b>	13,302
Effects of currency translation on cash and cash equivalents	<b>63</b>	5
<b>Cash and cash equivalents at end of the financial year</b>	<b>17,789</b>	17,338



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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 2022 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 2022 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 2021.

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 2021. 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 2021.

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.

##### **(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 2022 and 2021.

##### **(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. Management is of the view that no impairment charge is required for the financial year ended 30 June 2022 (30 June 2021: S\$1,300,000).

#### **5. Seasonal operations**

The Group's business has not been affected significantly by seasonal or cyclical factors during the financial year ended 30 June 2022.



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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, 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 and 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
<b>1 Jan 2022 to 30 June 2022 unaudited</b>					
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	6,834	65,283	7,487	131,364
Goodwill					7,360
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



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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
<b>1 Jan 2021 to 30 June 2021 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 expense					(1,398)
Net profit for the financial period					4,760
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	760	195	621	101	1,677
Depreciation of right-of-use assets	768	41	134	-	943
Fair value loss on investment property	-	-	-	818	818
Allowance for write-down of inventories	24	-	104	-	128
Recovery of bad debts	(37)	-	(251)	-	(288)
Loss allowance/(reversal of loss allowance) for trade receivables	4	-	(68)	-	(64)

\* 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
<b>1 July 2021 to 30 June 2022 unaudited</b>					
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	6,834	65,283	7,487	131,364
Goodwill					7,360
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)

#### 6.1 Reportable segments (Continued)

Business segments	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Others* S\$'000	Total S\$'000
<b>1 July 2020 to 30 June 2021 audited</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 expense					(1,732)
Net profit for the financial 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
Depreciation of right-of-use assets	1,660	177	210	-	2,047
Fair value loss on investment property	-	-	-	818	818
Allowance for write-down of inventories	24	-	104	-	128
Recovery of bad debts	(37)	-	(251)	-	(288)
Loss allowance for trade receivables	100	-	-	-	100

\* 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
<b>1 Jan 2022 to 30 June 2022 unaudited</b>				
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 <sup>^</sup>	-	-	621	621
<b>Total</b>	<b>27,932</b>	<b>3,977</b>	<b>9,124</b>	<b>41,033</b>
<b>1 Jan 2021 to 30 June 2021 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 <sup>*</sup>	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>1 July 2021 to 30 June 2022 unaudited</b>				
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 <sup>^</sup>	405	-	1,322	1,727
<b>Total</b>	<b>54,591</b>	<b>6,773</b>	<b>18,771</b>	<b>80,135</b>
<b>1 July 2020 to 30 June 2021 audited</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 <sup>*</sup>	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>

<sup>^</sup>Include Philippine, France, Italy, Australia, Vietnam, China & Africa

<sup>\*</sup>Include Indonesia, Bahamas & Hong Kong



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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
<b>1 Jan 2022 to 30 June 2022 unaudited</b>				
Sale of goods	23,504	11	9,124	32,639
Scaffolding services	-	3,952	-	3,952
Rental of materials and equipment	3,819	14	-	3,833
Other service income	609	-	-	609
<b>Total</b>	<b>27,932</b>	<b>3,977</b>	<b>9,124</b>	<b>41,033</b>
<b>1 Jan 2021 to 30 June 2021 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>

Type of goods or services	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
<b>1 July 2021 to 30 June 2022 unaudited</b>				
Sale of goods	45,886	20	14,855	60,761
Scaffolding services	-	6,686	-	6,686
Rental of materials and equipment	7,457	67	3,916	11,440
Other service income	1,248	-	-	1,248
<b>Total</b>	<b>54,591</b>	<b>6,773</b>	<b>18,771</b>	<b>80,135</b>
<b>1 July 2020 to 30 June 2021 audited</b>				
Sale of goods	42,499	61	20,053	62,613
Scaffolding services	-	3,560	-	3,560
Rental of materials and equipment	6,178	-	3,241	9,419
Other service income	1,289	-	444	1,733
<b>Total</b>	<b>49,966</b>	<b>3,621</b>	<b>23,738</b>	<b>77,325</b>





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**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**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
<b>1 Jan 2022 to 30 June 2022 unaudited</b>				
At a point in time	27,932	25	9,124	37,081
Over time	-	3,952	-	3,952
Total	27,932	3,977	9,124	41,033
<b>1 Jan 2021 to 30 June 2021 unaudited</b>				
At a point in time	27,486	48	13,546	41,080
Over time	-	2,243	-	2,243
Total	27,486	2,291	13,546	43,323

Timing of revenue recognition	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
<b>1 July 2021 to 30 June 2022 unaudited</b>				
At a point in time	54,591	87	18,771	73,449
Over time	-	6,686	-	6,686
Total	54,591	6,773	18,771	80,135
<b>1 July 2020 to 30 June 2021 audited</b>				
At a point in time	49,966	61	23,738	73,765
Over time	-	3,560	-	3,560
Total	49,966	3,621	23,738	77,325



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### 7. Financial assets and financial liabilities

	Group		Company	
	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000
<b>Financial assets</b>				
Cash and cash equivalents	17,789	17,338	679	1,433
Trade and other receivables	19,224	16,252	8,819	6,721
Contract assets	1,821	-	-	-
Less: prepayments	(3,153)	(4,207)	(24)	(26)
<b>Financial assets at amortised cost</b>	<b>35,681</b>	<b>29,383</b>	<b>9,474</b>	<b>8,128</b>
<b>Financial liabilities</b>				
Borrowings	34,027	18,938	11,013	161
Trade and other payables	16,337	12,203	25,980	21,619
Contract liabilities	1,733	-	-	-
Lease liabilities	13,109	11,454	-	-
Less: advances from customers	(2,477)	(1,068)	-	-
<b>Financial liabilities at amortised cost</b>	<b>62,729</b>	<b>41,527</b>	<b>36,993</b>	<b>21,780</b>

### 8. Profit before income tax

Significant items	Group			
	6 months ended 30 June 2022 unaudited S\$'000	6 months ended 30 June 2021 unaudited S\$'000	12 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2021 audited S\$'000
<b>Income</b>				
Rental from leasehold properties and warehousing	2,318	1,421	4,072	2,434
Rental from investment property	290	391	641	725
Recovery of bad debts	-	288	-	288
Gain on disposal of property, plant and equipment	76	110	355	170
Impairment of property plant and equipment written back	-	-	356	-
Government grant	258	618	578	1,855
<b>Expenses</b>				
Depreciation of property, plant and equipment	1,626	1,677	3,238	3,516
Depreciation of right-of-use assets	899	943	1,863	2,047
Net foreign currency exchange (gain)/loss	(111)	(123)	(153)	104
Interest expense	466	501	898	1,076
Loss/(Reversal of) allowance for trade receivables	60	(64)	260	100
Fair value loss on investment property	577	818	577	818
Allowance for write-down of inventories	-	128	-	128



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### 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 2022 unaudited S\$'000	6 months ended 30 June 2021 unaudited S\$'000	12 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2021 audited S\$'000
Short-term benefits	1,245	954	2,164	1,832
Post-employment benefits	19	8	31	32
	1,264	962	2,195	1,864

### 10. Taxation

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

	Group			
	6 months ended 30 June 2022 unaudited S\$'000	6 months ended 30 June 2021 unaudited S\$'000	12 months ended 30 June 2022 unaudited S\$'000	12 months ended 30 June 2021 audited S\$'000
Current income tax expense	634	1,315	1,560	1,668
(Over)/Under provision of income tax in respect of prior financial period/year	(50)	83	50	64
Deferred income tax	5	-	5	-
	589	1,398	1,615	1,732



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### 11. Dividends

Ordinary dividend paid:

Final dividend in respect of the financial year ended 30 June 2021,  
tax exempt one-tier final cash dividend of 4.00 cents per share  
(FY2020: Nil), approved and paid during interim financial period

Group	
Financial Year 2022 unaudited S\$'000	Financial Year 2021 audited S\$'000
1,575	-

### 12. Net Asset Value

	Group		Company	
	As at 30 June 2022 unaudited S\$	As at 30 June 2021 audited S\$	As at 30 June 2022 unaudited S\$	As at 30 June 2021 audited S\$
Net asset value per ordinary share	170.35 cents	156.22 cents	74.97 cents	69.56 cents

### 13. Property, plant and equipment

During the financial year ended 30 June 2022, the Group recognised additions in property, plant and equipment from acquisition of subsidiary of S\$17,234,000 (30 June 2021: S\$Nil), acquired new assets amounting to S\$5,282,000 (30 June 2021: S\$3,252,000) and disposed of assets with net book value of S\$358,000 (30 June 2021: S\$3,119,000).

### 14. Investment property

	Group	
	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000
Beginning of the financial year	5,867	6,685
Fair value loss recognised in profit or loss	(577)	(818)
End of the financial year	5,290	5,867

#### 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.



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### 15. Right-of-use assets

	Group	
	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000
<b>Cost</b>		
Beginning of the financial year	12,937	13,322
Arising on acquisition of a subsidiary	3,070	-
Additions	282	576
Disposal	-	(961)
End of the financial year	16,289	12,937
<b>Accumulated depreciation</b>		
Beginning of the financial year	3,210	1,976
Depreciation charge	1,863	2,047
Disposal	-	(813)
End of the financial year	5,073	3,210
<b>Carrying amount</b>	11,216	9,727

### 16. Goodwill

	Group	
	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000
Beginning of the financial year	5,053	5,053
Provisional goodwill arising on acquisition	2,307	-
End of the financial year	7,360	5,053

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 2022 unaudited S\$'000	30 June 2021 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	-
Other CGUs with insignificant goodwill	450	450



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### 16. Goodwill (Continued)

Goodwill is tested annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the Scaffolding Services CGU 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	
	30 June 2022 unaudited	30 June 2021 audited	30 June 2022 unaudited	30 June 2021 audited
Scaffolding services CGU	3.0%	3.0%	9.0%	6.2%

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

As the acquisition of BTH Holdings Pte. Ltd. and its subsidiary was only completed two months prior to the financial year and certain changes to BTH Holdings Pte. Ltd. and its subsidiary which will ultimately increase its profitability have not been implemented, management has used the fair value determined based on the consideration paid after considering the effect of changes in economic circumstance since acquisition to assess the impairment and concluded no impairment is required.

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.

### 17. Borrowings

	Group		Company	
	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000
<b>Amount repayable within one year or on demand</b>				
Secured	21,757	14,115	2,240	161
<b>Amount repayable after one year</b>				
Secured	12,270	4,823	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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### 17. Borrowings (Continued)

#### Reconciliation of liabilities arising from financing activities

	1 July 2021	Proceeds from Borrowing	Principal and interest payments	Non-cash changes			30 June 2022
				Liabilities from acquisition	New lease liabilities	Interest accruing	
Borrowings	S\$'000 18,938	S\$'000 15,700	S\$'000 (1,820)	S\$'000 869	S\$'000 -	S\$'000 340	S\$'000 34,027
Lease liabilities	11,454	-	(2,594)	3,409	282	558	13,109
	30,392	15,700	(4,414)	4,278	282	898	47,136

	1 July 2020	Proceeds from Borrowing	Principal and interest payments	Non-cash changes			30 June 2021
				New lease liabilities	Interest accruing	Termination of lease	
Borrowings	S\$'000 28,662	S\$'000 8,600	S\$'000 (18,782)	S\$'000 -	S\$'000 458	S\$'000 -	S\$'000 18,938
Lease liabilities	13,057	-	(2,649)	576	618	(148)	11,454
	41,719	8,600	(21,431)	576	1,076	(148)	30,392

### 18. Share Capital

	30 June 2022 Number of ordinary shares	30 June 2021 Number of ordinary shares	30 June 2022 unaudited S\$'000	30 June 2021 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 2022 and 30 June 2021.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2022 and 30 June 2021.

### 19. Investment in subsidiaries

	Company	
	30 June 2022 unaudited S\$'000	30 June 2021 audited S\$'000
Unquoted equity shares, at cost	59,802	59,802
Add : Addition	16,000	-
Less : Allowance for impairment	(19,000)	(19,000)
	56,802	40,802
Movement in the allowance for impairment:		
Beginning of the financial year	19,000	17,700
Increase in allowance recognized in profit or loss	-	1,300
End of the financial year	19,000	19,000



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### 19. Investment in subsidiaries (Continued)

The Company has considered indicators of impairment on certain subsidiaries and based on the impairment test performed, no additional allowance is recognised for the financial year (2021: Impairment of S\$1.3 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 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 2022 %	30 June 2021 %
<b>Held by the Company</b>				
Union Steel Pte Ltd <sup>(1)</sup>	Trading of steel products.	Singapore	100	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	100	100
Yew Lee Seng Metal Pte Ltd <sup>(1)</sup>	Trading of ferrous and non-ferrous scrap metals.	Singapore	100	100
Union Engineering Pte Ltd <sup>(1)</sup>	Investment property holding and rental of properties.	Singapore	100	100
Gee Sheng Machinery & Engineering Pte Ltd <sup>(1)</sup>	Mechanical engineering services.	Singapore	100	100
Transvictory Holdings Pte Ltd <sup>(1)</sup>	Investment holding.	Singapore	100	100
Hock Ann Metal Scaffolding Pte Ltd <sup>(1)</sup>	Scaffolding services.	Singapore	100	100
BTH Holdings Pte. Ltd. <sup>(2)(5)(6)</sup>	Investment holding.	Singapore	100	-
<b>Held by the Subsidiaries</b>				
Hock Ann Marine Scaffolding Pte Ltd <sup>(1)</sup>	Scaffolding services.	Singapore	100	100
Union CHH Sdn Bhd <sup>(2)</sup>	Inactive.	Malaysia	100	100
YLS Holdings Sdn Bhd <sup>(2)(4)(5)</sup>	Investment holding.	Malaysia	40	40
Transvictory Winch System Pte Ltd <sup>(1)</sup>	Sale of marine deck equipment.	Singapore	100	100
Steadfast Offshore & Marine Pte Ltd <sup>(1)</sup>	Sale of marine deck equipment.	Singapore	100	100
Megafab Engineering Pte Ltd <sup>(1)</sup>	Equipment and related installation of industrial machinery, mechanical engineering work.	Singapore	70	70
Used Equipment Pte Ltd <sup>(1)</sup>	Online portal for sales of industrial equipment.	Singapore	100	100
Applied Engineering Pte Ltd <sup>(3)(6)</sup>	Process and industrial plant engineering design and consultancy services	Singapore	100	-

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

<sup>(2)</sup> Audited by other audit firm for statutory purpose.

<sup>(3)</sup> For the purpose of preparing the consolidated financial statements, these financial statements have been audited by Nexia TS Public Accounting Corporation.

<sup>(4)</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.

<sup>(5)</sup> Not significant to the Group.

<sup>(6)</sup> Acquired on 4 May 2022.





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### 19.1 Business combination

On 4 May 2022, the Company acquired 100% of the issued share capital in BTH Holdings Pte. Ltd. and its wholly owned subsidiary of Applied Engineering Pte Ltd, for consideration of S\$16 million. As a result at the acquisition, the Group indirect holds Applied Engineering Pte Ltd ("Target Subsidiary"). The acquisition is expected to increase the Group's market share and group performance.

The Group incurred acquisition related costs of S\$313,300 relating to external legal fees and due diligence costs and these have been classified as general and administrative expenses in the condensed consolidated statement of profit or loss.

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:

	<b>S\$'000</b>
<b>(a) Purchase consideration</b>	
Cash paid	<u>16,000</u>
<b>(b) Assets and liabilities recognised as a result of the acquisition</b>	
	<b>Provisional amount</b>
	<b>S\$'000</b>
Cash and cash equivalents	139
Property, plant and equipment	17,234
Right-of-use asset	3,070
Inventories	308
Trade and other receivables	3,674
Contract assets	1,584
Trade and other payables	(4,680)
Income tax payable	(15)
Borrowings	(869)
Lease liabilities	(3,409)
Contract liabilities	(634)
Deferred tax liabilities	(2,709)
Net identifiable assets acquired	<u>13,693</u>
Add: Goodwill	<u>2,307</u>
	<u>16,000</u>



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### 19.1 Business combination (Continued)

#### (c) Effect on cash flows of the Group

	<b>S\$'000</b>
Cash paid (as above)	16,000
Less: Cash and cash equivalents in subsidiary acquired	(139)
Cash outflow on acquisition	<u>15,861</u>

The provisional goodwill is attributable to BTH Holdings Pte. Ltd.'s market reputation, strong customer relationships and certain licenses held which are still subject to the subsequent assessment for the purchase price allocation. Any revision to the goodwill will be presented in the financial statements of the latest financial reporting period once such a review is done.

### 20. Subsequent events

#### Acquisition of Promoter Hydraulics Pte. Ltd. & Marshal Systems Private Limited

On 29 July 2022, the Company's wholly owned subsidiary, Transvictory Holdings Pte Ltd acquired 100% ownership interest in Promoter Hydraulics Pte. Ltd. ("Promoter") and Marshal Systems Private Limited ("Marshal") from an unrelated party for a total purchase consideration of S\$505,000 in cash.

The principal activities of Promoter relate to the manufacture and repair of marine engines and ship parts, retail and rental of marine equipment, marine accessories and parts. The principal activities of Marshal are those of contractors for electronic and electrical engineering works.

The Board believes this Acquisition is in line with the Group's expansion plans into complementary business areas within the marine, offshore and oil & gas industries through enhancing its engineering and manufacturing capabilities. The enhanced package of services offered will not only help the Group strengthen its competitive advantage, value proposition and provide a holistic engineering solution to existing customers, but also open access to new markets, customers and business opportunities.

At the date of authorisation of these financial statements, the initial accounting for the acquisition of Promoter and Marshal is incomplete as the purchase price allocation has not been finalised. Accordingly, the Group is unable to disclose further details on the acquisition.



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## 20. Subsequent events (Continued)

### Proposed Acquisition of Fastweld Engineering Construction Pte Ltd

On 5 August 2022, the Company entered into a non-binding term sheet (“Term Sheet”) with Fastweld Engineering Construction Pte Ltd, a company incorporated in Singapore, in relation to the proposed acquisition of the entire issued and paid-up share capital of Fastweld Engineering Construction Pte Ltd (the “Target Company”).

The Term Sheet sets out the indicative terms in respect of the Proposed Acquisition and is not intended to be legally binding on any party or create any obligations on the Parties except for certain provisions relating to confidentiality, governing law and third-party rights. There is no binding commitment on the part of the Company to conclude the Proposed Acquisition, and the Proposed Acquisition remains subject to the entry into the subsequent definitive agreements for the Proposed Acquisition (the “Definitive Agreements”).

If the Proposed Acquisition is undertaken and completed by the Company, it constitutes a disclosable transaction as classified under Chapter 10 of the Listing Manual.

The Target Company is in various businesses catering to the installation of industrial machinery and equipment and mechanical engineering works, as well as those of process and industrial plant engineering design and consultancy services. The Board believes that the Proposed Acquisition presents an attractive investment opportunity which will diversify its revenue streams. The Proposed Acquisition is in line with the Group’s plans to expand into complementary business areas within the marine, offshore and oil & gas industries through strengthening its engineering and manufacturing capabilities. This will enable the Group to further strengthen its competitive advantage, value proposition and provide more holistic engineering solutions to its customers.

Under the Term Sheet, the aggregate consideration in respect of the Sale Shares is S\$2.5 million (the “Consideration”), where the first S\$1.25 million to be paid upon completion of the Proposed Acquisition and the remaining S\$1.25 million to be paid twelve (12) months after the completion date of the Proposed Acquisition.

Completion of the Proposed Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent, which includes inter alia:-

- a) approval of the Board;
- b) the Company having obtained financing in respect of the Proposed Acquisition;
- c) key management employees of the Target Company having entered into new employment agreements in the agreed form (including in relation to their continued employment for a period of at least one (1) year after completion of the Proposed Acquisition);
- d) due diligence having been completed to the Company’s satisfaction.

The Company will make the necessary announcements when there are further material developments on the Proposed Acquisition.



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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 2022 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 2022 and certain explanatory notes have not been audited or reviewed.

**2. Review of performance of the Group****2H2022 (six months ended 30 June 2022) vs 2H2021 (six months ended 30 June 2021)****FY2022 (twelve months ended 30 June 2022) vs FY2021 (twelve months ended 30 June 2021)****Statements of Comprehensive Income**

<i>Revenue</i>	<b>2H2022</b>	<b>2H2021</b>	<b>+ / (-)</b>	<b>+ / (-)</b>	<b>FY2022</b>	<b>FY2021</b>	<b>+ / (-)</b>	<b>+ / (-)</b>
	S\$'million	S\$'million	S\$'million	%	S\$'million	S\$'million	S\$'million	%
<b>Metals</b>	27.9	27.5	0.4	1	54.5	50.0	4.5	9
<b>Engineering</b>	9.1	13.5	(4.4)	(33)	18.8	23.7	(4.9)	(21)
<b>Scaffolding</b>	4.0	2.3	1.7	74	6.8	3.6	3.2	89
	41.0	43.3	(2.3)	(5)	80.1	77.3	2.8	4

The Group's revenue increase of 4% or S\$2.8 million in FY2022 (vis-à-vis FY2021) was attributable to the growth in the Metals' division and the Scaffolding segment. Decrease in sales by 5% or S\$2.3 million in 2H2022 (vis-à-vis 2H2021) was due mainly to the lower sales generated from the Engineering segment.

International prices of steel products have strengthened since 2021 due to COVID-19 and the resulting disruption to the steel supply chain. This consequently pushed up prices in the metal recycling markets and largely improved the Metals division's sales in both FY2021 and FY2022. A sustained recovery was also seen within the construction industry which led to the increased demand in scaffolding services.

The recent regional economic uncertainties and resulting geographical risk together with the disruption to the global supply chain and marine activities had a negative impact on the Marine deck equipment and Mechanical engineering business in the Engineering sector. Fewer projects were awarded for the period under review or have been delayed.

***Geographical information***

Geographically, Singapore remains the main contributor to the Group's revenue, accounting for 85% or S\$68.3 million of group sales in FY2022 (FY2021: 81% or S\$62.4 million) and 85% or S\$34.9 million in 2H2022 (2H2021: 86% or S\$37.4 million). Overseas sales revenue decreased overall by 21% or S\$3.1 million in FY2022 which was mainly due to less regional offshore marine activities resulted in lesser overseas projects won by the Group.



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

### Statements of Comprehensive Income (Continued)

#### ***Gross profit margin***

The Group's gross profit margin in FY2022 of 23.2% was in line with FY2021 of 23.7%. However, the gross profit margin for 2H2022 inched lower to 21.8% from 25.3% from 2H2021 mainly caused by the fall in revenue from the Engineering segment.

#### ***Administrative expenses***

Administrative expenses increased by 12.5% or S\$1.2 million in FY2022 and 9% or S\$0.5 million in 2H2022 compared to FY2021 and 2H2021 respectively, mainly due to the increase in staff costs and higher performance incentives of S\$0.4 million from the improved performance of the Group. There were also additional professional fees of S\$0.3 million incurred for the acquisition of a subsidiary and increase in depreciation of property, plant and equipment of S\$0.2 million.

#### ***Other operating expenses***

Other operating expenses in FY2022 and 2H2022 were in line with the expenses incurred in FY2021 and 2H2021 of S\$3.3 million and S\$1.8 million respectively which mainly comprised depreciation of right-of-use assets and leasehold properties, and fair value loss on investment property.

#### ***Finance expenses***

Decrease in finance expenses in FY2022 and 2H2022 was mainly due to loan repayments made.

### Review of Financial Position

#### ***Statement of Financial Position as at 30 June 2022***

#### **Assets**

Increase in property, plant and equipment of S\$15.4 million was mainly due to the S\$17.2 million in assets contributed from the acquisition of a subsidiary and purchase of new plant and machinery of S\$5.3 million during the financial year. These were offset by depreciation charges of S\$3.2 million and disposal of plant and equipment with a net value of S\$3.9 million.

Increase in right-of-use assets of S\$1.5 million was mainly due to the recognition of right-of-use asset amounting to S\$3.1 million from the acquisition of a subsidiary partly offset by depreciation of S\$1.9 million.

The rise in trade and other receivables of S\$3.0 million was made up of S\$3.7 million from the acquisition of a subsidiary partly offset by a decrease from existing businesses as lesser sales made in 2H2022.

Increase in inventories of S\$7.7 million was mainly attributable to scrap metals, new steel and marine deck equipment for future sales and leasing activities.



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

### Review of Financial Position (Continued)

#### *Statement of Financial Position as at 30 June 2022 (Continued)*

##### Liabilities

Increase in trade and other payables of S\$4.1 million was due to a S\$4.7 million increase arising from the acquisition of subsidiaries partly offset by a decrease from other existing businesses aligned with the drop of sales in 2H2022.

Increase in bank borrowings of S\$15.1 million was mainly due to the bank loan obtained of S\$11.2 million for the acquisition of a subsidiary and other trade and short-term facilities to support the operation and working capital.

Increase in lease liabilities of S\$1.7 million was mainly due to the lease liability arising from the acquisition of a subsidiary of S\$3.4 million partly offset by the repayment during the financial year.

Increase in deferred tax liabilities of S\$2.7 million was in relation to the deferred tax on fair value adjustment made for the acquisition of a subsidiary during the financial year.

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

Net cash generated from operating activities amounted to S\$11.1 million in FY2022 and S\$16.8 million in FY2021. The decrease was mainly due to higher inventory level of scrap metal and winches which are in line with business development.

Net cash used in investing activities amounted to S\$20.4 million in FY2022 mainly from the cash outflows for the acquisition of a subsidiary of S\$15.9 million, the replacement of retired rental materials of S\$3.6 million and the acquisition of plant and machinery of S\$1.7 million, offset by proceeds from sale of plant and equipment of S\$0.7 million.

Net cash from financing activities amounted to S\$9.7 million in FY2022 mainly due to proceeds from bank loans obtained for acquisition of a subsidiary partly offset by repayment of bank borrowings and lease liabilities, and payment for dividends.

The Group's cash and cash equivalents as at 30 June 2022 was comparable to a year ago. However, 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) increased to 24.2% from 2.6% one year ago due mainly to the acquisition loan obtained during the financial year.

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

Not applicable.



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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**

The past 12 months were challenging for the Group and the economic outlook is still uncertain. Nevertheless, the Group remains committed to its strategy of building up and expanding its businesses during this period. To this end, the Group has seized various acquisition opportunities that arose during this time in order to build upon and expand its operational capabilities and service offerings. The Group is quietly confident that these new acquisitions will place the Group in a more competitive position when business activities fully recover.

Within the metal sector, the pricing for both new steel and scrap metal have seen some softening recently after the price surge since FY2021. The Group remains cautiously positive on this division's performance in the near term.

The scaffolding business experienced a sustained recovery since the construction industry witnessed contracts and activities gradually returning to pre-pandemic levels and adapted to the new safety measures required. Manpower is the main constraint faced by this industry, which can only be overcome progressively. The Group continues to focus on projects that can be efficiently managed to optimise margins within available capacities.

For the engineering division, the initial recovery in offshore crude oil and renewable energy activities from the marine deck equipment sector has been disrupted by the recent regional war, its consequential sanctions and the resulting delay in projects. The outlook remains challenging and the Group will strive to mitigate the business risks and navigate cautiously.

Though the overall operating environment remains challenging, the Group endeavours to foster opportunities amid downturns and continues to harness operational synergies within the engineering business. Management has made the conscious decision to move into complementary business segments within the marine, offshore and oil & gas industries. On 4 May 2022, the Group completed the acquisition of a 100% stake in BTH Holdings Pte. Ltd. and on 29<sup>th</sup> July 2022, also completed the acquisition of Promoter Hydraulics Pte Ltd and Marshal Systems Private Limited. Management believes that there are opportunities for synergies between these groups of companies and this can strengthen the overall engineering and manufacturing capabilities.



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**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 1.00 cent per share (FY2021: 4.00 cents per share) in respect of the full financial year ended 30 June 2022. 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	1.00 cents
Tax rate	One tier tax-exempt

	Latest full financial year (in S\$'000)	Previous full financial year (in S\$'000)
Proposed final dividend	394	1,575
Total	394	1,575

**(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 4.00 cents per share was declared in respect of the full financial year ended 30 June 2021.

**(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.





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

<b>The Group</b>	<b>2022</b>	<b>2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Revenue reported for the first half year	<b>39,102</b>	34,002
Profit after tax reported for the first half year	<b>4,349</b>	2,964
Revenue reported for the second half year	<b>41,033</b>	43,323
Profit after tax reported for the second year	<b>2,986</b>	4,760

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

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes of duties and position held, if any, during the financial year</b>
Mr Ang Jun Long	31	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.	General Manager. He is in charge of overall operations and general administration of Transvictory Group, a position he has held since 24 August 2017.	He has also been appointed as a director of the newly acquired subsidiaries of BTH Holdings Pte Ltd and Applied Engineering Pte Ltd on 4 May 2022.

**BY ORDER OF THE BOARD**

**ANG YU SENG**

Executive Chairman and Chief Executive Officer  
26 August 2022