

UNION GAS HOLDINGS LIMITED

(Registration No.: 201626970Z)

Condensed Interim Financial Statements

For the Six-Months Ended 30 June 2024

UNION GAS HOLDINGS LIMITED

Condensed Interim Financial Statements For the Six-Months Ended 30 June 2024

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UNION GAS HOLDINGS LIMITED

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Months Ended 30 June 2024**

	<u>Notes</u>	<u>6 months ended</u>		Increase/ (decrease) %
		30 June <u>2024</u> \$'000	30 June <u>2023</u> \$'000	
Revenue	4	61,317	64,246	(4.6)
Cost of sales		(39,248)	(42,485)	(7.6)
Gross profit		22,069	21,761	1.4
Other income and gains		1,324	1,053	25.7
Marketing and distribution costs		(10,060)	(10,096)	(0.4)
Administrative expenses		(6,214)	(5,043)	23.2
Finance costs		(635)	(686)	(7.4)
Other expenses		(23)	(46)	(50)
Profit before income tax	6	6,461	6,943	(6.9)
Income tax expense	7	(1,243)	(1,134)	9.6
Profit, net of tax		5,218	5,809	(10.2)
<u>Other comprehensive income</u>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value adjustment on derivatives		2,208	–	N.M.
Total comprehensive income		7,426	5,809	27.8

	<u>6 months ended</u>	
	30 June <u>2024</u> <u>Cents</u>	30 June <u>2023</u> <u>Cents</u>
Basic and diluted earnings per share – Based on weighted average number of ordinary shares in issue	1.64	1.83

N.M.- Not meaningful

The accompanying notes form an integral part of these financial statements.

UNION GAS HOLDINGS LIMITED

Condensed Interim Statements of Financial Position As at 30 June 2024

		30 June	<u>Group</u> 31 December
	<u>Notes</u>	<u>2024</u> \$'000	<u>2023</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	69,795	67,549
Investment property		180	180
Goodwill		1,906	1,906
Intangible assets		1,248	781
Contract costs, non-current		1,402	1,702
Trade and other receivables, non-current		–	3
Deferred tax assets		38	27
Derivative financial assets, non-current	11	552	–
Other non-financial assets, non-current	12	17,780	17,447
Total non-current assets		<u>92,901</u>	<u>89,595</u>
<u>Current assets</u>			
Inventories		2,889	2,654
Contract costs, current		906	939
Trade and other receivables, current		22,967	25,859
Other non-financial assets, current	12	13,217	11,273
Derivative financial assets, current	11	2,714	1,418
Cash and cash equivalents		9,861	13,244
Total current assets		<u>52,554</u>	<u>55,387</u>
Total assets		<u>145,455</u>	<u>144,982</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	13	99,122	99,122
Treasury shares	14	(88)	–
Retained earnings		48,987	46,563
Other reserves		(74,898)	(77,106)
Total equity		<u>73,123</u>	<u>68,579</u>
<u>Non-current liabilities</u>			
Provisions		1,884	1,884
Deferred tax liabilities		2,890	2,924
Bank borrowings, non-current	15	11,279	13,154
Lease liabilities, non-current	15	17,753	18,843
Total non-current liabilities		<u>33,806</u>	<u>36,805</u>
<u>Current liabilities</u>			
Income tax payable		2,869	2,934
Trade and other payables		27,153	29,389
Bank borrowings, current	15	4,728	3,686
Derivative financial liabilities	11	–	240
Lease liabilities, current	15	3,321	2,893
Contract liabilities		455	456
Total current liabilities		<u>38,526</u>	<u>39,598</u>
Total liabilities		<u>72,332</u>	<u>76,403</u>
Total equity and liabilities		<u>145,455</u>	<u>144,982</u>

The accompanying notes form an integral part of these financial statements.

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Condensed Interim Statements of Financial Position (Cont'd) As at 30 June 2024

	Notes	Company	
		30 June 2024 \$'000	31 December 2023 \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	17,335	17,687
Investments in subsidiaries		110,598	110,597
Other non-financial assets, non-current		–	352
Total non-current assets		127,933	128,636
<u>Current assets</u>			
Trade and other receivables		930	2,858
Other non-financial assets, current		111	71
Cash and cash equivalents		442	1,327
Total current assets		1,483	4,256
Total assets		129,416	132,892
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	13	99,122	99,122
Treasury shares	14	(88)	–
Retained earnings		11,016	13,712
Total equity		110,050	112,834
<u>Non-current liabilities</u>			
Provision		105	105
Deferred tax liabilities		71	80
Trade and other payables, non-current		936	2,268
Bank borrowings, non-current	15	7,030	7,380
Lease liabilities, non-current	15	5,898	5,994
Total non-current liabilities		14,040	15,827
<u>Current liabilities</u>			
Income tax payable		127	33
Trade and other payables, current		4,316	3,328
Bank borrowings, current	15	691	679
Lease liabilities, current	15	192	191
Total current liabilities		5,326	4,231
Total liabilities		19,366	20,058
Total equity and liabilities		129,416	132,892

The accompanying notes form an integral part of these financial statements.

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**Condensed Interim Statements of Changes in Equity
For the Six-Months Ended 30 June 2024**

	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	----- Other reserves -----			Total equity \$'000	
				Merger reserve \$'000	Capital reserve \$'000	Fair value reserve \$'000		Total other reserves \$'000
Group								
Current period								
Opening balance at 1 January 2024	99,122	–	46,563	(81,482)	3,318	1,058	(77,106)	68,579
Total comprehensive income for the period	–	–	5,218	–	–	2,208	2,208	7,426
Purchase of treasury shares	–	(88)	–	–	–	–	–	(88)
Dividend paid (Note 8)	–	–	(2,794)	–	–	–	–	(2,794)
Closing balance at 30 June 2024	<u>99,122</u>	<u>(88)</u>	<u>48,987</u>	<u>(81,482)</u>	<u>3,318</u>	<u>3,266</u>	<u>(74,898)</u>	<u>73,123</u>
Previous period								
Opening balance at 1 January 2023	99,122	–	37,200	(81,482)	3,318	–	(78,164)	58,158
Total comprehensive income for the period	–	–	5,809	–	–	–	–	5,809
Dividend paid (Note 8)	–	–	(953)	–	–	–	–	(953)
Closing balance at 30 June 2023	<u>99,122</u>	<u>–</u>	<u>42,056</u>	<u>(81,482)</u>	<u>3,318</u>	<u>–</u>	<u>(78,164)</u>	<u>63,014</u>

The accompanying notes form an integral part of these financial statements.

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**Condensed Interim Statements of Changes in Equity (Cont'd)
For the Six-Months Ended 30 June 2024**

	<u>Share capital</u> \$'000	<u>Treasury shares</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total equity</u> \$'000
<u>Company</u>				
Current period				
Opening balance at 1 January 2024	99,122	–	13,712	112,834
Total comprehensive income for the period	–	–	98	98
Purchase of treasury shares	–	(88)	–	(88)
Dividend paid (Note 8)	–	–	(2,794)	(2,794)
Closing balance at 30 June 2024	<u>99,122</u>	<u>(88)</u>	<u>11,016</u>	<u>110,050</u>
Previous period				
Opening balance at 1 January 2023	99,122	–	9,088	108,210
Total comprehensive income for the period	–	–	536	536
Dividend paid (Note 8)	–	–	(953)	(953)
Closing balance at 30 June 2023	<u>99,122</u>	<u>–</u>	<u>8,671</u>	<u>107,793</u>

The accompanying notes form an integral part of these financial statements.

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Condensed Interim Consolidated Statement of Cash Flows For the Six-Months Ended 30 June 2024

	30 June <u>2024</u> \$'000	30 June <u>2023</u> \$'000
<u>Cash flows from operating activities</u>		
Profit before income tax	6,461	6,943
Amortisation expenses	132	430
Bad debts written-off	23	–
Depreciation of property, plant and equipment	6,049	5,393
Fair value changes on derivative financial instruments, net	120	565
Gain on disposal of property, plant and equipment	(77)	(250)
Intangible assets written-off	–	46
Interest income	(83)	(22)
Interest expense	635	686
Reversal for impairment on intangible assets	(8)	(52)
Reversal for impairment on trade and other receivables	(30)	(11)
Operating cash flows before changes in working capital	<u>13,222</u>	<u>13,728</u>
Inventories	(235)	192
Contract costs	333	157
Trade and other receivables	2,556	(982)
Other non-financial assets	(2,277)	(2,879)
Trade and other payables, and contract liabilities	<u>(2,237)</u>	<u>(2,797)</u>
Net cash flows from operations	11,362	7,419
Income taxes paid	(1,353)	(481)
Net cash flows from operating activities	<u>10,009</u>	<u>6,938</u>
<u>Cash flows from investing activities</u>		
Acquisition of a subsidiary, net of cash acquired	–	(33)
Proceeds from disposal of property, plant and equipment	671	528
Purchase of property, plant and equipment	(7,637)	(2,415)
Acquisition of intangible assets	(590)	(410)
Redemption of other financial asset	–	1,000
Interest income received	83	22
Net cash flows used in investing activities	<u>(7,473)</u>	<u>(1,308)</u>
<u>Cash flows from financing activities</u>		
Dividend paid	(2,794)	(953)
Purchase of treasury shares	(88)	–
Proceeds from bank borrowings	4,000	1,000
Repayment of bank borrowings	(4,833)	(6,419)
Lease liabilities – principal portions paid	(1,569)	(1,419)
Interest expenses paid	<u>(635)</u>	<u>(681)</u>
Net cash flows used in financing activities	<u>(5,919)</u>	<u>(8,472)</u>
Net decrease in cash and cash equivalents	(3,383)	(2,842)
Cash and cash equivalents, beginning balance	<u>13,244</u>	<u>12,174</u>
Cash and cash equivalents, ending balance	<u>9,861</u>	<u>9,332</u>

The accompanying notes form an integral part of these financial statements.

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Notes to the Condensed Interim Financial Statements For the Six-Months Ended 30 June 2024

1. General

Union Gas Holdings Limited (the “Company”) is incorporated in Singapore with limited liability. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

These condensed interim financial statements cover the Company and its subsidiaries (collectively, the “Group”). All financial information are presented in Singapore Dollar (“\$”) and have been rounded to the nearest thousand (\$’000), unless when otherwise indicated.

The principal activities of the Company are those of investment holding.

The principal activities of the Group are disclosed in Note 4 on segment information.

The registered office and principal place of business of the Company is located at 89 Defu Lane 10, Union Gas House, Singapore 539220.

The latest audited annual financial statements for the reporting year ended 31 December 2023 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

The financial information contained in these financial statements has neither been audited nor reviewed by the auditors.

2. Basis of presentation

These condensed interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee under the Accounting and Corporate Regulatory Authority. They are also in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position the Group since the latest audited annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Group’s annual financial statements for the reporting year ended 31 December 2023. The Company’s separate financial statements have been prepared on the same basis.

As at 30 June 2024, the Company’s current liabilities exceeded its current assets by \$3,843,000. This notwithstanding, the Company’s financial statements are prepared on a going concern basis as the trade and other payables of \$4,316,000 mainly comprise of amounts due to its subsidiaries. On a consolidated basis, the Group’s current assets exceeded its current liabilities.

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2. Basis of presentation (cont'd)

Critical judgements, assumptions and estimation uncertainties

The estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when condensed interim financial statements are prepared. However, this does not prevent actual figures differing from estimates. The estimates and assumptions adopted in the preparation of these condensed interim financial statements are same as those disclosed in the Group's annual financial statements for the reporting year ended 31 December 2023.

New and amended standards adopted by the Group

A number of amendments to SFRS(I) have become applicable for the current reporting year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

3. Seasonal operations

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

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

For management purposes, the Group is organised into the following three major operating segments:

- Liquefied petroleum gas ("LPG") – Bottling of LPG, sale and distribution of bottled LPG and LPG-related accessories and provision of LPG-related services to dealers, domestic households, industrial and commercial customers;
- Natural gas ("NG") – Sale and distribution of liquefied natural gas ("LNG") and piped natural gas ("PNG") to commercial customers and retail sale of compressed natural gas ("CNG") through a CNG refiling station located at 50 Old Toh Tuck Road;
- Diesel – Sale and distribution of diesel to commercial customers and to vehicles through a diesel refiling station located at 50 Old Toh Tuck Road; and
- Other operations include provision of corporate services.

The segments are determined by the nature or risks and returns associated with each business segment and this defines the management structure as well as the internal reporting system. It also represents the basis on which management reports the primary segment information.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results is profit before income tax.

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4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
6 months ended 30 June 2024					
Revenue	51,885	2,337	7,095	–	61,317
Segment results:					
Profit / (loss) before income tax	6,375	303	350	(567)	6,461
Income tax expense	(1,046)	(10)	(22)	(165)	(1,243)
Profit / (loss), net of tax	5,329	293	328	(732)	5,218
Other segment information:					
Amortisation expense	(132)	–	–	–	(132)
Depreciation of property, plant and equipment	(5,057)	(117)	(875)	–	(6,049)
Finance costs	(607)	(3)	(25)	–	(635)
Reversal for impairment of intangible assets	8	–	–	–	8
Reversal for impairment on trade and other receivables	24	1	5	–	30
Segment assets and liabilities:					
Total assets	133,639	2,266	8,129	1,421	145,455
Total liabilities	65,530	2,120	3,545	1,137	72,332
Additions:					
Property, plant and equipment	(1,923)	(856)	(6,119)	–	(8,898)
Intangible assets	(590)	–	–	–	(590)
Contract costs	(242)	–	–	–	(242)

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4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
6 months ended <u>30 June 2023</u>					
Revenue	53,271	2,775	8,200	–	64,246
Segment results:					
Profit / (loss) before income tax	5,855	174	1,564	(650)	6,943
Income tax expense	(938)	(47)	(153)	4	(1,134)
Profit / (loss), net of tax	4,917	127	1,411	(646)	5,809
Other segment information:					
Amortisation expense	(430)	–	–	–	(430)
Depreciation of property, plant and equipment	(5,048)	(60)	(285)	–	(5,393)
Finance costs	(648)	(9)	(29)	–	(686)
Reversal for impairment of intangible assets	52	–	–	–	52
Impairment on trade and other receivables – reversal / (allowance)	12	–	(1)	–	11
Segment assets and liabilities:					
Total assets	129,655	3,036	3,737	1,748	138,176
Total liabilities	67,467	2,341	4,664	690	75,162
Additions:					
Property, plant and equipment	(2,935)	(1)	(3)	–	(2,939)
Intangible assets	(410)	–	–	–	(410)
Contract costs	(381)	–	–	–	(381)

4B. Geographical information

Geographical segment is not presented as the business activities of the Group are conducted in Singapore.

4C. Information on major customers

There were no external customers that had contributed more than 10% of the Group's revenue.

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4. Financial information by operating segments (cont'd)

4D. Segmental breakdown by revenue

	<u>Group</u>	
	<u>6 months ended</u>	
	30 June	30 June
	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Sale of LPG, LPG-related accessories and services	51,885	53,271
Sale of NG	2,337	2,775
Sale of diesel	7,095	8,200
	<u>61,317</u>	<u>64,246</u>

5. Significant related party transactions

	<u>Group</u>	
	<u>6 months ended</u>	
	30 June	30 June
	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Purchase of diesel pump	–	467
Purchase of electricity	21	146
Sub-contract fee	–	68
	<u>–</u>	<u>68</u>

6. Profit before income tax

Profit before income tax has been arrived at after crediting / (charging) the following:

	<u>Group</u>	
	<u>6 months ended</u>	
	30 June	30 June
	<u>2024</u>	<u>2023</u>
	\$'000	\$'000
Amortisation expenses	(132)	(430)
Bad debts written-off	(23)	–
Depreciation of property, plant and equipment	(6,049)	(5,393)
Employee benefit expenses	(10,799)	(9,476)
Fair value changes on derivative financial instruments, net	120	565
Foreign exchange gains, net	170	10
Gain on disposal of property, plant and equipment	77	250
Government grant income	452	258
Intangible assets written-off	–	(46)
Interest expense	(635)	(686)
Interest income	83	22
Other income	394	330
Rental income from property	110	120
Reversal for impairment on intangible assets	8	52
Reversal for impairment on trade and other receivables	30	11
	<u>30</u>	<u>11</u>

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7. Income 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 are:

	<u>Group</u>	
	<u>6 months ended</u>	
	30 June <u>2024</u> \$'000	30 June <u>2023</u> \$'000
Current tax expense	1,288	1,239
Deferred tax benefit	<u>(45)</u>	<u>(105)</u>
Total income tax expense	<u><u>1,243</u></u>	<u><u>1,134</u></u>

8. Dividends

Dividends declared and paid

	<u>Rate per share</u>		30 June <u>2024</u> \$'000	30 June <u>2023</u> \$'000
	30 June <u>2024</u> Cents	30 June <u>2023</u> Cents		
Final tax exempt (1-tier) dividend in respect of previous reporting year	<u>0.88</u>	<u>0.30</u>	<u>2,794</u>	<u>953</u>

Declared or paid interim dividend:

	<u>30 June 2024</u>	<u>30 June 2023</u>
Name of dividend	Interim tax exempt (1-tier) dividend	Interim tax exempt (1-tier) dividend
Type	Cash	Cash
Dividend rate	0.60 Singapore cent	0.60 Singapore cent
Book closure date	11 October 2024	11 October 2023
Date payable or paid	<u>25 October 2024</u>	<u>20 October 2023</u>

9. Net assets value

	<u>Group</u>		<u>Company</u>	
	30 June <u>2024</u>	30 June <u>2023</u>	30 June <u>2024</u>	30 June <u>2023</u>
Net assets value per ordinary share (cents)	23.03	19.83	34.66	33.92
Number of ordinary shares used in computation of net asset value per ordinary share ('000)	<u>317,545</u>	<u>317,767</u>	<u>317,545</u>	<u>317,767</u>

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10. Property, plant and equipment

During the reporting period ended 30 June 2024, the Group acquired assets amounting to \$8,898,000 (31 December 2023: \$6,451,000) and disposed of assets with carrying value amounting to \$594,000 (31 December 2023: 1,369,000).

11. Derivatives financial assets / (liabilities)

	30 June <u>2024</u> \$'000	<u>Group</u> 31 December <u>2023</u> \$'000
<i>Assets – Contracts with positive fair values</i>		
Derivatives designated as hedging instruments:		
Commodities future contracts – cash flow hedges	3,266	1,298
Commodities future contracts – fair value hedges	–	120
	<u>3,266</u>	<u>1,418</u>
<i>Liabilities – Contracts with negative fair values</i>		
Derivatives designated as hedging instruments:		
Foreign currency forward contracts – cash flow hedges	–	(240)

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with the gain or loss recognised immediately in profit or loss except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss recognised in other comprehensive income.

12. Other non-financial assets

Other non-financial assets mainly relate to prepaid advance rebates to customers and deferred customer retention costs.

13. Share capital

	No. of shares <u>issued</u> '000	<u>Share capital</u> \$'000
<u>Group and Company</u>		
Ordinary shares of no par value:		
At 1 January 2023, 31 December 2023 and 30 June 2024	<u>317,767</u>	<u>99,122</u>
	30 June 2024	31 December 2023
	<u>No. of shares</u> '000	<u>No. of shares</u> '000
<u>Group and Company</u>		
Total number of issued shares, including treasury shares	317,767	317,767
Treasury shares	(222)	–
Total number of issued shares, excluding treasury shares	<u>317,545</u>	<u>317,767</u>

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13. Share capital (cont'd)

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

There were no outstanding convertibles or subsidiary holdings held by the Company as at 30 June 2024 and 31 December 2023.

14. Treasury shares

	<u>No. of shares</u> '000	<u>Treasury shares</u> \$'000
<u>Company</u>		
At 1 January 2023 and 31 December 2023	–	–
Repurchased during the period	<u>222</u>	<u>88</u>
At 30 June 2024	<u><u>222</u></u>	<u><u>88</u></u>

During the reporting period ended 30 June 2024, the Company acquired 222,000 of its own shares by way of on-market purchases.

As at 30 June 2024, the number of treasury shares held by the Company represented 0.07% (30 June 2023: Nil) of the total number of issued shares (excluding treasury shares).

No treasury shares were sold, transferred, disposed, cancelled and/or used during the financial period ended 30 June 2024 (31 December 2023: Nil).

15. Borrowings and debt securities

	<u>Group</u>		<u>Company</u>	
	30 June <u>2024</u> \$'000	31 December <u>2023</u> \$'000	30 June <u>2024</u> \$'000	31 December <u>2023</u> \$'000
<u>Repayable within one year</u>				
Secured	539	349	282	274
Unsecured	<u>4,446</u>	<u>3,412</u>	<u>409</u>	<u>405</u>
Sub-total	<u><u>4,985</u></u>	<u><u>3,761</u></u>	<u><u>691</u></u>	<u><u>679</u></u>
<u>Repayable after one year</u>				
Secured	7,138	6,905	6,719	6,863
Unsecured	<u>4,561</u>	<u>6,292</u>	<u>311</u>	<u>517</u>
Sub-total	<u><u>11,699</u></u>	<u><u>13,197</u></u>	<u><u>7,030</u></u>	<u><u>7,380</u></u>
Total borrowings	<u><u>16,684</u></u>	<u><u>16,958</u></u>	<u><u>7,721</u></u>	<u><u>8,059</u></u>

As at the end of the reporting period, the Group's and the Company's obligations under leases that are related to right-of-use assets are \$20,397,000 (31 December 2023: \$21,618,000) and \$6,090,000 (31 December 2023: \$6,185,000) respectively.

The borrowings are secured by charges over the leased property and plant and equipment of the Group, covered by corporate guarantees from the Company and to comply with certain financial covenants.

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16. Capital commitments

Estimated amounts committed at end of reporting period for future capital expenditure but not recognised in the financial statements are as follows:

	30 June <u>2024</u> \$'000	<u>Group</u> 31 December <u>2023</u> \$'000
Commitments for purchase of property, plant and equipment	<u>1,186</u>	<u>7,406</u>

17. Incorporation of subsidiary

On 19 April 2024, the Group incorporated a wholly-owned subsidiary, KK Gas Services Pte. Ltd., in Singapore with an issued and paid up share capital of \$1,000.

18. Review of performance of the Group

Review of the Group's performance

Revenue

Revenue decreased by \$2.93 million or 4.6% from \$64.25 million for the half year ended 30 June 2023 ("HY2023") to \$61.32 million for the half year ended 30 June 2024 ("HY2024"), mainly due to a decrease in revenue from the liquefied petroleum gas ("LPG") business, natural gas ("NG") business and diesel ("Diesel") business.

LPG Business

Revenue from the LPG business decreased by \$1.38 million or 2.6% to \$51.89 million in HY2024 from \$53.27 million in HY2023, mainly due to lower sales volume.

NG Business

Revenue from the NG business decreased by \$0.44 million or 15.8% to \$2.34 million in HY2024 from \$2.78 million in HY2023, mainly due to a decrease in volume of NG business.

Diesel Business

Revenue from the Diesel business decreased by \$1.10 million or 13.4% to \$7.10 million in HY2024 from \$8.20 million in HY2023, as a result of lower selling price and decrease in sales volume.

Cost of sales

Cost of sales decreased by \$3.24 million or 7.6% to \$39.25 million in HY2024 from \$42.49 million in HY2023, mainly due to lower direct material costs in HY2024.

Gross profit

Gross profit increased by \$0.31 million or 1.4% to \$22.07 million in HY2024 from \$21.76 million in HY2023 as a result of lower direct material costs for both the LPG and NG businesses.

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

Review of the Group's performance (cont'd)

Other income and gains

Other income and gains increased by \$0.27 million or 25.7% to \$1.32 million in HY2024 from \$1.05 million in HY2023, mainly due to higher income from government grants and foreign exchange gains.

Marketing and distribution costs

Marketing and distribution costs decreased by \$0.04 million or 0.4% to \$10.06 million in HY2024 from \$10.10 million in HY2023 mainly due to a decrease in advertising expenses, call center charges and motor vehicles expenses as a result of cost control measures and improvements in workflow and operational systems.

Administrative expenses

Administrative expenses increased by \$1.17 million or 23.2% to \$6.21 million in HY2024 from \$5.04 million in HY2023 mainly due to an increase in repair and maintenance and personnel costs.

Finance costs

Finance costs decreased by \$0.05 million or 7.4% to \$0.64 million in HY2024 from \$0.69 million in HY2023 mainly due to a decrease of interest expense for lease liabilities.

Income tax expense

Income tax expense increased by \$0.11 million or 9.6% to \$1.24 million in HY2024 from \$1.13 million in HY2023 mainly due to a decreased in deferred tax income as a result of lower taxable temporary differences.

Profit after tax

As a result of the above, profit after tax decreased by \$0.59 million or 10.2% to \$5.22 million in HY2024 from \$5.81 million in HY2023.

Review of the Group's Financial Position

Non-current assets

Non-current assets increased by \$3.30 million or 3.7% to \$92.90 million as at 30 June 2024 from \$89.60 million as at 31 December 2023. The increase was mainly due to increase carrying value of property, plant and equipment as a result of purchase of property, plant and equipment, and increase in intangible assets, derivative financial assets and other non-financial assets, offset by decrease in contract costs.

Current assets

Current assets decreased by \$2.84 million or 5.1% to \$52.55 million as at 30 June 2024 from \$55.39 million as at 31 December 2023. The decrease was mainly due to decrease in trade and other receivables and cash and cash equivalents, offset by increase in other non-financial assets and derivative financial assets.

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

Review of the Group's Financial Position (cont'd)

Non-current liabilities

Non-current liabilities decreased by \$3.00 million or 8.1% to \$33.81 million as at 30 June 2024 from \$36.81 million as at 31 December 2023. The decrease was mainly due to repayment of bank borrowings and lease liabilities.

Current liabilities

Current liabilities decreased by \$1.07 million or 2.7% to \$38.53 million as at 30 June 2024 from \$39.60 million as at 31 December 2023. The decrease was mainly due to decrease in trade payables and offset by an increase in bank borrowings and lease liabilities.

Equity attributable to owners of the Company

The increase in equity by \$4.54 million or 6.6% to \$73.12 million as at 30 June 2024 from \$68.58 million as at 31 December 2023 was mainly due to net profit and other comprehensive income in HY2024. This was offset by final dividend paid in respect of reporting year ended 31 December 2023.

Review of the Group's Cash Flows

In HY2024, net cash flow generated from operating activities amounted to \$10.01 million after deducting net working capital outflows of \$1.86 million and taxes paid of \$1.35 million from working capital of \$13.22 million.

Net cash flows used in investing activities amounted to \$7.47 million mainly due to (i) purchase of property, plant and equipment of \$7.63 million and (ii) acquisition of intangible assets of \$0.59 million. These were partially offset by (i) proceeds from disposal of property, plant and equipment of \$0.67 million and (ii) interest income received \$0.08 million.

Net cash flows used in financing activities amounted to \$5.92 million mainly due to (i) repayment of bank borrowings and lease liabilities of \$6.40 million, (ii) payment of dividend to shareholders of \$2.79 million, (iii) interest payment of \$0.64 million and (iv) purchase of treasury shares \$0.09 million. These were partially offset by proceeds from new bank borrowings of \$4.00 million.

19. Forecast, or a prospect statement

Not applicable.

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20. Significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group the next operating period and the next 12 months

Barring unforeseen circumstances, Union Gas remains optimistic about its business prospects because of the essential nature of the fuel products it provides. At the same time, the Group is watchful of any potential impact that geopolitical events may have on its business, including supply chain disruptions and direct material costs. To protect its profitability, the Group employs a dynamic pricing strategy to cushion any volatility in global energy prices that may arise from these events.

Over the years, the Group has introduced various measures to enhance its operational efficiency and productivity, while maintaining a lean organisation and tight cost structure to combat inflationary pressures. Union Gas acquires smaller LPG dealerships as part of its market consolidation strategies and to maintain its leading position.

As a provider of energy solutions, Union Gas intends to continue exploring potential new products that it can add to its business.

21. Interested person transactions

No IPT mandate has been obtained at the Annual General Meeting held on 30 April 2024.

There are no interested person transactions fall under aggregate value of all interested person transactions (excluding transaction of less than \$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Mainboard Rules) during HY2024.

22. Confirmation of directors and executive officers' undertakings pursuant to Listing Rule 720(1) ((in the format set out in Appendix 7.7) under Rule 720(1))

The Company confirms that it has procured undertakings from all its directors and executive officers in compliance with Rule 720(1).

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23. Use of Proceeds

The Company raised gross proceeds from the IPO of approximately S\$7.50 million (the “Gross Proceeds”). As at the date of this announcement, the Gross Proceeds have been utilised and reallocated as per the Company’s announcement on 3 August 2018 (“Re-Allocation”) as follows:

Use of Proceeds	Gross Proceeds as re-allocated on 3 August 2018 (“Re-Allocation”) \$’000	Proceeds utilised as at 15 April 2024 \$’000	Proceeds utilised from 15 April 2024 to the date of this announcement \$’000	Balance of Proceeds as at the date of this announcement \$’000
Acquisition of dealers for the Retail LPG Business	4,143	(4,143)	–	–
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	(153)	–	847
General working capital	724	(724)	–	–
Listing expenses	1,633	(1,633)	–	–
	<u>7,500</u>	<u>(6,653)</u>	<u>–</u>	<u>847</u>

The above utilisation of Gross Proceeds is in accordance with the intended use as stated in the Company’s offer document dated 13 July 2017 and the Re-Allocation.

24. Confirmation by the board

On behalf of the directors of the Company, we, the undersigned directors, do hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors that may render the interim financial statements to be false or misleading in any material aspect.

UNION GAS HOLDINGS LIMITED

On behalf of the board of directors

Teo Hark Piang
Executive Director and Chief Executive Officer

Loo Hock Leong
Lead Independent Director

Singapore
13 August 2024