



NICO STEEL HOLDINGS LIMITED

UEN: 200104166D

SGX Stock Code: 5GF

Condensed Interim Financial Statements

For the six months and full year ended 28 February 2023

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

		6 months ended 28 February 2023	6 months ended 28 February 2022	The Group Variance	12 months ended 28 February 2023	12 months ended 28 February 2022	Variance
	Note	USD'000	USD'000		USD'000	USD'000	
Revenue	4	7,306	10,916	(33%)	16,419	20,882	(21%)
Cost of sales		(5,874)	(9,008)	(35%)	(13,226)	(17,108)	(23%)
Gross profit		1,432	1,908	(25%)	3,193	3,774	(15%)
Interest income from banks	6	24	2	>100%	27	3	>100%
Other income		(79)	57	N.M.	294	115	>100%
Distribution expenses		(255)	(337)	(24%)	(487)	(558)	(13%)
Administrative expenses		(995)	(1,046)	4%	(2,459)	(2,378)	3%
Other expenses		-	(120)	N.M.	-	(135)	N.M.
Finance costs		(98)	(117)	(16%)	(221)	(203)	(9%)
Profit before tax	6	29	347	(91%)	347	618	(44%)
Tax expense	7	(168)	(172)	(2%)	(256)	(287)	(11%)
(Loss)/profit for the financial period		(139)	175	N.M.	91	331	(73%)
Other comprehensive (loss)/income, net of tax							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising on consolidation		(54)	237	N.M.	(1,087)	162	N.M.
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising on consolidation		3	(12)	N.M.	42	(12)	N.M.
Other comprehensive (loss)/income for the period, net of tax		(51)	225	N.M.	(1,045)	150	N.M.
Total comprehensive (loss)/income for the period		(190)	400	N.M.	(954)	481	N.M.

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

			The Group			
	6 months ended 28 February 2023	6 months ended 28 February 2022	Variance	12 months ended 28 February 2023	12 months ended 28 February 2022	Variance
Note	USD'000	USD'000		USD'000	USD'000	
(Loss)/profit attributable to:						
Equity holders of the Company	(149)	163	N.M.	71	322	(78%)
Non-controlling interests	10	12	(17%)	20	9	>100%
(Loss)/profit for the financial period	(139)	175	N.M.	91	331	(72%)
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(203)	400	N.M.	(1,016)	484	N.M.
Non-controlling interests	13	-	N.M.	62	(3)	N.M.
Total comprehensive (loss)/income for the period	(190)	400	N.M.	(954)	481	N.M.
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company (cents per share)						
Basic and diluted	(0.00)	0.00		0.00	0.01	

N.M. – not meaningful

B. Condensed interim statements of financial position

		Group		Company	
	Note	As at 28/02/2023 USD'000	As at 28/02/2022 USD'000	As at 28/02/2023 USD'000	As at 28/02/2022 USD'000
Non-current assets					
Property, plant and equipment	9	3,426	3,814	-	-
Intangible assets	10	2	2	-	-
Subsidiaries		-	-	12,647	12,647
		<u>3,428</u>	<u>3,816</u>	<u>12,647</u>	<u>12,647</u>
Current assets					
Inventories		7,656	8,456	-	-
Trade and other receivables	11	4,515	6,724	2,369	2,994
Contract assets		738	582	-	-
Cash and cash equivalents		3,697	4,511	19	48
		<u>16,606</u>	<u>20,273</u>	<u>2,388</u>	<u>3,042</u>
Total assets		<u>20,034</u>	<u>24,089</u>	<u>15,035</u>	<u>15,689</u>
Equity					
Share capital	12	15,851	15,851	15,851	15,851
Reserves		(2,110)	(1,126)	-	-
Accumulated profits/(losses)		2,782	2,814	(1,015)	(380)
Equity attributable to equity holders of the Company, total		16,523	17,539	14,836	15,471
Non-controlling interests		(412)	(474)	-	-
Total equity		<u>16,111</u>	<u>17,065</u>	<u>14,836</u>	<u>15,471</u>
Non-current liabilities					
Borrowings	13	625	1,302	-	-
Deferred tax liabilities		10	10	-	-
Provisions		10	11	-	-
Total non-current liabilities		<u>645</u>	<u>1,323</u>	<u>-</u>	<u>-</u>
Current liabilities					
Borrowings	13	1,681	4,181	-	-
Trade and other payables	14	1,515	1,423	199	206
Provisions		21	21	-	-
Current tax payable		61	76	-	12
		<u>3,278</u>	<u>5,701</u>	<u>199</u>	<u>218</u>
Total liabilities		<u>3,923</u>	<u>7,024</u>	<u>199</u>	<u>218</u>
Total equity and liabilities		<u>20,034</u>	<u>24,089</u>	<u>15,035</u>	<u>15,689</u>

C. Condensed interim statements of changes in equity

	Attributable to equity holders of the Company					Total	Non-controlling interests	Total equity
	Share capital	Merger reserve	Currency translation reserve	Statutory surplus reserve	Accumulated profits			
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
The Group								
At 1 March 2021	15,851	(2,825)	698	747	2,584	17,055	(471)	16,584
Profit for the year	-	-	-	-	322	322	9	331
Other comprehensive income/(loss), net of tax								
Currency translation differences arising from consolidation	-	-	162	-	-	162	(12)	150
Total comprehensive income/(loss) for the year	-	-	162	-	322	484	(3)	481
Transfer of statutory surplus reserve	-	-	-	92	(92)	-	-	-
At 28 February 2022	15,851	(2,825)	860	839	2,814	17,539	(474)	17,065
The Group								
At 1 March 2022	15,851	(2,825)	860	839	2,814	17,539	(474)	17,065
Profit for the year	-	-	-	-	71	71	20	91
Other comprehensive income/(loss), net of tax								
Currency translation differences arising from consolidation	-	-	(1,087)	-	-	(1,087)	42	(1,045)
Total comprehensive income for the year	-	-	(1,087)	-	71	(1,016)	62	(954)
Transfer of statutory surplus reserve	-	-	-	103	(103)	-	-	-
At 28 February 2023	15,851	(2,825)	(227)	942	2,782	16,523	(412)	16,111

Condensed interim statements of changes in equity

The Company	Share capital	Accumulated losses	Total
	USD'000	USD'000	USD'000
At 1 March 2021	15,851	(4,742)	11,109
Profit and total comprehensive income for the year	-	4,362	4,362
At 28 February 2022	15,851	(380)	15,471
At 1 March 2022	15,851	(380)	15,471
Loss and total comprehensive loss for the year	-	(635)	(635)
At 28 February 2023	15,851	(1,015)	14,836

D. Condensed interim consolidated statement of cash flows

	The Group	
	12 months ended 28 February 2023	12 months ended 28 February 2022
	USD'000	USD'000
Cash flows from operating activities		
Profit before income tax	347	618
Adjustments for:		
Amortisation of intangible assets	1	1
Depreciation of property, plant and equipment	514	489
Interest expense	221	203
Loss on disposal of property, plant and equipment	-	2
Interest income from banks	(27)	(3)
Reversal of inventories write-down	(649)	(562)
Operating profit before working capital changes	407	748
Changes in working capital:		
Inventories	1,448	(628)
Trade and other receivables and contract assets	2,054	(497)
Trade and other payables and contract liabilities	91	35
Provisions	-	(87)
Currency translation adjustments	(1,126)	145
Cash generated from/(used in) operations	2,874	(284)
Income taxes paid, net	(271)	(225)
Interest paid	(30)	(20)
Net cash generated from/(used in) operating activities	2,573	(529)
Cash flows from investing activities		
Purchase of property, plant and equipment	(252)	(341)
Purchase of intangible assets	(1)	(1)
Interest received	27	3
Proceeds from disposal of property, plant and equipment	-	1
Net cash used in investing activities	(226)	(338)
Cash flows from financing activities		
Proceeds from bank loan	147	2,240
Repayment of bank loan	(468)	(984)
Interest paid on bank loans	(23)	(19)
Proceeds from working capital bank loans	5,554	6,832
Repayment of working capital bank loans	(7,204)	(6,895)
Interest paid on working capital bank loans	(122)	(134)
Proceeds from bills payable	1,437	2,571
Repayment of bills payable	(2,232)	(1,776)
Interest paid on bills payable	(15)	(6)
Repayment of lease liabilities	(205)	(265)
Interest paid on lease liabilities	(30)	(24)
Net cash (used in)/generated from financing activities	(3,161)	1,540

	12 months ended 28 February 2023	12 months ended 28 February 2022
	USD'000	USD'000
Net (decrease)/increase in cash and cash equivalents	(814)	673
Cash and cash equivalents at 1 March	4,511	3,836
Effect of exchange rate fluctuations on cash held	-	2
Cash and cash equivalents at 28 February	3,697	4,511

E. Notes to the condensed interim consolidated financial statements

1 Corporate information

Nico Steel Holdings Limited (the "Company") is a company incorporated in Singapore. The registered office and principal place of business of the Company is located at 51 Loyang Way, Singapore 508744.

On 16 October 2020, the Company received from the Singapore Exchange Securities Trading Limited ("SGX-ST") the notification of delisting from the official list of the SGX-ST and the Company's application made on 30 June 2020 for a further extension of 12 months to meet the requirements under Rule 1314(1) of the Listing Manual for its removal from the watch-list has been rejected by the SGX-ST. Consequently, trading in the Company's securities has been suspended with effect from 16 November 2020 until the completion of an exit offer to the shareholders. The Company was not able to make an exit offer as no exit offer has been received by either of the Company's controlling shareholders.

On 9 March 2023, the Company received a letter from SGX-ST in relation to the notification of delisting after several correspondences with SGX-ST. The Company would need to obtain shareholders' approval for its delisting without an exit offer made to the Company's shareholders and holders of any other classes of listed securities to be delisted pursuant to Listing Rule 1309. The shareholders' circular on the aforesaid matter is to contain the following disclosures:- (a) the exit options considered and assessed by the board of directors including the reasons for not proceeding with any of these exit options and why it is proposing to delist without an exit offer; and (b) the board of directors' opinion as to whether this proposal is in the best interests of the Company and its minority shareholders as compared to other considered exit options, and the bases for such an opinion. The shareholders' resolution for the Company's delisting without an exit offer shall be tabled at a general meeting of the Company to be convened not be later than 30 June 2023. If the shareholders' approval is not obtained as required under abovesaid, the Company would need to obtain shareholders' approval for an alternative delisting proposal which would satisfy Chapter 13 of the SGX-ST Listing Manual (e.g. voluntary liquidation). As at date authorisation of the financial statements, the Company is in the processing of drafting the shareholders' circular.

The principal activities of the Company are those relating to an investment holding company and a service company providing support services as required by its subsidiaries.

The principal activities of the Group are those relating to provision of metal slitting services and import and export trading, provision of ferrous and non-ferrous raw materials in strip-in coils for the stamping and metal fabricating industries, provision of electro-plating process, material surface treatment and chemistry blending for electronic products, and processing and sales of metal products and foreign trade operations; sales of self-owned structural machinery products for metal products; metal manufacturing, metal processing machinery manufacturing, casting manufacturing, metal mould manufacturing, metal cutting tools manufacturing.

E. Notes to the condensed interim consolidated financial statements (cont'd)

2 Basis of preparation

The condensed interim financial statements for the six months and full year ended 28 February 2023 have been prepared in accordance with 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 interim financial statements for the period ended 31 August 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in US dollars (USD) 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 those standards.

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 28 February 2022.

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

3. Seasonal operations

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

4. Revenue

Revenue represents consideration to which the Group expects to be entitled in transferring the promised goods to customers. Revenue is predominantly attributable from the People's Republic of China.

4.1. Reported segments

The Group has the following two strategic business units, which are its reportable segments. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- Coil Centre: provision of metallurgical solutions, metal slitting services, and import and export trading

4.1. Reported segments (cont'd)

- Plating: provision of electro-plating process, metal surface treatment and chemistry blending for electronic products
- Other operations comprise mainly investment holding

There is integration between the Coil Centre and Plating reportable segments. This integration includes plating services provided to the inventories of Coil Centre. Inter-segment pricing is conducted based on terms agreed between the segments.

Information regarding the results of each reportable segment is included as below.

Information about reportable segments

	Coil Centre USD'000	Plating USD'000	Others USD'000	Total USD'000
1 September 2022 to 28 February 2023				
Revenue and expenses				
External revenue	7,306	-	-	7,306
Inter-segment revenue	-	794	-	794
Total revenue of reportable segments	7,306	794	-	8,100
Interest income	99	-	-	99
Finance costs	(130)	(42)	-	(172)
Depreciation and amortisation	(160)	(105)	-	(265)
Reversal of inventories write-down	551	8	-	559
Reportable segment profit/(loss) before tax	225	52	(248)	29
Tax expense	(167)	(3)	2	(168)
Reportable segment profit/(loss) after tax	58	49	(246)	(139)
Segment assets	(2,408)	(171)	6	(2,573)
Total assets	(2,408)	(171)	6	(2,573)
Capital expenditure	49	5	-	54
Segment liabilities	(2,380)	(119)	55	(2,444)
Current tax payable	49	-	-	49
Deferred tax liabilities	-	-	-	-
Total liabilities	(2,331)	(119)	55	(2,395)

Other segment included unallocated Group-level corporate costs and income from investment holding.

4.1. Reported segments (cont'd)

Information about reportable segments

	Coil Centre USD'000	Plating USD'000	Others USD'000	Total USD'000
1 September 2021 to 28 February 2022				
Revenue and expenses				
External revenue	10,916	-	-	10,916
Inter-segment revenue	-	729	-	729
Total revenue of reportable segments	10,916	729	-	11,645
Interest income	59	-	-	59
Finance costs	(184)	(83)	-	(267)
Depreciation and amortisation	(141)	(112)	-	(253)
Write-down of inventories	(130)	-	-	(130)
Reversal of inventories write-down	543	8	-	551
Reportable segment (loss)/profit before tax	(4,444)	57	4,734	347
Tax expense	(160)	-	(12)	(172)
Reportable segment (loss)/profit after tax	(4,604)	57	4,722	175
Segment assets	1,151	1,031	-	2,182
Total assets	1,151	1,031	-	2,182
Capital expenditure	192	3	-	195
Other segment liabilities	1,522	124	59	1,705
Current tax payable	64	-	12	76
Total liabilities	1,586	124	71	1,781

Other segment included unallocated Group-level corporate costs and income from investment holding.

4.1. Reported segments (cont'd)

Information about reportable segments

	Coil Centre USD'000	Plating USD'000	Others USD'000	Total USD'000
1 March 2022 to 28 February 2023				
Revenue and expenses				
External revenue	16,419	-	-	16,419
Inter-segment revenue	-	1,483	-	1,483
Total revenue of reportable segments	16,419	1,483	-	17,902
Interest income	181	1	-	182
Finance costs	(287)	(88)	-	(375)
Depreciation and amortisation	(305)	(209)	-	(514)
Reversal of inventories write-down	641	8	-	649
Reportable segment profit/(loss) before tax	883	102	(638)	347
Tax expense	(256)	(3)	3	(256)
Reportable segment profit/(loss) after tax	627	99	(635)	91
Segment assets	19,502	494	36	20,032
Intangible assets	2	-	-	2
Total assets	19,504	494	36	20,034
Capital expenditure	247	5	-	252
Segment liabilities	3,377	324	151	3,852
Current tax payable	61	-	-	61
Deferred tax liabilities	10	-	-	10
Total liabilities	3,448	324	151	3,923

Other segment included unallocated Group-level corporate costs and income from investment holding.

4.1. Reported segments (cont'd)

Information about reportable segments

	Coil Centre USD'000	Plating USD'000	Others USD'000	Total USD'000
1 March 2021 to 28 February 2022				
Revenue and expenses				
External revenue	20,882	-	-	20,882
Inter-segment revenue	-	1,379	5,050	6,429
Total revenue of reportable segments	20,882	1,379	5,050	27,311
Interest income	153	-	-	153
Finance costs	(268)	(85)	-	(353)
Depreciation and amortisation	(268)	(222)	-	(490)
Reversal of inventories write-down	554	8	-	562
Reportable segment (loss)/profit before tax	(3,802)	44	4,376	618
Tax expense	(273)	-	(14)	(287)
Reportable segment (loss)/profit after tax	(4,075)	44	4,362	331
Segment assets	23,292	731	64	24,087
Intangible assets	2	-	-	2
Total assets	23,294	731	64	24,089
Capital expenditure	338	3	-	341
Other segment liabilities	6,248	532	158	6,938
Current tax payable	64	-	12	76
Deferred tax liabilities	10	-	-	10
Total liabilities	6,322	532	170	7,024

Other segment included unallocated Group-level corporate costs and income from investment holding.

4.1. Reported segments (cont'd)**Reconciliations of reportable segment revenues, profit or loss and other material items**

	The Group			
	6 months ended 28 February 2023	6 months ended 28 February 2022	12 months ended 28 February 2023	12 months ended 28 February 2022
	USD'000	USD'000	USD'000	USD'000
Revenue				
Total revenue for reportable segments	8,100	11,645	17,902	27,311
Elimination of inter-segment revenue	(794)	(729)	(1,483)	(6,429)
Consolidated revenue	7,306	10,916	16,419	20,882

4.2. Geographical segment

The principal activity of the Company is that of an investment holding company. Subsidiaries of the Group are located in Singapore, People's Republic of China ("PRC") and Thailand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore USD'000	PRC USD'000	Malaysia USD'000	Thailand USD'000	Others USD'000	Total USD'000
From 1 September 2022 to 28 February 2023						
Revenue from external customers	464	5,829	16	963	34	7,306
Non-current assets	(42)	(116)	-	(24)	-	(182)
From 1 September 2021 to 28 February 2022						
Revenue from external customers	138	8,566	28	2,158	26	10,916
Non-current assets	80	215	-	155	-	450
From 1 March 2022 to 28 February 2023						
Revenue from external customers	671	13,653	26	2,033	36	16,419
Non-current assets	1,982	1,352	-	94	-	3,428
From 1 March 2021 to 28 February 2022						
Revenue from external customers	245	15,991	49	4,547	50	20,882
Non-current assets	1,898	1,758	-	160	-	3,816

4.2. Geographical segment (cont'd)

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding financial instruments and deferred tax assets.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 28 February 2022 and 28 February 2023:

	The Group		The Company	
	28 February 2023	28 February 2022	28 February 2023	28 February 2022
	USD'000	USD'000	USD'000	USD'000
Financial Assets				
Cash and cash equivalents and Trade and other receivables (Amortised cost)	8,115	11,011	2,371	3,025
Financial liabilities				
Trade and other payables and borrowings (Amortised cost)	3,820	6,906	199	206

6. Profit before taxation

6.1. Significant items

	The Group			
	6 months ended 28 February 2023	6 months ended 28 February 2022	12 months ended 28 February 2023	12 months ended 28 February 2022
	USD'000	USD'000	USD'000	USD'000
Income				
Interest income	24	2	27	3
Foreign exchange gain,net	-	-	275	-
Expenses				
Depreciation of property, plant and equipment	265	253	514	489
Amortisation of intangible assets	-	-	1	1
Interest on borrowings	83	104	190	179
Interest on lease liabilities	14	13	30	24
Reversal of inventories write- down	(558)	(551)	(649)	(562)
Foreign exchange loss,net	(89)	120	-	135

6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

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 are:

	6 months ended 28 February 2023 USD'000	6 months ended 28 February 2022 USD'000	12 months ended 28 February 2023 USD'000	12 months ended 28 February 2022 USD'000
Current income tax expense	168	172	256	287

8. Net Asset value

	Group		Company	
	As at 28 February 2023 USD'000	As at 28 February 2022 USD'000	As at 28 February 2023 USD'000	As at 28 February 2022 USD'000
Net assets	16,111	17,065	14,836	15,471
Net asset value per ordinary share based on the existing issued share capital as at the respective period (US cents)	0.3	0.3	0.3	0.3

9. Property, plant and equipment

During the six months ended 28 February 2023, the Group acquired assets amounting to US\$252,000 (28 February 2022: US\$341,000) and disposed of assets amounting to Nil (28 February 2022: US\$2,000).

10. Intangible assets

	Patent USD'000	Trademarks USD'000	Total USD'000
At 31 August 2022			
Cost	32	19	51
Accumulated amortisation	30	19	49
Net book amount	2	-	2
6 months ended 28 February 2023			
Opening net book amount	2	-	2
Closing net book amount	2	-	2
At 28 February 2023			
Cost	32	19	51
Accumulated amortisation	30	19	49
Net book amount	2	-	2

11. Trade and other receivables

	Group		Company	
	As at 28 February 2023 USD'000	As at 28 February 2022 USD'000	As at 28 February 2023 USD'000	As at 28 February 2022 USD'000
Trade receivables	4,520	6,574	-	-
Less: Loss allowance	(167)	(180)	-	-
	4,353	6,394	-	-
Non-trade amounts due from subsidiaries	-	-	2,352	2,977
Deposits	64	70	-	-
Other receivables	1	36	-	-
Prepayments	97	224	17	17
	4,515	6,724	2,369	2,994

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no credit loss allowance recognised on these outstanding balances.

12. Share capital

	The Group and the Company			
	28 February 2023		28 February 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	USD'000	'000	USD'000
Balance at beginning and end of period	4,962,166	15,851	4,962,166	15,851

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

There were no outstanding convertibles as at 28 February 2022 and 28 February 2023.

There were no treasury shares as at 28 February 2022 and 28 February 2023.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 28 February 2022 and 28 February 2023.

13. Borrowings

	The Group	
	28 February 2023	28 February 2022
	USD'000	USD'000
<i>Non-current</i>		
Bank loan C (unsecured)	279	761
Lease liabilities	346	541
	625	1,302
<i>Current</i>		
Working capital bank loan A (unsecured)	435	977
Working capital bank loan B (secured)	405	1,721
Bank loan C (unsecured)	487	474
Bank loan D (unsecured)	144	-
Lease liabilities	210	214
Bills payable	-	795
	1,681	4,181
	2,306	5,483

Secured working capital bank loans

- (i) Unsecured working capital bank loan A is guaranteed by the Company and its subsidiaries.
- (ii) Secured working capital bank loan B is secured against legal mortgages over a personal property of a director of the Group and is guaranteed by the Company and its subsidiaries,
- (iii) Unsecured bank loan C is guaranteed by the Company.
- (iv) Bank loan D is unsecured and not guaranteed by the Company and its subsidiaries.
- (v) Working capital bank loans A and B are obtained to purchase inventories where the loan amounts are disbursed to the supplier subject to the bank's approval of the supplier's invoices and purchase orders submitted by the subsidiary. The repayment terms of loan A and loan B are 180 days and 150 days respectively which approximate the general credit terms given by suppliers that the subsidiary trades with.

13. Borrowings (cont'd)***Reconciliation of movements of liabilities to cash flows arising from financing activities:***

	Bank loans	Bills payable	Lease liabilities	Total
	USD'000	USD'000	USD'000	USD'000
Balance at 28 February 2021	2,696	-	558	3,254
Changes from financing cash flows:				
- Proceeds	9,072	2,571	-	11,643
- Repayments	(7,879)	(1,776)	(265)	(9,920)
- Interest paid	(153)	(6)	(24)	(183)
Non-cash changes				
- Interest expenses	153	6	24	183
- New leases	-	-	470	470
Effect of changes in foreign exchange rates	44	-	(8)	36
Balance at 28 February 2022	3,933	795	755	5,483
Changes from financing cash flows:				
- Proceeds	5,701	1,437	-	7,138
- Repayments	(7,672)	(2,232)	(205)	(10,109)
- Interest paid	(145)	(15)	(30)	(190)
Non-cash changes:				
- Interest expenses	145	15	30	190
- Lease modification	-	-	38	38
Effect of changes in foreign exchange rates	(212)	-	(32)	(244)
Balance at 28 February 2023	1,750	-	556	2,306

13. Borrowings (cont'd)

Terms and conditions of outstanding bank loans are as follows:

	Nominal interest rate %	Financial year of maturity	As at 28 February 2023		As at 28 February 2022	
			Fair value	Carrying amount	Fair value	Carrying amount
			USD'000	USD'000	USD'000	USD'000
The Group						
RMB floating rate loan A	120% of bank's board rate	2024	435	435	977	977
RMB floating rate loan B	China's Loan Prime Rate + 1.6% per annum	2024	405	405	1,721	1,721
SGD fixed rate loan C	2%	2024	765	765	1,235	1,235
RMB fixed rate loan D	4.8%	2024	144	144	-	-
			1,749	1,749	3,933	3,933

14. Trade and other payables

	The Group		The Company	
	As at 28 February 2023	As at 28 February 2022	As at 28 February 2023	As at 28 February 2022
	USD'000	USD'000	USD'000	USD'000
Trade payables	982	663	-	-
Non-trade amounts due to subsidiaries	-	-	48	48
Accrued operating expenses	173	299	143	141
Other payables	360	461	8	17
	1,515	1,423	199	206

Non-trade amounts due to subsidiaries is unsecured, interest-free and repayable on demand.

15. Capital Commitments

Capital commitments not provided for in the financial statements:

	The Group	
	2023	2022
	USD'000	USD'000
Capital commitment in respect of plant and machinery	30	208

F. Other information required by Listing Rule Appendix 7.2

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

The condensed consolidated statement of financial position of Nico Steel Holdings Limited and its subsidiaries as at 28 February 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business.

Review of Group's Results

Group's revenue decreased by 21.4% from US\$20.9 million for the twelve months ended 28 February 2022 ("FY2022") to US\$16.4 million for the twelve months ended 28 February 2023 ("FY2023"). The decrease was mainly due to market disruption and lower demand owing to various factors including, supply chain disruption arising from COVID-19 containment measures, worldwide inflationary pressures on many items, including commodities like steel and other metals that the Group purchases for its businesses. Trade sanctions and restrictions on China imposed by the US, especially on its technology sectors.

Revenue Analysis by Product Categories

	FY2023		FY2022		
	USD'000	% of revenue	USD'000	% of revenue	YoY Change
Customised Solutions	13,611	82.9	17,532	84.0	- 22.4%
Nico Brand of Metal Alloys	2,808	17.1	3,350	16.0	- 16.2%
	16,419	100.0	20,882	100.0	- 21.4%

Geographically, China remained as the key revenue contributor to the Group in FY2023, contributing 83.2% of the Group's total revenue, compared to 76.6% in FY2022. Revenue contribution from Thailand decreased from 21.8% in FY2022 to 12.4% in FY2023 due to the decrease of customers' orders.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)**Cost of Sales**

In tandem with the decrease in revenue, cost of sales decreased by 22.7% from US\$17.1 million in FY2022 to US\$13.2 million in FY2023.

Gross Profit and Gross Profit Margin

Gross profit decreased by 15.4% from US\$3.8 million in FY2022 to US\$3.2 million in FY2023. This was mainly due to the raising of raw materials' prices during the reporting period, owing to the same factors as explained above under "Review of Group's Results". However, as the share of Nico Brand of Metal Alloys in sales rose from 16.0% in FY2022 to 17.1% in FY2023, gross profit margin increased slightly from 18.1% in FY2022 to 19.4% in FY2023.

Interest Income from Banks

Interest income increased from US\$3,000 in FY2022 to US\$27,000 in FY2023, mainly due to (i) interest income settled from foreign currency option entered by two of Group's China subsidiaries with the bank during the reporting period; and (ii) Singapore subsidiary placed fixed deposit with bank during the reporting period.

Other Income

Other income increased significantly from US\$115,000 in FY2022 to US\$294,000 in FY2023. This was mainly due to foreign exchange gain recorded as the US dollar appreciated against the Renminbi during the financial period under review.

Distribution, Administrative, Other Operating and Finance Expenses

In tandem with the decrease in revenue, distribution expenses decreased by 12.7% from US\$558,000 in FY2022 to US\$487,000 in FY2023.

Administrative expenses increased by 3.4% from US\$2.4 million in FY2022 to US\$2.5 million in FY2023 mainly due to marketing expenses increase (a majority of which was applied to marketing the Group's recycled materials products as well as the acquisition of new customers) in the financial period reported.

Other expenses were US\$135,000 in FY2022 which represented foreign exchange loss recorded. Group recognised foreign exchange gain US\$275,000 under other income in FY2023.

Finance costs increased 8.9% from US\$203,000 in FY2022 to US\$221,000 in FY2023. The increase was mainly due to the increase in interest rate of bank loans and bills payable during the financial period.

Income tax expenses decreased 10.8% from US\$287,000 in FY2022 to US\$256,000 in FY2023, as a result of one of the Group's China subsidiaries reported loss before income tax in FY2023.

Taking into account the above mentioned, the Group recorded a net profit attributable to the equity holders of the Company of US\$71,000 in FY2023, a decrease of 78% compared to a net profit attributable to the equity holders of the Company of US\$322,000 in FY2022.

Assets and liabilities

Non-current assets decreased by US\$388,000 from US\$3.8 million as at 28 February 2022 to US\$3.4 million as at 28 February 2023. This was mainly due to the Group's right-of-use assets decreased in FY2023 as the repayments of lease liabilities of the Group during the financial year.

Current assets decreased by US\$3.7 million from US\$20.3 million as at 28 February 2022 to US\$16.6 million as at 28 February 2023, mainly due to:

- (i) inventories decreased by US\$800,000 from US\$8.5 million as at 28 February 2022 to US\$7.7 million as at 28 February 2023. The decrease was in line with the Group's efforts to manage its inventories in response to the overall decrease in the Group's revenue in FY2023;
- (ii) trade and other receivables and contract assets decreased by US\$2.0 million from US\$7.3 million as at 28 February 2022 to US\$5.3 million as at 28 February 2023. The reduction was mainly due to the improvement in debtors' turnover as the Group closely monitor and manage its credit risks; and
- (iii) cash and cash equivalents decreased by US\$814,000 from US\$4.5 million as at 28 February 2022 to US\$3.7 million as at 28 February 2023. The decrease was mainly due to the repayment of bank borrowings by Singapore subsidiary and two of the Group's China subsidiaries in FY2023.

Non-current liabilities decreased by US\$678,000 from US\$1.3 million as at 28 February 2022 to US\$645,000 as at 28 February 2023. The decrease was mainly due to the repayment of long-term loan US\$491,000 of Singapore subsidiary under Temporary Bridging Loan Programme for SMEs during the financial period.

Current liabilities decreased by US\$2.4 million from US\$5.7 million as at 28 February 2022 to US\$3.3 million as at 28 February 2023. This was mainly due to the increase in repayment of bank borrowings to reduce the reliance on banking facilities.

Equity

Equity comprises share capital, reserves, accumulated profits, and non-controlling interests. The total equity of the Group decreased by US\$954,000 or 5.6% from US\$17.1 million as at 28 February 2022 to US\$16.1 million as at 28 February 2023.

Review of Group's Cash Flows

Net cash generated from operations amounted to US\$2.6 million in FY2023, as compared to net cash used in operations of US\$529,000 in FY2022. The positive cash flow was mainly due to better cash-flow management and cash inflow from changes in working capital increased in FY2023, including inventories, trade and other receivables and contract assets.

Net cash used in investing activities was decreased from US\$338,000 in FY2022 to US\$226,000 in FY2023 due to costs expended on the purchase of property, plant and equipment decreased in FY2023.

Net cash used in financing activities amounted to US\$3.2 million in FY2023, as compared to net cash generated from financing activities US\$1.5 million in FY2022. The negative cash flow was mainly due to the repayment of bank loans, bills payable and lease liabilities in FY2023.

Overall, the Group generated net cash outflows of US\$814,000 in FY2023 as compared to net cash inflows of US\$673,000 in FY2022.

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.

China's economy has gradually recovered the lifting of strict measures imposed to contain the COVID-19 pandemic. The Chinese government has implemented policies to support business and stimulate economic growth. These measures have helped businesses to reopen and resume operations, however, the overall pressures on the Chinese economy, especially on its technology sectors remain significant, arising mainly from trade sanctions and restrictions imposed by the US local businesses in China have had to adapt to a new normal brought about by the pandemic, trade sanctions and restrictions, worldwide inflationary pressures and a growing division in what was a globalised world insofar as trade and manufacturing were concerned. All these factors have contributed to an overall slower economic growth. The ongoing geopolitical tensions and potential disruptions to supply chains by the increasing onshoring of manufacturing bases could result in elevated costs of operations.

In FY2023, the Group continued to drive its business focusing on its NICO brand of metal alloys and materials, as well as its customised solutions which utilises recycled materials. NICO is the first company in China that has been certified by SCS Global Services to be able to produce not only Aluminium materials with a recycled content of 80% and above (A5052 R80 and A1060 R80), but also Stainless Steel materials with a recycled content of 90% and above (Nico SUS 304 R90) and Copper Alloy materials with a recycled content of 95% and above (NicoCA2 R95). With the entry into of the

Master Development and Supply Agreement on 6 March 2023 with a major world-class personal electronic devices supplier and seller (“Major Customer”) to supply certain Eco-Recycle Material produced by the Group to the Major Customer, the Group believes that its business strategy of producing Eco-Recycle Material for branded customers has been validated, as it is currently the first listed approved vendor in China for the supply of Eco-Recycle Material to the Major Customer.

As a result of the ongoing urbanisation by the city government of Suzhou, China, which is taking place within the vicinity of the Group’s Suzhou production facilities, the subsidiaries in China plan to shift their operations to the northern region of Jiangsu Province. The relocation of its production facilities to Jiangsu, China (“NPT”) was suspended due to the outbreak of COVID-19. The Group’s wholly owned new subsidiary, NPT, was incorporated on 30 September 2021, and is, therefore, not expected to have any material impact on the earnings per share and net tangible asset per share of the Group for next 12 months until such time, land is acquired or leased for the commissioning of the new production facilities in Jiangsu province, in the Nantong Industrial Park.

The Singapore subsidiary (“NSG”) has completed its construction phase and has been put into trial operation for its Liquid Forging Project as at the end of FY2023. NSG has already received a purchase order from one of its Global brands customers, which represents a first milestone for the Group’s nascent production line in NICO Singapore for this new technology.

Barring any unforeseen circumstances, the Group remains cautiously optimistic on the outlook for its business in the next 12 months. The Group will update shareholders on any material developments as and when appropriate.

5. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

6. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended because the Group wants to conserve cash for expansion and growth amid the current challenging business environment.

7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPT.

8. 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 the directors and executive officers as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to the section on “Review of Results of Operations” in paragraph 8 of this announcement for details.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ang Bee Choo	58	Wife of Tan Chee Khiong, Executive Director/Chairman and President of the Company Sister-in-law of Tang Chee Bian and Tang Chee Wee, Executive Directors of the Company	Administrative Manager since 7 July 1995, responsible for office administration and human resource matters.	NIL

Tan Chee Khiong, Tang Chee Bian, Tang Chee Wee are substantial shareholders of the Company. Tan Chee Khiong (Executive Chairman & President), Tang Chee Bian (Executive Director) and Tang Chee Wee (Executive Director) are siblings.

Save as disclosed above, there are no other persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman and President
27 April 2023