

Tye Soon Limited

Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2024

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group 6 months ended 30 June	
		2024 \$'000	2023 \$'000
Revenue	4	128,452	125,714
Other income		320	86
Changes in inventories of finished goods		547	(3,355)
Cost of purchases		(100,294)	(94,211)
Staff costs		(14,298)	(13,161)
Depreciation expenses		(2,380)	(2,316)
Other operating expenses		(7,068)	(7,404)
Finance costs		(2,149)	(2,025)
Profit before tax		3,130	3,328
Tax expense	6	(749)	(996)
Profit for the period	7	2,381	2,332
Profit attributable to:			
Owners of the Company		2,349	2,283
Non-controlling interests		32	49
Profit for the period		2,381	2,332
Earnings per share			
Basic and diluted earnings per share (cents)	9	2.69	2.62
Profit for the period		2,381	2,332
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate		(648)	(1,528)
Other comprehensive income for the period, net of tax		(648)	(1,528)
Total comprehensive income for the period		1,733	804
Total comprehensive income attributable to:			
Owners of the Company		1,699	787
Non-controlling interests		34	17
Total comprehensive income for the period		1,733	804

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Assets					
Plant and equipment	11	1,340	1,290	500	399
Right-of-use assets	12	6,818	7,846	932	1,283
Goodwill		91	91	–	–
Subsidiaries		–	–	21,405	21,691
Other investments		1,018	1,018	1,018	1,018
Deferred tax assets		1,791	1,831	–	–
Loan receivables		–	–	–	–
Non-current assets		11,058	12,076	23,855	24,391
Current tax assets		605	549	–	–
Inventories	13	116,628	118,857	37,940	40,698
Trade and other receivables	14	37,842	35,348	55,726	51,613
Cash and cash equivalents		14,821	13,211	4,743	3,897
Current assets		169,896	167,965	98,409	96,208
Total assets		180,954	180,041	122,264	120,599
Equity					
Share capital	16	38,057	38,057	38,057	38,057
Reserves		23,942	22,985	2,232	3,627
Equity attributable to owners of the Company		61,999	61,042	40,289	41,684
Non-controlling interests		683	649	–	–
Total equity		62,682	61,691	40,289	41,684
Liabilities					
Loans and borrowings	15	330	926	330	926
Lease liabilities	12	3,305	4,150	262	628
Employee benefits		111	110	–	–
Deferred tax liabilities		11	11	–	–
Non-current liabilities		3,757	5,197	592	1,554
Loans and borrowings	15	77,867	72,184	66,473	59,229
Lease liabilities	12	3,841	4,016	729	716
Trade and other payables		30,419	35,130	12,195	16,036
Contract liabilities		1,996	1,443	1,986	1,380
Current tax liabilities		392	380	–	–
Current liabilities		114,515	113,153	81,383	77,361
Total liabilities		118,272	118,350	81,975	78,915
Total equity and liabilities		180,954	180,041	122,264	120,599

C. Condensed interim statements of changes in equity

Group	← Attributable to owners of the Company →					Total \$'000	Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other capital reserves \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000			
At 1 January 2023	38,057	3,501	(105)	(9,974)	28,277	59,756	622	60,378
Total comprehensive income for the period								
Profit for the period	–	–	–	–	2,283	2,283	49	2,332
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(1,496)	–	(1,496)	(32)	(1,528)
Total other comprehensive income	–	–	–	(1,496)	–	(1,496)	(32)	(1,528)
Total comprehensive income for the period	–	–	–	(1,496)	2,283	787	17	804
Transactions with owners, recognised directly in equity								
Dividend paid	–	–	–	–	(742)	(742)	–	(742)
At 30 June 2023	38,057	3,501	(105)	(11,470)	29,818	59,801	639	60,440
At 1 January 2024	38,057	3,501	(105)	(11,794)	31,383	61,042	649	61,691
Total comprehensive income for the period								
Profit for the period	–	–	–	–	2,349	2,349	32	2,381
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(650)	–	(650)	2	(648)
Total other comprehensive income	–	–	–	(650)	–	(650)	2	(648)
Total comprehensive income for the period	–	–	–	(650)	2,349	1,699	34	1,733
Transactions with owners, recognised directly in equity								
Dividend paid	–	–	–	–	(742)	(742)	–	(742)
At 30 June 2024	38,057	3,501	(105)	(12,444)	32,990	61,999	683	62,682

C. Condensed interim statements of changes in equity (cont'd)

Company	Share capital \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2023	38,057	(105)	680	3,878	42,510
Total comprehensive income for the period					
Loss for the period	–	–	–	(1,669)	(1,669)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	30	–	30
Total other comprehensive income	–	–	30	–	30
Total comprehensive income for the period	–	–	30	(1,669)	(1,639)
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(742)	(742)
At 30 June 2023	38,057	(105)	710	1,467	40,129
At 1 January 2024	38,057	(105)	757	2,975	41,684
Total comprehensive income for the period					
Loss for the period	–	–	–	(600)	(600)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	(53)	–	(53)
Total other comprehensive income	–	–	(53)	–	(53)
Total comprehensive income for the period	–	–	(53)	(600)	(653)
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(742)	(742)
At 30 June 2024	38,057	(105)	704	1,633	40,289

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	3,130	3,328
Adjustments for:		
Depreciation of plant and equipment and right-of-use assets	2,380	2,316
Gain on sale of plant and equipment	(2)	(5)
Reversal of Impairment losses on trade receivables	(4)	(52)
Write-down of inventories	171	210
Interest income	(31)	(5)
Finance costs	2,149	2,025
Unrealised foreign exchange gain	208	(36)
Gain on derecognition of right-of-use assets	–	(6)
	8,001	7,775
Changes in working capital		
Changes in inventories	1,613	1,960
Changes in trade and other receivables	(2,642)	(5,527)
Changes in trade and other payables	(4,844)	(9,834)
Changes in contract liabilities	553	(218)
Changes in bills payable and trust receipts	(2,935)	26
	(254)	(5,818)
Cash used in operating activities		
Tax paid	(753)	(1,340)
Interest paid for bills payable and trust receipts	(1,166)	(901)
	(2,173)	(8,059)
Cash flows from investing activities		
Interest received	31	5
Proceeds from sale of plant and equipment	5	6
Acquisition of plant and equipment	(256)	(221)
	(220)	(210)
Cash flows from financing activities		
Proceeds from borrowings	46,751	30,388
Repayment of borrowings	(38,844)	(20,251)
Payment of lease liabilities	(2,181)	(2,054)
Interest paid for lease liabilities and unsecured bank loans	(728)	(1,036)
Dividend paid	(742)	(742)
	4,256	6,305
Net cash generated from financing activities		
Net increase/(decrease) in cash and cash equivalents	1,863	(1,964)
Cash and cash equivalents at the beginning of period	13,211	18,283
Effect of exchange rate changes on the balance of cash held in foreign currencies	(253)	(539)
	14,821	15,780
Cash and cash equivalents at the end of period	14,821	15,780

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Tye Soon Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office and principal place of business is 9 Toh Guan Road East #02-01 Singapore 608604.

These condensed interim consolidated financial statements of the Group as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The Group is primarily involved in the import and export, and distribution of automotive parts.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standard (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 31 December 2023.

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 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the below standards.

- Lease Liability in a Sale and Leaseback (Amendments to SFRS(I) 16)
- Non-current Liabilities with Covenants – Amendments to SFRS(I) 1-1 and Classification of Liabilities as Current or Non-current – Amendments to SFRS(I) 1-1
- Supplier Finance Arrangement (Amendments to SFRS(I) 1-7 and SFRS(I) 7)
- Lack of exchangeability (Amendments to SFRS(I) 1-21)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1- 28 *Investments in Associates and Joint Ventures*)

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the six months ended 30 June 2024.

2. Basis of Preparation (cont'd)

2.2 Use of judgements and estimates

In preparing the condensed interim 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 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management where appropriate. Revisions to accounting estimates are recognised prospectively.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

- Note 13 – Valuation of inventories
- Note 14 – Valuation of trade receivables

Measurement of fair values

A number of the Group's accounting policies and disclosures requires the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has an overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Financial Controller.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Segment information is presented in respect of the Group's business segments, which reflects the Group's internal reporting structure that is regularly reviewed by the Executive Directors Committee for the purpose of allocating resources to the respective segments and performance assessment.

The Group is principally engaged in a single business line which relates to the distribution of automotive parts.

4.1 Reportable segments

Geographical information

In presenting information on the basis of geographical segment, segment revenue is based on geographical location of the customers which the sales are made to regardless of where the sales originate. Segment assets are based on the geographical location of the assets.

	Singapore \$'000	Malaysia \$'000	Australia \$'000	Thailand \$'000	South Korea \$'000	Others \$'000	Total \$'000
6 months ended 30 June 2024							
Total revenue from external customers	11,739	27,644	21,676	6,991	38,506	21,896	128,452
6 months ended 30 June 2023							
Total revenue from external customers	12,924	28,198	21,772	8,794	35,212	18,814	125,714
30 June 2024							
Non-current assets ⁽ⁱ⁾	1,432	335	3,322	–	2,901	259	8,249
31 December 2023							
Non-current assets ⁽ⁱ⁾	1,682	465	3,895	–	3,035	150	9,227

⁽ⁱ⁾ Non-current assets presented consist of plant and equipment, right-of-use assets and goodwill.

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

Major Customer

For the periods ended 30 June 2024 and 2023, there was no single customer that contributed to 10% or more of the Group's revenue.

4.2 Disaggregation of Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets.

	Group	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Primary geographical markets		
Singapore	11,739	12,924
Malaysia	27,644	28,198
Australia	21,676	21,772
Thailand	6,991	8,794
South Korea	38,506	35,212
Others	21,896	18,814
	128,452	125,714

5. Financial assets and financial liabilities

Fair value versus carrying amounts

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2024								
Financial assets not measured at fair value								
Trade and other receivables #	37,480	–	–	37,480				
Cash and cash equivalents	14,821	–	–	14,821				
	<u>52,301</u>	<u>–</u>	<u>–</u>	<u>52,301</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	–	–	1,516	1,516				
Unsecured bank loans	–	–	36,335	36,335				
Bills payable and trust receipts	–	–	40,346	40,346				
Trade and other payables *	–	–	30,195	30,195				
	<u>–</u>	<u>–</u>	<u>108,392</u>	<u>108,392</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

Group	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2023								
Financial assets not measured at fair value								
Trade and other receivables #	34,941	–	–	34,941				
Cash and cash equivalents	13,211	–	–	13,211				
	<u>48,152</u>	<u>–</u>	<u>–</u>	<u>48,152</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	–	–	2,099	2,099				
Unsecured bank loans	–	–	27,731	27,731				
Bills payable and trust receipts	–	–	43,280	43,280				
Trade and other payables *	–	–	34,907	34,907				
	<u>–</u>	<u>–</u>	<u>108,017</u>	<u>108,017</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company								
30 June 2024								
Financial assets not measured at fair value								
Trade and other receivables #	55,595	–	–	55,595				
Cash and cash equivalents	4,743	–	–	4,743				
	<u>60,338</u>	<u>–</u>	<u>–</u>	<u>60,338</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
	<u>–</u>	<u>1,018</u>	<u>–</u>	<u>1,018</u>	<u>–</u>	<u>–</u>	<u>1,018</u>	<u>1,018</u>
Financial liabilities not measured at fair value								
Term loans	–	–	1,516	1,516				
Unsecured bank loans	–	–	29,752	29,752				
Bills payable and trust receipts	–	–	35,535	35,535				
Trade and other payables *	–	–	12,097	12,097				
	<u>–</u>	<u>–</u>	<u>78,900</u>	<u>78,900</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company								
31 December 2023								
Financial assets not measured at fair value								
Trade and other receivables #	51,562	–	–	51,562				
Cash and cash equivalents	3,897	–	–	3,897				
	<u>55,459</u>	<u>–</u>	<u>–</u>	<u>55,459</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	–	–	2,099	2,099				
Unsecured bank loans	–	–	22,383	22,383				
Bills payable and trust receipts	–	–	35,673	35,673				
Trade and other payables *	–	–	15,939	15,939				
	<u>–</u>	<u>–</u>	<u>76,094</u>	<u>76,094</u>				

Excludes prepayments.

* Excludes provision for site restoration.

5. Financial assets and financial liabilities (cont'd)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity investment at FVOCI	Adjusted net asset method	Net asset value of the investee, adjusted for discount on lack of control	The estimated fair value would increase/ (decrease) if net asset value for unquoted equity security was higher/(lower).

(ii) Transfer between Level 1, Level 2 and Level 3

There were no transfers of financial instruments between Level 1, Level 2 and Level 3.

(iii) Level 3 fair value

There were no changes on the opening balance and closing balance for Level 3 fair value.

Financial instruments not measured at fair value

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, bills payable and trust receipts and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

6. Tax expense

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

	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Current income tax expense	705	957
Deferred income tax expense relating to origination and reversal of temporary differences	30	32
Withholding tax	14	7
	749	996
	749	996

7. Profit before tax

7.1 The following items have been included in arriving at the profit for the period:

	Group	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Interest income	(31)	(5)
Government grants and supports	(16)	(10)
Gain on sale of plant and equipment	(2)	(5)
Reversal of impairment losses on trade receivables	(4)	(52)
Gain on derecognition of right-of-use assets	–	(6)
Finance costs	2,149	2,025
Depreciation of plant and equipment and right-of-use assets	2,380	2,316
Write-down of inventories	171	210
Foreign exchange loss, net	133	597
	749	996
	749	996

7. Profit before tax (cont'd)

7.2 Other operating expenses

	Group	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Expenses relating to short term leases	852	725
Transportation expenses	2,134	1,979
Write-down of inventories	171	210
Sales commission expenses	893	915
Utility expenses	914	904
Foreign exchange loss, net	133	597
Others	1,971	2,074
Total	7,068	7,404

7.3 Related party transactions

Transactions with key management personnel

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The directors, advisers and senior managers of the Company are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Directors' fees	113	161
Short-term employee benefits	496	444
Post-employment benefits	22	19
	631	624

7. Profit before tax (cont'd)

7.3 Related party transactions (cont'd)

Other related party transactions

During the period, the following related party transactions are carried out on terms agreed between the parties:

	Group	
	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Related party #		
- Sales	88	98
	<hr/>	<hr/>

A shareholder company of the Group

8. Dividends

	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Ordinary dividends paid (net of tax)	742	742
	<hr/>	<hr/>

A final tax exempt (one-tier) dividend of \$0.0085 per ordinary share, amounting to \$742,000 in respect of the financial year ended 31 December 2023 was paid in the current reporting period.

9. Earnings per share

	6 months ended	
	30 June	
	2024	2023
	\$'000	\$'000
Profit attributable to owners of the Company	2,349	2,283
	2024	2023
	'000	'000
Weighted average number of ordinary shares	87,265	87,265
	6 months ended	
	30 June	
	2024	2023
Earnings per share (cents)		
- Basic	2.69	2.62
- Diluted	2.69	2.62

The basic and diluted earnings per share are the same for the period ended 30 June 2024 and 2023 as there were no dilutive instruments in issue as at 30 June 2024 and 30 June 2023.

10. Net asset value

	Group		Company	
	30 June	31 December	30 June	31 December
	2024	2023	2024	2023
Net asset value per ordinary share (cents)	71.1	70.0	46.2	47.8

Net asset value per ordinary share as at 30 June 2024 was computed based on equity attributable to owners of the Company of \$61,999,000 (31 December 2023: \$61,042,000) and existing ordinary shares of 87,265,029 (31 December 2023: 87,265,029).

11. Plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to \$256,000 (30 June 2023: \$221,000).

12. Rights-of-use assets and lease liabilities

During the period ended 30 June 2024, the Group acquired right-of-use asset with an aggregate cost of \$1,251,000 (30 June 2023: \$1,759,000), of which \$1,251,000 (30 June 2023: \$1,759,000) was acquired via lease liabilities and \$nil (30 June 2023: \$27,000) pertains to provision for site restoration.

13. Inventories

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Finished goods	103,527	109,100	33,018	36,668
Goods-in-transit	13,101	9,757	4,922	4,030
	116,628	118,857	37,940	40,698

The net realisable value represents management's best estimate of the recoverable amount which involves significant management judgement. Management considers the age of these inventories, prevailing market conditions in the automotive parts industry and historical inventory utilisation experience as part of its inventory obsolescence assessment process. The write-down required could change significantly if business and market conditions deviate from management's expectations.

The Group's cost of inventories for the period ended 30 June 2024 amounted to \$99,747,000 (30 June 2023: \$97,566,000) and was recognised as expense and included in cost of purchases and changes in inventories of finished goods.

Included in the Group's other operating expenses is the write-down of inventories to net realisable value for the period ended 30 June 2024 amounting to \$200,000 (30 June 2023: \$227,000) offset by a reversal of \$29,000 (30 June 2023: \$17,000).

14. Trade and other receivables

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Trade receivables	33,230	31,352	10,717	10,656
Trade amounts due from subsidiaries	–	–	15,286	12,077
Non-trade amounts due from subsidiaries	–	–	28,455	27,852
Other receivables	4,250	3,589	1,137	977
	37,480	34,941	55,595	51,562
Prepayments	362	407	131	51
	37,842	35,348	55,726	51,613

14. Trade and other receivables (cont'd)

Expected credit loss (ECL) assessment

The Group identified trade receivables that are credit-impaired to be those where default event(s) has occurred. For such receivables, the Group assessed specifically the probability of recovery to the trade receivables and recognised the difference as impairment loss.

The Group uses an allowance matrix to measure the ECLs for the remaining trade receivables which comprises a large customer base with small balances and which are not credit impaired. The loss rates applied to the allowance matrix are calculated based on historical credit loss experience in the past 5 years adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

15. Loans and borrowings

	Group		Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
<u>Amount repayable</u>				
Within one year	77,867	72,184	66,473	59,229
After one year	330	926	330	926
	78,197	73,110	66,803	60,155

16. Share capital

	30 June 2024		31 December 2023	
	Number of shares	\$'000	Number of shares	\$'000
As beginning and end of period/year	87,265,029	38,057	87,265,029	38,057

The Company did not hold any treasury shares as at 30 June 2024 and 31 December 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Tye Soon Limited and its subsidiaries as at 30 June 2024 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

Review of Performance

Group turnover increased by 2.2% to \$128.5 million.

The SGD continued to appreciate against the currencies of each of the Group's main overseas operations in South Korea (KRW), Australia (AUD) and Malaysia (MYR) during 1H24. Group turnover would have increased by 4.1% to \$130.8 million had the average exchange rates for the above currencies remained the same against the SGD as in 1H23.

Customer demand remained resilient despite a slowing economic environment globally, including many of the Group's main markets, weighed down by the effects of higher for longer interest rates. Although inflationary pressures have softened somewhat since last year, such pressures have had an adverse impact on cost of living for consumers which in turn has led to more cautious spending. Efforts made in 2H23 to protect the Group's customer base in the face of increased competitive intensity continued into 1H24, especially in Australia and Malaysia. Though these initiatives have had a dampening effect on gross margin rates in these markets, the Group managed to improve margins in other markets resulting in a largely steady gross margin rate for the Group in 1H24 when compared to 1H23. Supply issues mentioned last year have not dissipated and in recent months have broadened to include longer shipping lead times caused by continuing geopolitical tensions.

Demand from customers in Singapore and many overseas export markets continued to remain resilient amidst a subdued global economic environment weighed down by elevated interest rate levels. Revenue for the business in Singapore remained largely steady, with actual amounts in 1H24 higher by 0.2% when compared with the corresponding period last year.

Revenue for the business in South Korea increased by 12.9% in KRW terms, but at a lower rate of 9.4% in SGD terms due to the weaker KRW in comparison with the exchange rate in the corresponding period last year. Customer demand remained firm but the strength of the momentum experienced last year was affected due to weakening economic conditions as the economy contracted in Q2.

2. Review of performance of the Group

Review of Performance (cont'd)

The business in Australia held a steady course during 1H24 despite a slowing economic environment. Revenue improved by 0.1% in AUD terms in comparison with 1H23 but increased by 5.7% against 2H23, an encouraging sequential improvement after taking into account seasonal factors. Revenue in SGD terms, however, declined by 0.9% in comparison with 1H23 due to the weaker AUD against the exchange rate in the corresponding period. The competitive intensity experienced in 2H23 carried over to 1H24. Although the inflationary environment and tight labour market conditions have abated somewhat since last year, wage expectations remain high. Business capacity was largely maintained.

Following the Group's efforts in Malaysia last year to respond to higher competitive intensity, the Group continued with initiatives to consolidate its market presence in 1H24. Although the level of competition remains resilient, the Group continued to make progress. Revenue increased by 2.6% in MYR terms but was lower by 2.1% in SGD terms due to the weaker MYR in comparison with the exchange rate in the corresponding period.

Total margins for the Group increased by \$0.6 million in 1H24 mainly due to the increase in turnover as the gross margin rate remained steady.

Operating expenses increased by \$1.4 million mainly due to higher staff cost amounting to \$1.1 million and the depreciation of the KRW, AUD and MYR against the SGD. Had exchange rates for 1H24 remained the same as in 1H23, especially the KRW in terms of impact on the Group, the increase in staff cost would have been \$1.4 million. South Korea registered the biggest increase as the size of the team expanded in line with the increase in the level of business as well as to build up business capacity. Aside from staff cost, Group logistics and premises rental-related costs increased in aggregate by \$0.3 million; all other operating costs were generally well contained.

Foreign exchange loss amounted to \$0.1 million in 1H24 compared to \$0.6 million in 1H23.

Profit from operations (EBIT) decreased by 1.4% from \$5.4 million to \$5.3 million.

Total finance cost increased by \$0.2 million from \$1.8 million to \$2.0 million.

Profit before tax decreased by 6% from \$3.3 million to \$3.1 million.

Profit after tax increased by 2.1% from \$2.3 million to \$2.4 million.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$1.7 million.

2. Review of performance of the Group (cont'd)

Balance Sheet Review

Right-of-use (ROU) assets decreased by \$1.0 million from \$7.8 million as at 31 December 2023 to \$6.8 million as at 30 June 2024 mainly due to additions and depreciation of ROU assets.

Group inventory was at 7.0 months as at 30 June 2024 compared to 7.3 months as at 31 December 2023. Inventory levels decreased by \$2.3 million from \$118.9 million as at 31 December 2023 to \$116.6 million as at 30 June 2024.

Group receivable level was at 1.6 months as at 30 June 2024 compared to 1.5 months as at 31 December 2023. In absolute terms, trade receivables increased by \$1.8 million from \$31.4 million as at 31 December 2023 to \$33.2 million as at 30 June 2024.

Loans and borrowings, a large portion of which consisted of trade-related bills, increased by \$5.1 million from \$73.1 million as at 31 December 2023 to \$78.2 million as at 30 June 2024.

During the same period, Group payables decreased by \$4.7 million from \$35.1 million as at 31 December 2023 to \$30.4 million as at 30 June 2024.

Cash balances increased by \$1.6 million from \$13.2 million as at 31 December 2023 to \$14.8 million as at 30 June 2024.

The Group's Current Ratio remained relatively steady at 1.5 times as at 30 June 2024 and 31 December 2023.

The Group's net gearing level increased to 1.02 times as at 30 June 2024 from 0.98 times as at 31 December 2023 as a result of using bank facilities to pay down trade payables.

Cash Flow Statement Review

Cash generated from operations before accounting for changes in working capital amounted to \$8.0 million for the six-month period. After accounting for changes in working capital, cash used in operating activities amounted to \$0.3 million. Net cash used in operating activities after accounting for tax and net interest paid amounted to \$2.2 million. Net cash used in investing activities amounted to \$0.2 million. Net cash generated from financing activities amounted to \$4.3 million mainly due to net proceeds from the use of short-term bank facilities. Cash balances as at 30 June 2024 amounted to \$14.8 million.

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

The Group has not disclosed any forecast.

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 operating period and the next 12 months.

Supply issues have not dissipated but the issue relating to the uncertainty in lead times is now weighted on both factory production as well as shipping-related lead times. The Group will continue to work closely with principals and logistics service providers for solutions.

The Group's ability to improve overall gross margin rate back to the level achieved in 1H23 after experiencing a decline in 2H23 is encouraging. Although the competitive intensity in Australia and Malaysia remained firm in 1H24, the improvement in margins in other markets provided a good counterbalance. Whilst business conditions remain soft, the Group continues to leverage on its wide customer base and aims to take a more pro-margin stance before the end of the year.

Upward pressure on the Group's operational costs remains a factor but decisions made in the past 12-18 months to constrain growth in business capacity in situations where wage and landlord expectations were too high will help to slow down the upward trend in operating costs.

Following on from the assessment made in February 2024 regarding the outlook for FY24, the Group continues to work towards improving the level of business and the gross margin rate as well as achieving a more moderate pace in the upward trend in operating costs.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes

The following interim tax exempt (one-tier) dividends was declared by the directors. The exempt (one-tier) dividends have not been provided for.

Name of dividend	Interim in respect for the six months ended 30 June 2024
Dividend type	Cash
Dividend per share	\$0.00638
Tax rate	Tax exempt

5b. Corresponding Period of the Immediate Preceding Financial Year

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

Yes.

Name of dividend	Interim in respect for the six months ended 30 June 2023
Dividend type	Cash
Dividend per share	\$0.00425
Tax rate	Tax exempt

6. Interested person transactions

The Group has not obtained 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 procured signed undertakings from all of its directors and executive officers based on Appendix 7.7 of the SGX-ST Listing Manual.

8. Confirmation by the Board.

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company for the six-month period ended 30 June 2024 to be false or misleading in any material respects.

On behalf of the Board of Directors

David Chong Tek Yew
Managing Director

Ong Eng Chian Kelvin
Deputy Managing Director

8 August 2024