



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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021**

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## CONDENSED INTERIM FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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

	Note	Group	
		6 months ended 31 December 2021	6 months ended 31 December 2020
		S\$'000	S\$'000
<b>Revenue</b>	6	39,102	34,002
Cost of sales		(29,405)	(26,625)
<b>Gross profit</b>		9,697	7,377
Other income		2,952	2,894
Distribution and marketing expenses		(111)	(95)
Administrative expenses		(5,266)	(4,535)
Other operating expenses		(1,465)	(1,768)
Finance expenses		(432)	(575)
<b>Profit before income tax</b>	8	5,375	3,298
Income tax	10	(1,026)	(334)
<b>Net profit for the period</b>		4,349	2,964
<b>Other comprehensive income</b>			
<u>Item that may be reclassified to profit or loss in subsequent periods (net of tax)</u>			
Exchange differences on translating foreign operations		2	2
Total other comprehensive income for the period		2	2
Total comprehensive income for the period		4,351	2,966
<b>Net profit attributable to:</b>			
Owners of the Company		4,178	2,900
Non-controlling interests		171	64
		4,349	2,964
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		4,180	2,902
Non-controlling interests		171	64
		4,351	2,966
Basic (SGD in cents)		10.61	7.36
Diluted (SGD in cents)		10.61	7.36



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### (B) Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2021 S\$'000	30 June 2021 S\$'000	31 December 2021 S\$'000	30 June 2021 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		14,936	17,338	788	1,433
Trade and other receivables		18,127	16,252	8,345	6,721
Inventories		25,222	21,657	-	-
Total current assets		58,285	55,247	9,133	8,154
<b>Non-current assets</b>					
Property, plant and equipment	13	31,706	32,866	54	55
Investment property	14	5,867	5,867	-	-
Right-of-use assets	15	8,933	9,727	-	-
Goodwill	16	5,053	5,053	-	-
Other intangible assets		6	8	-	-
Golf club membership		201	201	201	201
Subsidiaries		-	-	40,802	40,802
Deferred tax assets		65	65	-	-
Total non-current assets		51,831	53,787	41,057	41,058
<b>Total assets</b>		<b>110,116</b>	<b>109,034</b>	<b>50,190</b>	<b>49,212</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Borrowings	17	13,199	14,115	-	161
Trade and other payables		12,219	12,203	23,934	21,619
Lease liabilities		2,259	2,089	-	-
Income tax payable		2,244	1,647	-	-
Total current liabilities		29,921	30,054	23,934	21,780
<b>Non-current liabilities</b>					
Borrowings	17	4,228	4,823	-	-
Lease liabilities		8,399	9,365	-	-
Deferred tax liabilities		3,390	3,390	39	39
Total non-current liabilities		16,017	17,578	39	39
<b>Capital and reserves</b>					
Share capital	18	36,603	36,603	36,603	36,603
Retained earnings/(Accumulated losses)		22,619	20,016	(10,386)	(9,210)
Capital reserve		5,237	5,237	-	-
Foreign currency translation reserve		(336)	(338)	-	-
Equity attributable to owners of the Company		64,123	61,518	26,217	27,393
Non-controlling interests		55	(116)	-	-
Total equity		64,178	61,402	26,217	27,393
Total liabilities and equity		110,116	109,034	50,190	49,212



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### (C) Condensed interim 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								
Profit for the period		-	4,178	-	-	4,178	171	4,349
Other comprehensive income		-	-	2	-	2	-	2
Total		-	4,178	2	-	4,180	171	4,351
Dividends paid	11	-	(1,575)	-	-	(1,575)	-	(1,575)
<i>Balance as at 31 December 2021</i>		<u>36,603</u>	<u>22,619</u>	<u>(336)</u>	<u>5,237</u>	<u>64,123</u>	<u>55</u>	<u>64,178</u>
<i>Balance as at 1 July 2020</i>		36,603	12,403	(343)	5,237	53,900	(227)	53,673
Total comprehensive income								
Profit for the period		-	2,900	-	-	2,900	64	2,964
Other comprehensive income		-	-	2	-	2	-	2
Total		-	2,900	2	-	2,902	64	2,966
<i>Balance as at 31 December 2020</i>		<u>36,603</u>	<u>15,303</u>	<u>(341)</u>	<u>5,237</u>	<u>56,802</u>	<u>(163)</u>	<u>56,639</u>

Company	Note	Share capital	Accumulated losses	Total equity
		S\$'000	S\$'000	S\$'000
<i>Balance as at 1 July 2021</i>		36,603	(9,210)	27,393
Total comprehensive income representing net profit for the period		-	399	399
Dividends paid	11	-	(1,575)	(1,575)
<i>Balance as at 31 December 2021</i>		<u>36,603</u>	<u>(10,386)</u>	<u>26,217</u>
<i>Balance as at 1 July 2020</i>		36,603	(12,713)	23,890
Total comprehensive income representing net profit for the period		-	531	531
<i>Balance as at 31 December 2020</i>		<u>36,603</u>	<u>(12,182)</u>	<u>24,421</u>



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### (D) Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000
<b>Cash flows from operating activities</b>			
Profit before tax		5,375	3,298
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	8	1,612	1,839
Gain on disposal of property, plant and equipment	8	(279)	(60)
Amortisation of intangible assets		2	2
Depreciation of right-of-use assets	8	964	1,104
Loss allowance for trade receivables		200	164
Interest expense	8	432	575
Interest income		(11)	(13)
Operating cash flows before movement in working capital		8,295	6,909
Inventories		(2,922)	1,422
Trade and other receivables		(2,075)	(2,551)
Trade and other payables		16	2,594
Cash generated from operations		3,314	8,374
Interest paid		(156)	(259)
Interest received		11	13
Income tax (paid)/received		(429)	19
<b>Net cash generated from operating activities</b>		<b>2,740</b>	<b>8,147</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	13	(2,139)	(1,109)
Proceeds from disposal of property, plant and equipment		1,323	1,952
<b>Net cash (used in)/generated from investing activities</b>		<b>(816)</b>	<b>843</b>
<b>Cash flow from financing activities</b>			
Payment of dividends to members of the Company	11	(1,575)	-
Decrease in bills payable		(77)	(782)
Proceeds from bank loans		-	6,500
Repayment of bank loans		(1,434)	(8,979)
Repayment of lease liabilities		(1,242)	(1,324)
<b>Net cash used in financing activities</b>		<b>(4,328)</b>	<b>(4,585)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,404)</b>	<b>4,405</b>
Cash and cash equivalents at beginning of the period		17,338	13,302
Effects of currency translation on cash and cash equivalents		2	2
<b>Cash and cash equivalents at end of the period</b>		<b>14,936</b>	<b>17,709</b>



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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 six months financial period ended 31 December 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.

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

The condensed interim financial statements for the six months ended 31 December 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 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 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 have to 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 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 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 impairment charge is required for the financial period ended 31 December 2021 (30 June 2021: \$ Nil).

##### **(vi) Impairment of investments in subsidiary corporations**

In determining whether investments in subsidiary corporations are impaired, the Company evaluates the market and economic environment in which each subsidiary corporation operates and its economic performance to determine if indicators of impairment exist. Where such indicators exist, the subsidiary corporation'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 period ended 31 December 2021 (30 June 2021: \$1,300,000).

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

The Group's business has not been affected significantly by seasonal or cyclical factors during the financial period ended 31 December 2021.





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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 July 2021 to 31 December 2021</b>					
External revenue	26,659	2,796	9,647	-	39,102
Reportable segment results from operating activities	4,563	657	1,768	246	7,234
Finance income					11
Finance costs					(432)
Unallocated corporate expenses					(1,438)
Profit before income tax					5,375
Income tax					(1,026)
Net profit for the period					4,349
Reportable segments assets	51,007	6,130	37,158	7,227	101,522
Goodwill					5,053
Unallocated assets					3,541
Total assets					110,116
Reportable segments liabilities	32,885	1,027	9,673	1,658	45,243
Unallocated liabilities					695
Total liabilities					45,938
<b>Other material non-cash items:</b>					
Depreciation of property, plant and equipment	654	228	651	79	1,612
Depreciation of right-of-use assets	828	25	111	-	964
Allowance for trade receivables	100	-	100	-	200



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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 31 December 2020</b>					
External revenue	22,480	1,330	10,192	-	34,002
Reportable segment results from operating activities	3,005	(59)	1,694	109	4,749
Finance income					13
Finance costs					(575)
Unallocated corporate expenses					(889)
Profit before income tax					3,298
Income tax					(334)
Net profit for the period					2,964
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	1,068	121	577	73	1,839
Depreciation of right-of-use assets	892	136	76	-	1,104
Allowance for trade receivables	96	-	68	-	164



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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 July 2021 to 31 December 2021</b>				
Singapore	24,459	2,796	6,119	33,374
Malaysia	-	-	2,500	2,500
India	2,200	-	-	2,200
Netherlands	-	-	543	543
China	-	-	138	138
Others^	-	-	347	347
<b>Total</b>	<b>26,659</b>	<b>2,796</b>	<b>9,647</b>	<b>39,102</b>
<b>1 July 2020 to 31 December 2020</b>				
Singapore	18,282	1,330	5,400	25,012
India	3,675	-	-	3,675
South Africa	-	-	3,049	3,049
Malaysia	-	-	1,083	1,083
Netherlands	-	-	655	655
Others*	523	-	5	528
<b>Total</b>	<b>22,480</b>	<b>1,330</b>	<b>10,192</b>	<b>34,002</b>

^Include South Africa, Australia, Italy

\*Include Indonesia, Bahamas & Hong Kong

Type of goods or services	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
<b>1 July 2021 to 31 December 2021</b>				
Sale of goods	22,383	9	5,949	28,341
Scaffolding services	-	2,734	-	2,734
Rental of materials and equipment	3,638	53	3,698	7,389
Other service income	638	-	-	638
<b>Total</b>	<b>26,659</b>	<b>2,796</b>	<b>9,647</b>	<b>39,102</b>
<b>1 July 2020 to 31 December 2020</b>				
Sale of goods	18,965	13	9,365	28,343
Scaffolding services	-	1,317	-	1,317
Rental of materials and equipment	2,857	-	827	3,684
Other service income	658	-	-	658
<b>Total</b>	<b>22,480</b>	<b>1,330</b>	<b>10,192</b>	<b>34,002</b>



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### 6. Segment and revenue information (Continued)

#### 6.2. Disaggregation of Revenue (Continued)

Timing of revenue recognition	Metals S\$'000	Scaffolding S\$'000	Engineering S\$'000	Total S\$'000
<b>1 July 2021 to 31 December 2021</b>				
At a point in time	26,659	62	9,647	36,368
Over time	-	2,734	-	2,734
<b>Total</b>	<b>26,659</b>	<b>2,796</b>	<b>9,647</b>	<b>39,102</b>
<b>1 July 2020 to 31 December 2020</b>				
At a point in time	22,480	13	10,192	32,685
Over time	-	1,317	-	1,317
<b>Total</b>	<b>22,480</b>	<b>1,330</b>	<b>10,192</b>	<b>34,002</b>

### 7. Financial assets and financial liabilities

	Group		Company	
	31 December 2021 S\$'000	30 June 2021 S\$'000	31 December 2021 S\$'000	30 June 2020 S\$'000
<b>Financial assets</b>				
Cash and cash equivalents	14,936	17,338	788	1,433
Trade and other receivables	18,127	16,252	8,345	6,721
Less: prepayments	(4,100)	(4,207)	(35)	(26)
<b>Financial assets at amortised cost</b>	<b>28,963</b>	<b>29,383</b>	<b>9,098</b>	<b>8,128</b>
<b>Financial liabilities</b>				
Borrowings	17,427	18,938	-	161
Trade and other payables	12,219	12,203	23,934	21,619
Lease liabilities	10,658	11,454	-	-
Less: advances from customers	(658)	(1,068)	-	-
<b>Financial liabilities at amortised cost</b>	<b>39,646</b>	<b>41,527</b>	<b>23,934</b>	<b>21,780</b>



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GST Reg. No: 20-0410181W**8. Profit before tax****Significant items**

	Group	
	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000
<b>Income</b>		
Rental of leasehold properties and warehousing	1,754	1,011
Rental of investment property	351	335
Gain on disposal of property, plant and equipment	279	60
Government grant	320	1,237
<b>Expenses</b>		
Depreciation of property, plant and equipment	1,612	1,839
Depreciation of right-of-use assets	964	1,104
Net foreign currency exchange (gain)/loss	(42)	228
Interest expense	432	575
Loss allowance for trade receivables	200	164

**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 period was as follows:

	Group	
	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000
Short-term benefits	919	554
Post-employment benefits	12	8
	<b>931</b>	<b>562</b>



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### 10. Taxation

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total 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 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000
Current income tax expense	976	353
Under/(Over) provision of income tax in respect of prior years	50	(19)
	<b>1,026</b>	<b>334</b>

### 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	
	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000
	<b>1,575</b>	-

### 12. Net Asset Value

	Group		Company	
	31 December 2021 S\$	30 June 2021 S\$	31 December 2021 S\$	31 June 2021 S\$
Net asset value per ordinary share	<b>162.84</b> cents	156.22 cents	<b>66.58</b> cents	69.56 cents

### 13. Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired assets amounting to S\$2,139,000 (30 June 2021: S\$1,109,000) and disposed of assets with net book value of \$1,044,000 (30 June 2021: S\$1,892,000).



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	Group	
	31 December 2021 S\$'000	30 June 2021 S\$'000
Beginning of the financial period/year	5,867	5,250
Prior year adjustments	-	1,435
As restated	5,867	6,685
Fair value loss recognised in profit or loss	-	(818)
End of the financial period/year	5,867	5,867

Valuation processes of the Group

The fair value of the Group's investment property is determined based on valuations carried out by independent professional valuers at least once a year. As of 31 December 2021, the Group has not recognised any fair value gain or loss in the profit and loss and the fair value derived from the independent professional valuer shall be assessed at the financial year ended 30 June 2022.

**15. Right of use assets**

	Group	
	31 December 2021 S\$'000	30 June 2021 S\$'000
<b>Cost</b>		
Beginning of the financial period/year	12,937	14,934
Prior year adjustments	-	(1,612)
As restated	12,937	13,322
Additions	170	576
Disposal	(360)	(961)
End of the financial period/year	12,747	12,937
<b>Accumulated depreciation</b>		
Beginning of the financial period/year	3,210	2,153
Prior year adjustments	-	(177)
As restated	3,210	1,976
Depreciation charge	964	2,047
Disposal	(360)	(813)
End of the financial period/year	3,814	3,210
<b>Carrying amount</b>	8,933	9,727



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### 16. Goodwill

	Group	
	31 December 2021 S\$'000	30 June 2021 S\$'000
At beginning of the year	5,053	5,053
Impairment loss recognised during the period/year	-	-
At end of the period/year	<u>5,053</u>	<u>5,053</u>

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	
	31 December 2021 S\$'000	30 June 2021 S\$'000
Scaffolding services CGU - Hock Ann Metal Scaffolding Pte Ltd	4,603	4,603
Other CGUs with insignificant goodwill	450	450
	<u>5,053</u>	<u>5,053</u>

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	
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	Scaffolding services CGU	3.0%	3.0%	6.5%

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.

### 17. Borrowings

	Group		Company	
	31 December 2021 S\$'000	30 June 2021 S\$'000	31 December 2021 S\$'000	30 June 2021 S\$'000
<b>Amount repayable within one year or on demand</b>				
Secured	<u>13,199</u>	<u>14,115</u>	-	161
<b>Amount repayable after one year</b>				
Secured	<u>4,228</u>	<u>4,823</u>	-	-

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	Financing cash flows	Non-cash changes		31 December 2021
			New lease liabilities	Interest accruing	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings	18,938	(1,667)	-	156	17,427
Lease liabilities	11,454	(1,242)	170	276	10,658
	30,392	(2,909)	170	432	28,085

	1 July 2020	Financing cash flows	Non-cash changes		31 December 2020
			New lease liabilities	Interest accruing	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings	28,662	(3,520)	-	259	25,401
Lease liabilities	13,057	(1,900)	576	316	12,049
	41,719	(5,420)	576	575	37,450

### 18. Share Capital

	The Group and the Company			
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
<b>Issued and fully paid:</b>				
	Number of ordinary shares		S\$'000	S\$'000
At the beginning and end of the financial period/year	<b>39,378,100</b>		<b>36,603</b>	36,603

The Company did not hold any treasury shares as at 31 December 2021 and 30 June 2021.

The Company's subsidiaries did not hold any shares in the Company as at 31 December 2021 and 30 June 2021.

### 19. Subsequent events

As announced by the Company on 29 December 2021 (the "SPA Announcement"), the Company had on the date of the SPA Announcement entered into a sale and purchase agreement ("SPA") with New Oasis Pte. Ltd., a company incorporated in Singapore, in relation to the Company's proposed acquisition of 3,100,000 issued and paid-up ordinary shares in the share capital of BTH Holdings Pte. Ltd. (the "Target Company"), comprising 100% of the total issued and paid-up ordinary shares in the capital of the Target Company, in accordance with the terms and conditions of the SPA (the "Proposed Acquisition"). Completion shall take place following the satisfaction or waiver of the conditions as set out in the SPA, and in particular, the Company will be seeking shareholders' approval for the Proposed Acquisition, as a condition to the completion.

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 Holding Limited and its subsidiaries as at 31 December 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

**2. Review of performance of the Group****1HFY2022 (six months ended 31 December 2021) vs 1HFY2021 (six months ended 31 December 2020)****Statements of Comprehensive Income**

<i>Revenue</i>	<b>1HFY2022</b>	<b>1HFY2021</b>	<b>+ / (-)</b>	<b>+ / (-)</b>
	S\$'million	S\$'million	S\$'million	%
<b>Metals</b>	26.7	22.5	4.2	19%
<b>Scaffolding</b>	2.8	1.3	1.5	115%
<b>Engineering</b>	9.6	10.2	(0.6)	(6%)
	39.1	34.0	5.1	15%

The Group's revenue increased by 15% or S\$5.1 million in 1HFY2022 (vis-à-vis 1HFY2021) mainly attributable to the growth in the metals' division and the scaffolding segment. International prices of new steel products have strengthened since the beginning of 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. Though the construction industry has been facing work disruption and delays from time to time due to COVID-19, a progressive recovery was seen in the period under review which led to the increased demand in scaffolding services.

***Geographical information***

Geographically, Singapore remains the main contributor to the Group's revenue, accounting for 85% or S\$33.4 million of group sales in 1HFY2022 compared to 1HFY2021 at 74% or S\$25.0 million. Overseas sales revenue decreased overall by 36% or S\$3.3 million which was mainly due to the disruptions of COVID-19, where several key overseas markets for the recycling business were in continual lockdown during the financial period, causing the further shrinkage in metal exports.

***Gross profit margin***

The Group's gross profit also jumped 31% in 1HFY2022 (vis-à-vis 1HFY2021), as gross profit margin edged up from 22% in 1HFY2021 to 25% in 1HFY2022. The improvement in gross profit margin was due mainly to better margin contributed by scaffolding services and metal division.



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

### Statements of Comprehensive Income (continued)

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

Administrative expenses increased by 16%, from S\$4.5 million in 1HFY2021 to S\$5.3 million in 1HFY2022, mainly due to the higher performance incentives of \$0.5 million from the improved group performance and the increased professional fee of S\$0.3 million related to some branding and an investment.

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

Other operating expenses decreased by 17%, from S\$1.8 million in 1HFY2021 to S\$1.5 million in 1HFY2022, mainly due to the lower depreciation for right-of-use assets of S\$0.2 million.

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

Finance expenses decreased by 25%, from S\$0.5 million in 1HFY2021 to S\$0.4 million in 1HFY2022 mainly due to loan repayments and decrease in lease liability.

#### ***Tax expenses***

Tax expenses increased by S\$0.7 million due to an increase in tax provision on the profit made in current financial period.

### Review of Financial Position

#### ***Statement of Financial Position as at 31 December 2021***

#### **Assets**

Decrease in property, plant and equipment and in right-of-use assets of S\$1.2 million and S\$0.8 million respectively was mainly due to depreciation charges.

Increase in trade and other receivables of S\$1.9 million was due to the deposit paid for an investment and higher sales activities during this reporting period.

Increase in inventories of S\$3.6 million was mainly attributable to scrap metals with higher purchasing prices and marine deck equipment for future sales and leasing activities.

#### **Liabilities**

Decrease in bank borrowings and lease liabilities of S\$1.5 million and \$0.8 million respectively was mainly due to repayment.

Increase in income tax payables was due to the increased tax provision on the profit made in current financial period.



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

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

Decrease in net cash generated from operating activities to S\$2.7 million in 1HFY2022 from 1HFY2021 of \$8.1 million was due to increase in inventories and more purchasing activities in line with business resumption since Phase 3 of re-opening and the deposit paid for an investment.

Net cash used in investing activities for the financial period of 1HFY2022 was mainly attributed to the replacement of retired rental materials.

Net cash used in financing activities amounted to S\$4.3 million in 1HFY2022, mainly due to the repayment of borrowings and lease liabilities and payment for dividends.

The Group's cash and cash equivalents decreased by S\$2.4 million compared 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) had largely improved to 3.9% as at 31 December from 13.6% a year ago.

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

Not applicable.

### **4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months**

Within the metal sector, the COVID-19 and the resulting disruption to the steel supply chain helped lift prices, which benefitted the Group's revenue from recycling and new steel trading. The higher price also benefitted the steel leasing business, as leasing has gradually become a preferred steel solution for this segment. The Group is cautiously positive on this division's performance in the near term.

The scaffolding business experienced a sustained recovery since the construction industry saw a further opening of business activities in phase 3 and adapted to the new safety measures required. Manpower is the main constrain faced by this industry, which can only be overcome progressively. The Group strategically focuses projects that can be efficiently managed to optimise margins within available capacities.

For the engineering division's marine deck equipment sector, the recovery in offshore crude oil and renewable energy activities have resulted in higher demand for both the trading and leasing of winch equipment. The outlook for the next 12 months is encouraging, and management will intensify its efforts to cultivate this division's growth.



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**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months (Continued)**

The Group continues to harness operational synergy within the engineering business and our strategy has shown positive results. Management made the conscious decision to move into complementary business segments within the marine, offshore and oil & gas industries. The latest sales and purchase agreement was announced on 29 December 2021, to take a 100% stake in BTH Holdings Pte. Ltd. Management believes that there are synergies between the two groups which will strengthen the overall engineering and manufacturing capabilities.

**5. Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No dividend was declared for the financial period ended 31 December 2021.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**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 undertakings from all its directors and executive officers 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. Confirmation by Directors pursuant to Rule 705(5) of the SGX Listing Manual**

The Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render these unaudited interim financial statements for the six-month period ended 31 December 2021, to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**ANG YU SENG**

Executive Chairman and Chief Executive Officer

9 February 2022