

# **Tye Soon Limited**

## **Unaudited Condensed Interim Consolidated Financial Statements**

For the six months ended 30 June 2023

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

	Note	Group 6 months ended 30 June	
		2023 \$'000	2022 \$'000
Revenue	4	125,714	124,180
Other income		86	99
Changes in inventories of finished goods		(3,355)	(3,301)
Cost of purchases		(94,211)	(93,575)
Staff costs		(13,161)	(12,375)
Depreciation expenses		(2,316)	(2,253)
Other operating expenses		(7,404)	(7,504)
Finance costs		(2,025)	(875)
<b>Profit before tax</b>		3,328	4,396
Tax expense	6	(996)	(1,432)
<b>Profit for the period</b>	7	2,332	2,964
<b>Profit attributable to:</b>			
Owners of the Company		2,283	2,899
Non-controlling interests		49	65
<b>Profit for the period</b>		2,332	2,964
<b>Earnings per share</b>			
Basic and diluted earnings per share (cents)	9	2.62	3.32
<b>Profit for the period</b>		2,332	2,964
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		(1,528)	(1,595)
Other comprehensive income for the period, net of tax		(1,528)	(1,595)
<b>Total comprehensive income for the period</b>		804	1,369
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		787	1,315
Non-controlling interests		17	54
<b>Total comprehensive income for the period</b>		804	1,369

## B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
<b>Assets</b>					
Plant and equipment	11	1,239	1,234	359	406
Right-of-use assets	12	8,417	9,134	1,580	1,888
Goodwill		91	91	–	–
Subsidiaries		–	–	21,823	22,482
Other investments		1,018	1,018	1,018	1,018
Deferred tax assets		1,926	1,955	–	–
Loan receivables		–	–	–	–
<b>Non-current assets</b>		<b>12,691</b>	<b>13,432</b>	<b>24,780</b>	<b>25,794</b>
Current tax assets		242	61	–	–
Inventories	13	109,403	112,759	32,029	35,884
Trade and other receivables	14	39,078	33,903	51,931	48,398
Cash and cash equivalents		15,780	18,283	7,414	8,733
<b>Current assets</b>		<b>164,503</b>	<b>165,006</b>	<b>91,374</b>	<b>93,015</b>
<b>Total assets</b>		<b>177,194</b>	<b>178,438</b>	<b>116,154</b>	<b>118,809</b>
<b>Equity</b>					
Share capital	16	38,057	38,057	38,057	38,057
Reserves		21,744	21,699	2,072	4,453
<b>Equity attributable to owners of the Company</b>		<b>59,801</b>	<b>59,756</b>	<b>40,129</b>	<b>42,510</b>
<b>Non-controlling interests</b>		<b>639</b>	<b>622</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>60,440</b>	<b>60,378</b>	<b>40,129</b>	<b>42,510</b>
<b>Liabilities</b>					
Loans and borrowings	15	1,516	2,099	1,516	2,099
Lease liabilities	12	4,845	5,670	950	1,239
Employee benefits		661	767	–	–
Deferred tax liabilities		51	15	–	–
<b>Non-current liabilities</b>		<b>7,073</b>	<b>8,551</b>	<b>2,466</b>	<b>3,338</b>
Loans and borrowings	15	75,366	64,991	61,291	53,541
Lease liabilities	12	3,849	3,677	682	681
Trade and other payables		28,310	38,262	9,799	16,778
Contract liabilities		1,797	2,015	1,787	1,961
Current tax liabilities		359	564	–	–
<b>Current liabilities</b>		<b>109,681</b>	<b>109,509</b>	<b>73,559</b>	<b>72,961</b>
<b>Total liabilities</b>		<b>116,754</b>	<b>118,060</b>	<b>76,025</b>	<b>76,299</b>
<b>Total equity and liabilities</b>		<b>177,194</b>	<b>178,438</b>	<b>116,154</b>	<b>118,809</b>

## 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 2022	38,057	3,501	(105)	(7,485)	23,076	57,044	524	57,568
<b>Total comprehensive income for the period</b>								
Profit for the period	–	–	–	–	2,899	2,899	65	2,964
Other comprehensive income								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(1,584)	–	(1,584)	(11)	(1,595)
<b>Total other comprehensive income</b>	–	–	–	(1,584)	–	(1,584)	(11)	(1,595)
<b>Total comprehensive income for the period</b>	–	–	–	(1,584)	2,899	1,315	54	1,369
<b>Transactions with owners, recognised directly in equity</b>								
Dividend paid	–	–	–	–	(742)	(742)	–	(742)
At 30 June 2022	38,057	3,501	(105)	(9,069)	25,233	57,617	578	58,195
At 1 January 2023	38,057	3,501	(105)	(9,974)	28,277	59,756	622	60,378
<b>Total comprehensive income for the period</b>								
Profit for the period	–	–	–	–	2,283	2,283	49	2,332
<b>Other comprehensive income</b>								
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(1,496)	–	(1,496)	(32)	(1,528)
<b>Total other comprehensive income</b>	–	–	–	(1,496)	–	(1,496)	(32)	(1,528)
<b>Total comprehensive income for the period</b>	–	–	–	(1,496)	2,283	787	17	804
<b>Transactions with owners, recognised directly in equity</b>								
Dividend paid	–	–	–	–	(742)	(742)	–	(742)
At 30 June 2023	38,057	3,501	(105)	(11,470)	29,818	59,801	639	60,440

**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 2022	38,057	(105)	670	2,880	41,502
<b>Total comprehensive income for the period</b>					
Loss for the period	–	–	–	(1,569)	(1,569)
<b>Other comprehensive income</b>					
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	(42)	–	(42)
Total other comprehensive income	–	–	(42)	–	(42)
<b>Total comprehensive income for the period</b>	–	–	(42)	(1,569)	(1,611)
<b>Transactions with owners, recognised directly in equity</b>					
Dividend paid	–	–	–	(742)	(742)
At 30 June 2022	38,057	(105)	628	569	39,149
At 1 January 2023	38,057	(105)	680	3,878	42,510
<b>Total comprehensive income for the period</b>					
Loss for the period	–	–	–	(1,669)	(1,669)
<b>Other comprehensive income</b>					
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	30	–	30
Total other comprehensive income	–	–	30	–	30
<b>Total comprehensive income for the period</b>	–	–	30	(1,669)	(1,639)
<b>Transactions with owners, recognised directly in equity</b>					
Dividend paid	–	–	–	(742)	(742)
At 30 June 2023	38,057	(105)	710	1,467	40,129

## D. Condensed interim consolidated statement of cash flows

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	3,328	4,396
Adjustments for:		
Depreciation of plant and equipment and right-of-use assets	2,316	2,253
Gain on sale of plant and equipment	(5)	–
(Reversal of)/Impairment losses on trade receivables	(52)	30
Write-down of inventories	210	808
Interest income	(5)	(5)
Finance costs	2,025	875
Unrealised foreign exchange gain	(36)	(87)
Gain on derecognition of right-of-use assets	(6)	(11)
	7,775	8,259
<b>Changes in working capital</b>		
Changes in inventories	1,960	1,032
Changes in trade and other receivables	(5,527)	(4,756)
Changes in trade and other payables	(9,834)	1,786
Changes in contract liabilities	(218)	754
Changes in bills payable and trust receipts	26	(12,980)
	(5,818)	(5,905)
<b>Cash used in operating activities</b>		
Tax paid	(1,340)	(1,612)
Interest paid for bills payable and trust receipts	(901)	(416)
	(8,059)	(7,933)
<b>Cash flows from investing activities</b>		
Interest received	5	5
Proceeds from sale of plant and equipment	6	–
Acquisition of plant and equipment	(221)	(429)
	(210)	(424)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	30,388	19,500
Repayment of borrowings	(20,251)	(10,059)
Payment of lease liabilities	(2,054)	(1,999)
Interest paid for lease liabilities and unsecured bank loans	(1,036)	(448)
Dividend paid	(742)	(742)
	6,305	6,252
<b>Net decrease in cash and cash equivalents</b>	(1,964)	(2,105)
Cash and cash equivalents at the beginning of period	18,283	14,785
Effect of exchange rate changes on the balance of cash held in foreign currencies	(539)	(325)
	15,780	12,355
<b>Cash and cash equivalents at the end of period</b>	15,780	12,355

## **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 2023 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 2023 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 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 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.

- Covid-19-Related Rent Concessions Beyond 30 June 2021 (Amendments to SFRS(I) 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 1-37)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to SFRS(I) 16)
- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Annual Improvements to SFRS(I)s 2018-2020

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 6 months ended 30 June 2023.

## 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 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 periods affected.

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 11 and 12 – Impairment test of plant and equipment and right-of-use assets: key assumption underlying recoverability amounts
- Note 13 – Net realisable value of inventories

#### ***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
<b>6 months ended 30 June 2023</b>							
Total revenue from external customers	12,924	28,198	21,772	8,794	35,212	18,814	125,714
<b>6 months ended 30 June 2022</b>							
Total revenue from external customers	11,264	28,199	23,907	10,012	29,634	21,164	124,180
<b>30 June 2023</b>							
Non-current assets <sup>(i)</sup>	1,939	542	4,124	–	2,911	231	9,747
<b>31 December 2022</b>							
Non-current assets <sup>(i)</sup>	2,294	510	4,649	–	2,712	294	10,459

<sup>(i)</sup> 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 2023 and 2022, 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.

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Primary geographical markets</b>		
Singapore	12,924	11,264
Malaysia	28,198	28,199
Australia	21,772	23,907
Thailand	8,794	10,012
South Korea	35,212	29,634
Others	18,814	21,164
	125,714	124,180

## 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
<b>30 June 2023</b>								
<b>Financial assets not measured at fair value</b>								
Trade and other receivables #	38,714	–	–	38,714				
Cash and cash equivalents	15,780	–	–	15,780				
	<u>54,494</u>	<u>–</u>	<u>–</u>	<u>54,494</u>				
<b>Financial asset measured at fair value</b>								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
<b>Financial liabilities not measured at fair value</b>								
Term loans	–	–	2,676	2,676				
Unsecured bank loans	–	–	33,506	33,506				
Bills payable and trust receipts	–	–	40,700	40,700				
Trade and other payables *	–	–	28,064	28,064				
	<u>–</u>	<u>–</u>	<u>104,946</u>	<u>104,946</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
<b>31 December 2022</b>								
<b>Financial assets not measured at fair value</b>								
Trade and other receivables #	33,509	–	–	33,509				
Cash and cash equivalents	18,283	–	–	18,283				
	<u>51,792</u>	<u>–</u>	<u>–</u>	<u>51,792</u>				
<b>Financial asset measured at fair value</b>								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
<b>Financial liabilities not measured at fair value</b>								
Term loans	–	–	3,247	3,247				
Unsecured bank loans	–	–	23,019	23,019				
Bills payable and trust receipts	–	–	40,824	40,824				
Trade and other payables *	–	–	38,014	38,014				
	<u>–</u>	<u>–</u>	<u>105,104</u>	<u>105,104</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
<b>Company</b>								
<b>30 June 2023</b>								
<b>Financial assets not measured at fair value</b>								
Trade and other receivables #	51,802	–	–	51,802				
Cash and cash equivalents	7,414	–	–	7,414				
	<u>59,216</u>	<u>–</u>	<u>–</u>	<u>59,216</u>				
<b>Financial asset measured at fair value</b>								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
<b>Financial liabilities not measured at fair value</b>								
Term loans	–	–	2,676	2,676				
Unsecured bank loans	–	–	28,099	28,099				
Bills payable and trust receipts	–	–	32,032	32,032				
Trade and other payables *	–	–	9,677	9,677				
	<u>–</u>	<u>–</u>	<u>72,484</u>	<u>72,484</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
<b>Company</b>								
<b>31 December 2022</b>								
<b>Financial assets not measured at fair value</b>								
Trade and other receivables #	48,328	–	–	48,328				
Cash and cash equivalents	8,733	–	–	8,733				
	<u>57,061</u>	<u>–</u>	<u>–</u>	<u>57,061</u>				
<b>Financial asset measured at fair value</b>								
Equity investment – at FVOCI	–	1,018	–	1,018	–	–	1,018	1,018
<b>Financial liabilities not measured at fair value</b>								
Term loans	–	–	3,247	3,247				
Unsecured bank loans	–	–	17,996	17,996				
Bills payable and trust receipts	–	–	34,397	34,397				
Trade and other payables *	–	–	16,658	16,658				
	<u>–</u>	<u>–</u>	<u>72,298</u>	<u>72,298</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*

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
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:

	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current income tax expense	957	1,577
Deferred income tax expense relating to origination and reversal of temporary differences	32	(154)
Withholding tax	7	9
	996	1,432
	996	1,432

## 7. Profit before tax

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

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest income	(5)	(5)
Government grants and supports	(10)	(78)
Gain on sale of plant and equipment	(5)	–
(Reversal)/ Impairment losses on trade receivables	(52)	30
Gain on derecognition of right-of-use assets	(6)	(11)
Finance costs	2,025	875
Depreciation of plant and equipment and right-of-use assets	2,316	2,253
Write-down of inventories	210	808
Foreign exchange loss, net	597	216
	597	216
	597	216



**7. Profit before tax (cont'd)**

**7.2 Other operating expenses**

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Expenses relating to short term leases	725	682
Transportation expenses	1,979	1,815
Impairment losses on trade receivables and bad debts written off	–	30
Write-down of inventories	210	808
Sales commission expenses	915	980
Utility expenses	904	886
Foreign exchange loss, net	597	216
Others	2,074	2,087
<b>Total</b>	<b>7,404</b>	<b>7,504</b>

**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:

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' fees	161	151
Short-term employee benefits	444	434
Post-employment benefits	19	19
	624	604

**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:

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Related party #</b>		
- Sales	98	136
	<hr/>	<hr/>

# A shareholder company of the Group

**8. Dividends**

	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
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 2022 was paid in the current reporting period.

## 9. Earnings per share

	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit attributable to owners of the Company	2,283	2,899
	<b>2023</b>	<b>2022</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares	87,265	87,265
	<b>6 months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
Earnings per share (cents)		
- Basic	2.62	3.32
- Diluted	2.62	3.32

The basic and diluted earnings per share are the same for the period ended 30 June 2023 and 2022 as there were no dilutive instruments in issue as at 30 June 2023 and 30 June 2022.

## 10. Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net asset value per ordinary share (cents)	68.5	68.5	46.0	48.7

Net asset value per ordinary share as at 30 June 2023 was computed based on equity attributable to owners of the Company of \$59,801,000 (31 December 2022: \$59,756,000) and existing ordinary shares of 87,265,029 (31 December 2022: 87,265,029).

## 11. Plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$221,000 (30 June 2022: \$429,000).

## 12. Rights-of-use assets and lease liabilities

During the period ended 30 June 2023, the Group acquired right-of-use asset with an aggregate cost of \$1,759,000 (30 June 2022: \$4,127,000), of which \$1,759,000 (30 June 2022: \$4,100,000) was acquired via lease liabilities and \$nil (30 June 2022: \$27,000) pertains to provision for site restoration.

## 13. Inventories

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2023 \$'000</b>	<b>31 December 2022 \$'000</b>	<b>30 June 2023 \$'000</b>	<b>31 December 2022 \$'000</b>
Finished goods	102,887	99,952	30,554	31,575
Goods-in-transit	6,516	12,807	1,475	4,309
	109,403	112,759	32,029	35,884

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 2023 amounted to \$97,566,000 (30 June 2022: \$96,876,000) and was recognised as expense and included in cost of purchases and changes in inventories of finished goods.

The Group's write-down of inventories to net realisable value included in other operating expenses for the period ended 30 June 2023 amounted to \$210,000 (30 June 2022: \$808,000).

## 14. Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2023 \$'000</b>	<b>31 December 2022 \$'000</b>	<b>30 June 2023 \$'000</b>	<b>31 December 2022 \$'000</b>
Trade receivables	33,929	29,878	11,051	10,381
Trade amounts due from subsidiaries	–	–	14,674	12,543
Non-trade amounts due from subsidiaries	–	–	23,541	24,089
Other receivables	4,785	3,631	2,536	1,315
	38,714	33,509	51,802	48,328
Prepayments	364	394	129	70
	39,078	33,903	51,931	48,398

## 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

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2023 \$'000</b>	<b>31 December 2022 \$'000</b>	<b>30 June 2023 \$'000</b>	<b>31 December 2022 \$'000</b>
<u>Amount repayable</u>				
Within one year	75,366	64,991	61,291	53,541
After one year	1,516	2,099	1,516	2,099
	76,882	67,090	62,807	55,640

## 16. Share capital

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	<b>Number of shares</b>	<b>\$'000</b>	<b>Number of shares</b>	<b>\$'000</b>
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 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

## 17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of financial statements.

## **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 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. Review of performance of the Group**

#### **Review of Performance**

Group turnover increased by 1.2% to \$125.7 million.

The SGD appreciated against the currencies of each of the Group's main overseas operations in South Korea (KRW), Australia (AUD) and Malaysia (MYR) during 1H23. Group turnover would have increased by 6.2% to \$131.8 million had the average foreign exchange rates remained the same as in 1H22.

The post-Covid period since mid-2022 brought about an initial surge in economic activity followed by an economic slowdown over much of 2023 to date as central banks in many parts of the world put in place restrictive monetary policies to counter the sudden and sharp inflationary environment. Against this backdrop, several factors featured across most of the Group's markets in varying degrees: steady or resilient demand for automotive replacement parts from customers, continued supply issues from principals and tight labour markets.

The Group's business in Singapore saw a moderate 2.3% improvement in revenues in 1H23. Demand from customers in Singapore and most overseas markets remained resilient but revenue levels were affected by slower supplies from certain principals especially in Q1. Sales improved in Q2 on the back of a higher supply rate.

Strong customer demand and market share gains continued to drive the business in South Korea during 1H23. Strong momentum built up early in the year with contributions from new store/warehouse locations. Revenues increased by 28.3% in KRW terms, but at a lower rate of 18.8% in SGD terms due to the weaker KRW against the SGD.

Revenues in Australia declined by 1% in AUD terms in a challenging environment. The decline was at a higher rate of 9.3% in SGD terms due to the weaker AUD against the SGD. Demand remained largely steady but business was constrained by an inflationary environment and economy-wide tight labour market conditions.

Revenues in Malaysia declined by 3.5% in MYR terms, but at a higher rate of 9.6% in SGD terms due to the weaker MYR against the SGD. Demand remained largely steady but turnover registered a decline against the backdrop of last year's higher than expected sales in 1H22 during the re-opening phase towards post-Covid as well as due to lower supplies from certain principals during 1H23.

## 2. Review of performance of the Group

### Review of Performance (cont'd)

Total margins for the Group increased by \$1.4 million for the period mainly due to the improvement in gross margin rate and, to a lesser extent, the increase in turnover.

Operating expenses increased by \$1.0 million mainly due to higher staff costs amounting to \$0.8 million and the depreciation of the AUD and KRW against the SGD. Had exchange rates in 1H23 remained the same as 1H22, especially for the AUD and KRW in terms of impact on the Group, the increase in staff costs would have been \$1.7 million. South Korea registered the biggest increase as the size of the team expanded in line with the increase in the level of business. Aside from staff costs, other operating costs were largely contained within expectations.

Profit from operations before foreign exchange gain/loss (EBIT before FX) increased by 8.4% from \$5.5 million to \$5.9 million.

Foreign exchange loss amounted to \$0.6 million in 1H23 as compared to \$0.2 million in 1H22. The foreign exchange loss in 1H23 arose mainly from unrealised translation losses of intercompany receivable balances with overseas subsidiaries due to the appreciation of SGD in 1H23 as well as transactions from normal operational activities.

Total finance costs increased by \$1.1 million in 1H23 due to higher interest rates and higher Group borrowings.

Profit before tax decreased by 24.3% from \$4.4 million to \$3.3 million.

Profit after tax decreased by 21.3% from \$3.0 million to \$2.3 million.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$0.8 million.

### Balance Sheet Review

Right-of-use (ROU) assets decreased by \$0.7 million from \$9.1 million as at 31 December 2022 to \$8.4 million as at 30 June 2023 mainly due to depreciation of ROU assets.

Group inventory level was at 6.7 months as at 30 June 2023 compared to 6.9 months as at 31 December 2022. Inventory level decreased by \$3.4 million from \$112.8 million as at 31 December 2022 to \$109.4 million as at 30 June 2023 as the Group was not able to secure a stronger flow of incoming goods as it encountered prolonged supply delays from certain principals during the period.

Group trade receivable level nudged up to 1.6 months as at 30 June 2023 from 1.4 months as at 31 December 2022. In absolute terms, trade receivable level increased by \$4.0 million from \$29.9 million as at 31 December 2022 to \$33.9 million as at 30 June 2023, the higher level in line with the higher level of revenues achieved in May and June in Q2.

## **2 Review of performance of the Group (cont'd)**

### **Balance Sheet Review (cont'd)**

Loans and borrowings, a large proportion of which consisted of trade-related bills, increased by \$9.8 million from \$67.1 million as 31 December 2022 to \$76.9 million as at 30 June 2023. During the same period, Group payable level decreased by \$10.0 million from \$38.3 million as at 31 December 2022 to \$28.3 million as at 30 June 2023.

Cash balances decreased by \$2.5 million from \$18.3 million as at 31 December 2022 to \$15.8 million as at 30 June 2023.

The Group's Current Ratio remained relatively steady at 1.5 times as at 30 June 2023 and 31 December 2022.

The Group's net gearing level increased to 1.0 as at 30 June 2023 from 0.8 times as at 31 December 2022 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 \$7.8 million for the six-month period. After accounting for changes in working capital, cash used in operating activities amounted to \$5.8 million mainly due to payment of trade and other payables during the period. Net cash used in operating activities after accounting for tax and net interest paid amounted to \$8.1 million. Net cash used in investing activities amounted to \$0.2 million. Net cash generated from financing activities amounted to \$6.3 million mainly due to proceeds from short term cash lines. Cash balances as at 30 June 2023 amounted to \$15.8 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.**

Restrictive monetary policies implemented by many central banks around the world since early 2022 have collectively weighed heavily on consumer spending and business sentiment. Whilst the effects of economic slowdown have pervaded many of the Group's markets, business sentiment amongst the Group's customers for replacement automotive parts has largely remained unmoved. Demand for replacement automotive parts for vehicle maintenance and repair remains resilient.



**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 (cont'd)**

The Group's business plans were affected by two factors in 1H23: supply issues and a tight labour market. Both factors acted to restrain overall revenue growth. The Group encountered prolonged supply delays from certain principals and inconsistent lead times from many others during 1H23. Though expected to some degree, the situation was worse than expected. The plan on having a good level of inventory did help to maintain a certain level of momentum but actual stock arrivals turned out to be insufficient to support a stronger pace of growth in 1H23. Supply delays remain an issue. The Group will continue to work closely with principals to try to alleviate issues and improve supply flows. Manpower shortage arising from tight labour market conditions is expected to persist in 2H23. This challenge will continue to have a restraining effect on the Group's operating capacity and hence on revenue growth.

Although sales objectives in 1H23 were not met, the Group was able to substantially pass on higher product prices to customers during the period resulting in an improved gross margin rate in comparison with the corresponding period last year. Moving forward, the Group will continue to make every effort to maintain the generally improving trendline in gross margin rate in recent years. Combined with the efforts to restrain upward operating cost pressures, the Group aims to build on the operating profit achieved in 1H23.

**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 2023
Dividend type	Cash
Dividend per share	\$0.00425
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 2022
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 2023 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

11 August 2023