



NICO STEEL HOLDINGS LIMITED

UEN: 200104166D

SGX Stock Code: 5GF

Condensed Interim Financial Statements

For the six months and full year ended 28 February 2022

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

		The Group					
		6 months ended 28 February 2022	6 months ended 28 February 2021	Variance	12 months ended 28 February 2022	12 months ended 28 February 2021	Variance
	Note	USD'000	USD'000		USD'000	USD'000	
Revenue	4	10,916	9,060	21%	20,882	17,275	21%
Cost of sales		(9,008)	(6,717)	34%	(17,108)	(13,018)	31%
Gross profit		1,908	2,343	(19%)	3,774	4,257	(11%)
Interest income from banks	6	2	1	100%	3	7	(57%)
Other income		57	54	6%	115	154	(25%)
Distribution expenses		(337)	(237)	42%	(558)	(445)	25%
Administrative expenses		(1,046)	(1,218)	(14%)	(2,378)	(2,570)	(7%)
Other expenses		(120)	(9)	>100%	(135)	(50)	>100%
Finance costs		(117)	(70)	67%	(203)	(132)	54%
Profit before tax	6	347	864	(60%)	618	1,221	(49%)
Tax expense	7	(172)	(277)	(38%)	(287)	(340)	(16%)
Profit for the financial period		175	587	(70%)	331	881	(62%)
Other comprehensive income/(loss), net of tax							
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising on consolidation		237	569	(58%)	162	768	(79%)
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising on consolidation		(12)	(28)	(57%)	(12)	(38)	(71%)
Other comprehensive income for the period, net of tax		225	541	(58%)	150	730	(79%)
Total comprehensive income for the period		400	1,128	(65%)	481	1,611	(69%)

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

	The Group					
	6 months ended 28 February 2022	6 months ended 28 February 2021	Variance	12 months ended 28 February 2022	12 months ended 28 February 2021	Variance
Note	USD'000	USD'000		USD'000	USD'000	
Profit attributable to:						
Equity holders of the Company	163	557	(71%)	322	817	(61%)
Non-controlling interests	12	30	(60%)	9	64	(86%)
Profit for the financial period	175	587	(70%)	331	881	(62%)
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	400	1,126	(64%)	484	1,585	(69%)
Non-controlling interests	-	2	(100%)	(3)	26	N.M.
Total comprehensive income for the period	400	1,128	(65%)	481	1,611	(69%)
Earnings per share for profit attributable to equity holders of the Company (cents per share)						
Basic and diluted	0.00	0.01		0.01	0.02	

N.M. – not meaningful

B. Condensed interim statements of financial position

		Group		Company	
		As at 28/02/2022 USD'000	As at 28/02/2021 USD'000	As at 28/02/2022 USD'000	As at 28/02/2021 USD'000
Note					
Non-current assets					
Property, plant and equipment	9	3,814	3,455	-	-
Intangible assets	10	2	2	-	-
Subsidiaries		-	-	12,647	7,597
		3,816	3,457	12,647	7,597
Current assets					
Inventories		8,456	7,266	-	-
Trade and other receivables	11	6,724	6,160	2,994	3,771
Contract assets		582	650	-	-
Cash and cash equivalents		4,511	3,836	48	15
Tax recoverable		-	8	-	-
		20,273	17,920	3,042	3,786
Total assets		24,089	21,377	15,689	11,383
Equity					
Share capital	12	15,851	15,851	15,851	15,851
Reserves		(1,126)	(1,380)	-	-
Accumulated profits/(losses)		2,814	2,584	(380)	(4,742)
Equity attributable to equity holders of the Company, total		17,539	17,055	15,471	11,109
Non-controlling interests		(474)	(471)	-	-
Total equity		17,065	16,584	15,471	11,109
Non-current liabilities					
Borrowings	13	1,302	328	-	-
Deferred tax liabilities		10	10	-	-
Provisions		11	-	-	-
Total non-current liabilities		1,323	338	-	-
Current liabilities					
Borrowings	13	3,385	2,926	-	-
Trade and other payables	14	2,240	1,377	206	273
Provisions		-	111	-	-
Contract liabilities		-	20	-	-
Current tax payable		76	21	12	1
		5,701	4,455	218	274
Total liabilities		7,024	4,793	218	274
Total equity and liabilities		24,089	21,377	15,689	11,383

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 Mar 2020	15,851	(2,825)	(70)	632	1,882	15,470	(497)	14,973
Profit for the financial year	-	-	-	-	817	817	64	881
Other comprehensive income/(loss), net of tax								
Currency translation differences arising from consolidation	-	-	768	-	-	768	(38)	730
Total comprehensive income for the financial year	-	-	768	-	817	1,585	26	1,611
Transfer of statutory surplus reserve	-	-	-	115	(115)	-	-	-
At 28 February 2021	15,851	(2,825)	698	747	2,584	17,055	(471)	16,584
The Group								
At 1 Mar 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 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

Condensed interim statements of changes in equity

The Company	Share capital	Accumulated losses	Total
	USD'000	USD'000	USD'000
At 1 Mar 2020	15,851	(4,299)	11,552
Loss and total comprehensive loss for the year	-	(443)	(443)
At 28 February 2021	15,851	(4,742)	11,109
At 1 Mar 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

D. Condensed interim consolidated statement of cash flows

	The Group	
	12 months ended 28 February 2022	12 months ended 28 February 2021
	USD'000	USD'000
Cash flows from operating activities		
Profit before income tax	618	1,221
Adjustments for:		
Amortisation of intangible assets	1	1
Depreciation of property, plant and equipment	489	590
Interest expense	203	132
Loss on disposal of property, plant and equipment	2	1
Interest income from banks	(3)	(7)
Dividend income	-	(1)
Write-down of inventories	130	-
Reversal of inventories write-down	(692)	(168)
Net fair value gain on financial assets at fair value through profit or loss	-	(30)
Operating profit before working capital changes	748	1,739
Changes in working capital:		
Inventories	(628)	(357)
Trade and other receivables	(565)	(1,695)
Contract assets	67	1
Trade and other payables	851	(458)
Contract liabilities	(20)	-
Provisions	(87)	-
Proceeds from working capital bank loans	6,832	1,372
Repayment of working capital bank loans	(6,895)	-
Currency translation adjustments	145	650
Cash generated from operations	448	1,252
Income taxes paid, net	(225)	(364)
Interest paid	(160)	(98)
Net cash generated from operating activities	63	790
Cash flows from investing activities		
Proceeds from disposal of quoted shares	-	60
Purchase of property, plant and equipment	(341)	(133)
Purchase of intangible assets	(1)	(1)
Interest received	3	7
Dividend received	-	1
Proceeds from disposal of property, plant and equipment	1	-
Net cash used in investing activities	(338)	(66)
Cash flows from financing activities		
Proceeds from bank loan	2,240	-
Repayment of bank loan	(984)	-
Interest paid on bank loan	(19)	-

Repayment of lease liabilities	(265)	(266)
Interest paid on lease liabilities	(24)	(34)
Net cash generated from/(used in) financing activities	948	(300)
Net increase in cash and cash equivalents	673	424
Cash and cash equivalents at 1 March	3,836	3,427
Effect of exchange rate fluctuations on cash held	2	(15)
Cash and cash equivalents at 28 February	4,511	3,836

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. As at date of authorisation of the financial statements, 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.

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 principle 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.

2 Basis of preparation

The condensed interim financial statements for the six months and full year ended 28 February 2022 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 2021.

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

The condensed interim financial statements are presented in US dollars (USD) which is the Company’s functional currency.

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

Basis of preparation (cont'd)

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 2021.

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

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 inventory	(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
Other segment assets	1,151	1,031	–	2,182
Intangible assets	–	–	–	–
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 September 2020 to 28 February 2021				
Revenue and expenses				
External revenue	9,060	–	–	9,060
Inter-segment revenue	–	864	–	864
Total revenue of reportable segments	9,060	864	–	9,924
Interest income	78	–	–	78
Finance costs	(189)	(46)	–	(235)
Depreciation and amortisation	(148)	(127)	–	(275)
Reversal of inventories write-down	168	–	–	168
Net fair value gain on financial assets at fair value through profit or loss	–	–	30	30
Reportable segment profit/(loss) before tax	926	149	(211)	864
Tax expense	(277)	–	–	(277)
Reportable segment profit/(loss) after tax	649	149	(211)	587
Other segment assets	2,557	(142)	(316)	2,099
Intangible assets	–	–	–	–
Deferred tax assets	(3)	–	–	(3)
Total assets	2,554	(142)	(316)	2,096
Capital expenditure	43	80	–	123
Other segment liabilities	966	(65)	86	987
Current tax payable	9	(28)	–	(19)
Total liabilities	975	(93)	86	968

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	–	1,379
Total revenue of reportable segments	20,882	1,379	–	22,261
Interest income	153	–	–	153
Finance costs	(268)	(85)	–	(353)
Depreciation and amortisation	(268)	(222)	–	(490)
Write down of inventory	(130)	–	–	(130)
Reversal of inventories write-down	684	8	–	692
Reportable segment profit/(loss) before tax	(3,802)	44	4,376	618
Tax expense	(273)	–	(14)	(287)
Reportable segment profit/(loss) after tax	(4,075)	44	4,362	331
Other segment assets	22,457	1,566	64	24,087
Intangible assets	2	–	–	2
Total assets	22,459	1,566	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)

Information about reportable segments

	Coil Centre USD'000	Plating USD'000	Others USD'000	Total USD'000
1 March 2020 to 28 February 2021				
Revenue and expenses				
External revenue	17,275	–	–	17,275
Inter-segment revenue	–	1,558	–	1,558
Total revenue of reportable segments	17,275	1,558	–	18,833
Interest income	171	–	1	172
Finance costs	(202)	(95)	–	(297)
Depreciation and amortisation	(388)	(203)	–	(591)
Reversal of inventories write-down	168	–	–	168
Net fair value gain on financial assets at fair value through profit or loss	–	–	30	30
Reportable segment profit/(loss) before tax	1,344	320	(443)	1,221
Tax expense	(340)	–	–	(340)
Reportable segment profit/(loss) after tax	1,004	320	(443)	881
Other segment assets	20,693	591	91	21,375
Intangible assets	2	–	–	2
Total assets	20,695	591	91	21,377
Capital expenditure	44	89	–	133
Other segment liabilities	4,194	343	225	4,762
Current tax payable	20	–	1	21
Deferred tax liabilities	10	–	–	10
Total liabilities	4,224	343	226	4,793

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 2022	6 months ended 28 February 2021	12 months ended 28 February 2022	12 months ended 28 February 2021
	USD'000	USD'000	USD'000	USD'000
Revenue				
Total revenue for reportable segments	11,645	9,924	22,261	18,833
Elimination of inter-segment revenue	(729)	(864)	(1,379)	(1,558)
Consolidated revenue	10,916	9,060	20,882	17,275

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 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 September 2020 to 28 February 2021						
Revenue from external customers	77	7,711	83	1,172	17	9,060
Non-current assets	(97)	6	—	(2)	—	(93)
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
From 1 March 2020 to 28 February 2021						
Revenue from external customers	126	15,097	86	1,931	35	17,275
Non-current assets	1,743	1,709	—	5	—	3,457

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 2021 and 28 February 2022:

	The Group		The Company	
	28 February 2022	28 February 2021	28 February 2022	28 February 2021
	USD'000	USD'000	USD'000	USD'000
Financial Assets				
Cash and cash equivalents and Trade and other receivables (Amortised cost)	11,011	9,632	3,025	3,770
Financial liabilities				
Trade and other payables and borrowings (Amortised cost)	6,927	4,631	206	273

6. Profit before taxation

6.1. Significant items

	The Group			
	6 months ended 28 February 2022	6 months ended 28 February 2021	12 months ended 28 February 2022	12 months ended 28 February 2021
	USD'000	USD'000	USD'000	USD'000
Income				
Interest income	2	1	3	7
Expenses				
Depreciation of property, plant and equipment	253	275	489	590
Amortisation of intangible assets	–	–	1	1
Interest on borrowings	104	54	179	98
Interest on lease liabilities	13	16	24	34
Write-down of inventory	130	–	130	–
Reversal of inventories write- down	(551)	(168)	(692)	(168)
Foreign exchange loss, net	120	9	135	50

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

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 2022 USD'000	6 months ended 28 February 2021 USD'000	12 months ended 28 February 2022 USD'000	12 months ended 28 February 2021 USD'000
Current income tax expense	172	277	287	340

8. Net Asset value

	Group		Company	
	As at 28 February 2022 USD'000	As at 28 February 2021 USD'000	As at 28 February 2022 USD'000	As at 28 February 2021 USD'000
Net assets	17,065	16,584	15,471	11,109
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	0.2

9. Property, plant and equipment

During the six months ended 28 February 2022, the Group acquired assets amounting to US\$341,000 (28 February 2021: US\$10,000) and disposed of assets amounting to US\$2,000 (28 February 2021: US\$1,000).

10. Intangible assets

	Patent USD'000	Trademarks USD'000	Total USD'000
At 31 August 2021			
Cost	31	19	50
Accumulated amortisation	30	18	48
Net book amount	1	1	2
6 months ended 28 February 2022			
Opening net book amount	1	1	2
Closing net book amount	1	1	2
At 28 February 2022			
Cost	31	19	50
Accumulated amortisation	30	18	48
Net book amount	1	1	2

E. Notes to the condensed interim consolidated financial statements (cont'd)**11. Trade and other receivables**

	Group		Company	
	As at 28 February 2022	As at 28 February 2021	As at 28 February 2022	As at 28 February 2021
	USD'000	USD'000	USD'000	USD'000
Trade receivables	6,574	5,778	–	–
Less: Loss allowance	(180)	(192)	–	–
	6,394	5,586	–	–
Non-trade amounts due from subsidiaries	–	–	2,977	3,695
Deposits	70	92	–	–
Other receivables	36	118	–	60
Prepayments	224	364	17	16
	6,724	6,160	2,994	3,771

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 2022		28 February 2021	
	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 2021 and 28 February 2022.

There were no treasury shares as at 28 February 2021 and 28 February 2022.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 28 February 2021 and 28 February 2022.

E. Notes to the condensed interim consolidated financial statements (cont'd)**13. Borrowings**

	The Group	
	28 February 2022	28 February 2021
	USD'000	USD'000
Non-current		
Bank loan C (unsecured)	761	–
Lease liabilities	541	328
	1,302	328
Current		
Working capital bank loan A (unsecured)	1,281	1,279
Working capital bank loan B (secured)	1,416	1,417
Bank loan C (unsecured)	474	–
Lease liabilities	214	230
	3,385	2,926
	4,687	3,254

Secured working capital bank loans

- (i) Unsecured working capital bank loans 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) 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.
- (iv) Unsecured bank loan C is guaranteed by the Company.

E. Notes to the condensed interim consolidated financial statements (cont'd)**13. Borrowings (cont'd)*****Reconciliation of movements of liabilities to cash flows arising from financing activities:***

	Bank loan USD'000	Lease liability USD'000
Balance at 29 February 2020	–	788
Changes from financing cash flows:		
- Repayments	–	(266)
- Interest paid	–	(34)
	–	
Non-cash changes:		
- Interest expenses	–	34
Effect of changes in foreign exchange rates	–	36
Balance at 28 February 2021	-	558
Changes from financing cash flows:		
- Proceeds	2,240	-
- Repayments	(984)	(265)
- Interest paid	(19)	(24)
Non-cash changes:		
- Interest expenses	19	24
- Additions	–	470
Effect of changes in foreign exchange rates	(21)	(8)
Balance at 28 February 2022	1,235	755

E. Notes to the condensed interim consolidated financial statements (cont'd)**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 2022		As at 28 February 2021	
			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	2023	1,281	1,281	1,278	1,278
RMB floating rate loan B	China's Loan Prime Rate + 2% per annum	2023	1,416	1,416	1,417	1,417
SGD fixed rate loan C	2%	2026	1,268	1,235	-	-
			3,965	3,932	2,695	2,695

14. Trade and other payables

	The Group		The Company	
	As at 28 February 2022	As at 28 February 2021	As at 28 February 2022	As at 28 February 2021
	USD'000	USD'000	USD'000	USD'000
Trade payables	663	513	-	-
Non-trade amounts due to subsidiaries	-	-	48	48
Bills payable	795	-	-	-
Accrued operating expenses	321	376	141	208
Other payables	461	488	17	17
	2,240	1,377	206	273

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

In the current financial period, the weighted average effective interest rate of bills payable of the Group is 1.85% per annum. Bills payable are guaranteed by the Company.

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

15. Capital Commitments

Capital commitments not provided for in the financial statements:

	The Group	
	2022 USD'000	2021 USD'000
Capital commitment in respect of plant and machinery	208	345

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 2022 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 increased by 20.9% from US\$17.3 million for the twelve months ended 28 February 2021 ("FY2021") to US\$20.9 million for the twelve months ended 28 February 2022 ("FY2022"). The increase was mainly due to the increasing in customers' orders for Thailand subsidiary.

Revenue Analysis by Product Categories

	FY2022		FY2021		YoY Change
	USD'000	% of revenue	USD'000	% of revenue	
Customised Solutions	17,532	84.0	13,670	79.0	+ 28.3%
Nico Brand of Metal Alloys	3,350	16.0	3,605	21.0	-7.1%
	20,882	100.0	17,275	100.0	+20.9%

Geographically, China remained as the key revenue contributor to the Group in FY2022, contributing 76.6% of the Group's total revenue, compared to 87.4% in FY2021. Revenue contribution from Thailand increased from 11.2% in FY2021 to 21.8% in FY2022.

Cost of Sales

In tandem with the increase in revenue and increasing of the raw material price, cost of sales increased by 31.4% from US\$13.0 million in FY2021 to US\$17.1 million in FY2022.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

Review of Group's Results (cont'd)

Gross Profit and Gross Profit Margin

Gross profit decreased by 11.3% from US\$4.3 million in FY2021 to US\$3.8 million in FY2022. This was mainly due to the shortage of electronic chipset and raising of raw material prices. Correspondingly, gross profit margin decreased from 24.6% in FY2021 to 18.1% in FY2022.

Interest Income from Banks

Interest income decreased from US\$7,000 in FY2021 to US\$3,000 in FY2022, mainly due to there was no fixed deposit with banks in FY2022.

Other Income

Other income decreased by 25.3% from US\$154,000 in FY2021 to US\$115,000 in FY2022. This was mainly due to the government grants received decreased under Jobs Support Scheme which provides wage support to employers during the period of economic uncertainty amidst the coronavirus pandemic in the reporting period.

Distribution, Administrative, Other Operating and Finance Expenses

In tandem with the increase in revenue, distribution expenses increased 25.4% from US\$445,000 in FY2021 to US\$558,000 in FY2022.

Administrative expenses decreased by 7.5% from US\$2.6 million in FY2021 to US\$2.4 million in FY2022 mainly due to the Group reversed inventory write-down US\$692,000 against the additional inventory write-off US\$130,000 in FY2022.

Other expenses increased by US\$85,000 from US\$50,000 in FY2021 to US\$135,000 in FY2022, due to the increase in foreign exchange loss as a result of the movement in market exchange rate during the financial period under review.

Finance costs increased 53.8% from US\$132,000 in FY2021 to US\$203,000 in FY2022. The increase was mainly due to (i) the increase in interest rate of trade facilities and secured bank loans in FY2022 for raw material purchases; and (ii) additional bank loan taken up by Singapore subsidiary under Temporary Bridging Loan Programme for SMEs during the financial period.

Income tax expenses decreased 15.6% from US\$340,000 in FY2021 to US\$287,000 in FY2022, as a result of one of the Group's China subsidiaries reported lower profit before income tax in FY2022.

Taking into account the above mentioned, the Group recorded a net profit attributable to the equity holders of the Company of US\$322,000 in FY2022, decreased by 60.6% compared to a net profit attributable to the equity holders of the Company of US\$817,000 in FY2021.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

Assets and liabilities

Non-current assets increased by US\$359,000 from US\$3.5 million as at 28 February 2021 to US\$3.8 million as at 28 February 2022, mainly due to the additions of property, plant and equipment ("PPE") purchased by Singapore subsidiary for Liquid Forging Project and additions of right-of-use assets ("ROU") recognised by Thailand subsidiary and one of the Group's China subsidiaries, offset against depreciation of PPE and depreciation of ROU in FY2022.

Current assets increased by US\$2.4 million from US\$17.9 million as at 28 February 2021 to US\$20.3 million as at 28 February 2022, mainly due to:

- (i) inventories increased by US\$1.2 million from US\$7.3 million as at 28 February 2021 to US\$8.5 million as at 28 February 2022 as a result of an increase in purchases of raw materials during FY2022;
- (ii) cash and cash equivalents increased by US\$675,000 from US\$3.8 million as at 28 February 2021 to US\$4.5 million as at 28 February 2022. The increase was mainly due to (i) the receipts from trade receivables by one of the Group's China subsidiaries in FY2022; and (ii) the additional bank loan taken up by Singapore subsidiary under Temporary Bridging Loan Programme for SMEs during the financial period.

Non-current liabilities increased by US\$985,000 from US\$338,000 as at 28 February 2021 to US\$1.3 million as at 28 February 2022. The increase was mainly due to the (i) additional lease liabilities the Group recognised during the financial year; and (ii) the additional bank loan taken up by Singapore subsidiary under Temporary Bridging Loan Programme for SMEs in FY2022.

Current liabilities increased by US\$1.2 million from US\$4.5 million as at 28 February 2021 to US\$5.7 million as at 28 February 2022. This was mainly due to the additional bank loan taken up by Singapore subsidiary under Temporary Bridging Loan Programme for SMEs in FY2022.

Equity

Equity comprises share capital, reserves, accumulated profits, and non-controlling interests. The total equity of the Group increased by US\$481,000 or 2.9% from US\$16.6 million as at 28 February 2021 to US\$17.1 million as at 28 February 2022.

Review of Group's Cash Flows

Net cash generated from operations amounted to US\$63,000 in FY2022, as compared to net cash generated from operations of US\$790,000 in FY2021. The decrease on positive cash flow was mainly due to cash inflow from operating profits decreased in FY2022.

Net cash used in investing activities was increased from US\$66,000 in FY2021 to US\$338,000 in FY2022 due to costs expended on the purchase of property, plant and equipment.

F. Other information required by Listing Rule Appendix 7.2 (cont'd)

Review of Group's Cash Flows (cont'd)

Net cash generated from financing activities was US\$948,000 in FY2022, as compared to net cash used in financing activities US\$300,000 in FY2021. The positive cash flow was mainly due to the additional bank loan taken up by Singapore subsidiary under Temporary Bridging Loan Programme for SMEs in FY2022.

Overall, the Group generated net cash inflows of US\$673,000 in FY2022 as compared to net cash inflows of US\$424,000 in FY2021.

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.

The ongoing conflict between Russia and Ukraine, continued US-China tensions, global shortage of electronic chipset, increasing raw material and freight costs pressures as well as the global supply chain disarray are still the challenges the Group is facing. The number of COVID-19 cases in PRC has recently increased, and new lockdown and transport restrictions are imposed. In Suzhou, measures have also been taken to curb the spread of the virus including a negative COVID-19 Nucleic Acid PCR Test result within 48 hours that is required for all employees to enter the factory. This could result in a negative impact on the Group's revenue and GP margin. The Company is of the opinion that its operation will continue to remain challenging due to above factors as well as the uncertainty surrounding the ongoing COVID-19 pandemic in PRC. However, barring any unforeseen circumstances such as emergence of a more deadly variant of the COVID-19 virus or a complete shutdown of the borders, the Group remains cautiously optimistic on the outlook for the business in the next 12 months.

The Group continued to drive its business focusing on its NICO brand of metal alloys and materials, as well as the recycle solutions materials. As of today, NICO is the only company in China that can provide not only Aluminium materials with recycled content of 80% and above (A5052 R80 and A1060 R80), but also the Stainless Steel materials with recycled content of 90% and above (Nico SUS 304 R90) and Copper Alloy materials with recycled content of 95% and above (NicoCA2 R95) which have been certified by SCS Global Services. By saving the carbon footprint and providing the sustainability solutions, NICO hopes that this would give it a first-mover advantage and make it the designated recycled material supplier of choice to its customers.

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 wholly owned new subsidiary which was

incorporated on 30 September 2021 in Jiangsu, China is 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.

The Singapore subsidiary is in the construction phase of its Liquid Forging Project. Production equipment is being installed currently and will be put into trial operation within first half of FY2023.

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/recommendeded, 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	57	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
29 April 2022