

Tye Soon Limited

Unaudited Condensed Interim Consolidated Financial Statements

For the six months ended 30 June 2022

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

		Group	
		6 months ended	
		30 June	
	Note	2022	2021
		\$'000	\$'000
Revenue	4	124,180	113,629
Other income		99	91
Changes in inventories of finished goods		(3,301)	1,057
Cost of purchases		(93,575)	(89,941)
Staff costs		(12,375)	(11,779)
Depreciation expenses		(2,253)	(2,470)
Other operating expenses		(7,504)	(6,736)
Finance costs		(875)	(855)
Share of profit of an associate (net of tax)		—	48
Profit before tax		4,396	3,044
Tax expense	6	(1,432)	(916)
Profit for the period	7	2,964	2,128
Profit attributable to:			
Owners of the Company		2,899	2,082
Non-controlling interests		65	46
Profit for the period		2,964	2,128
Earnings per share			
Basic and diluted earnings per share (cents)	9	3.32	2.39
Profit for the period		2,964	2,128
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		(1,595)	(599)
Other comprehensive income for the period, net of tax		(1,595)	(599)
Total comprehensive income for the period		1,369	1,529
Total comprehensive income attributable to:			
Owners of the Company		1,315	1,487
Non-controlling interests		54	42
Total comprehensive income for the period		1,369	1,529

B. Condensed interim statements of financial position

		Group		Company	
	Note	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Assets					
Plant and equipment	11	1,135	905	456	347
Right-of-use assets	12	7,588	5,747	804	838
Goodwill		96	98	—	—
Subsidiaries		—	—	22,959	23,769
Other investments		1,018	1,018	1,018	1,018
Deferred tax assets		1,856	1,739	—	—
Loan receivables		—	—	—	—
Non-current assets		11,693	9,507	25,237	25,972
Current tax assets		58	106	—	—
Inventories	13	95,091	98,392	29,657	30,324
Trade and other receivables	14	35,398	31,153	41,872	41,014
Cash and cash equivalents		12,355	14,785	3,964	6,457
Current assets		142,902	144,436	75,493	77,795
Total assets		154,595	153,943	100,730	103,767
Equity					
Share capital	17	38,057	38,057	38,057	38,057
Reserves		19,560	18,987	1,092	3,445
Equity attributable to owners of the Company		57,617	57,044	39,149	41,502
Non-controlling interests		578	524	—	—
Total equity		58,195	57,568	39,149	41,502
Liabilities					
Loans and borrowings	15	2,676	3,247	2,676	3,247
Lease liabilities	12	3,343	2,921	417	75
Employee benefits		1,255	1,265	—	—
Deferred tax liabilities		17	19	—	—
Non-current liabilities		7,291	7,452	3,093	3,322
Loans and borrowings	15	55,764	59,239	45,332	45,680
Lease liabilities	12	4,364	2,907	361	707
Trade and other payables	16	25,438	23,883	10,291	10,839
Contract liabilities		2,552	1,798	2,504	1,717
Current tax liabilities		991	1,096	—	—
Current liabilities		89,109	88,923	58,488	58,943
Total liabilities		96,400	96,375	61,581	62,265
Total equity and liabilities		154,595	153,943	100,730	103,767

C. Condensed interim statements of changes in equity

Group	Attributable to owners of the Company					Non-controlling interests \$'000	Total equity \$'000
	Share capital \$'000	Other capital reserves \$'000	Fair value reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total \$'000	
At 1 January 2021	38,057	3,501	(105)	(6,014)	19,035	54,474	54,924
Total comprehensive income for the period							
Profit for the period	—	—	—	—	2,082	2,082	2,128
Other comprehensive income							
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	—	—	—	(595)	—	(595)	(599)
Total other comprehensive income	—	—	—	(595)	—	(595)	(599)
Total comprehensive income for the period	—	—	—	(595)	2,082	1,487	1,529
At 30 June 2021	38,057	3,501	(105)	(6,609)	21,117	55,961	56,453
At 1 January 2022	38,057	3,501	(105)	(7,485)	23,076	57,044	57,568
Total comprehensive income for the period							
Profit for the period	—	—	—	—	2,899	2,899	2,964
Other comprehensive income							
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	—	—	—	(1,584)	—	(1,584)	(1,595)
Total other comprehensive income	—	—	—	(1,584)	—	(1,584)	(1,595)
Total comprehensive income for the period	—	—	—	(1,584)	2,899	1,315	1,369
Transactions with owners, recognised directly in equity							
Dividend paid	—	—	—	—	(742)	(742)	(742)
At 30 June 2022	38,057	3,501	(105)	(9,069)	25,233	57,617	58,195

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 2021	38,057	(105)	694	1,321	39,967
Total comprehensive income for the period					
Loss for the period	—	—	—	(731)	(731)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	—	—	(22)	—	(22)
Total other comprehensive income	—	—	(22)	—	(22)
Total comprehensive income for the period	—	—	(22)	(731)	(753)
At 30 June 2021	38,057	(105)	672	590	39,214
At 1 January 2022	38,057	(105)	670	2,880	41,502
Total comprehensive income for the period					
Loss for the period	—	—	—	(1,569)	(1,569)
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	—	—	(42)	—	(42)
Total other comprehensive income	—	—	(42)	—	(42)
Total comprehensive income for the period	—	—	(42)	(1,569)	(1,611)
Transactions with owners, recognised directly in equity					
Dividend paid	—	—	—	(742)	(742)
At 30 June 2022	38,057	(105)	628	569	39,149

D. Condensed interim consolidated statement of cash flows

	Group 6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	4,396	3,044
Adjustments for:		
Depreciation of plant and equipment and right-of-use assets	2,253	2,470
Gain on sale of plant and equipment	–	(1)
Share of profit of an associate (net of tax)	–	(48)
Impairment losses/(Reversal of) on trade receivables	30	(3)
Write-down of inventories	808	660
Interest income	(5)	(6)
Finance costs	875	855
Unrealised foreign exchange gain	(87)	(12)
Gain on derecognition of right-of-use assets	(11)	(1)
	<u>8,259</u>	<u>6,958</u>
Changes in working capital		
Changes in inventories	1,032	(2,331)
Changes in trade and other receivables	(4,756)	(2,031)
Changes in trade and other payables	1,786	683
Changes in contract liabilities	754	535
Changes in bills payable and trust receipts	(12,980)	4,733
Cash (used in)/generated from operating activities	<u>(5,905)</u>	<u>8,547</u>
Tax paid	(1,612)	(903)
Interest paid for bills payable and trust receipts	(416)	(489)
Net cash (used in)/ from operating activities	<u>(7,933)</u>	<u>7,155</u>
Cash flows from investing activities		
Interest received	5	6
Proceeds from sale of plant and equipment	–	1
Acquisition of plant and equipment	(429)	(136)
Net cash used in investing activities	<u>(424)</u>	<u>(129)</u>
Cash flows from financing activities		
Proceeds from borrowings	19,500	5,980
Repayment of borrowings	(10,059)	(8,588)
Payment of lease liabilities	(1,999)	(2,172)
Interest paid for lease liabilities and unsecured bank loans	(448)	(378)
Dividend paid	(742)	–
Net cash generated from/(used in) financing activities	<u>6,252</u>	<u>(5,158)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,105)</u>	<u>1,868</u>
Cash and cash equivalents at the beginning of period	14,785	21,130
Effect of exchange rate changes on the balance of cash held in foreign currencies	(325)	(59)
Cash and cash equivalents at the end of period	<u>12,355</u>	<u>22,939</u>

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 2022 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 2022 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 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 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 2022.

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 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 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 12 | – Valuation of inventories |
| Note 13 | – Valuation of trade receivables |

Measurement of fair values

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

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

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

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

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

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

3. Seasonal operations

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

4. Segment and revenue information

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

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

4.1 Reportable segments

Geographical information

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

	Singapore \$'000	Malaysia \$'000	Australia \$'000	Thailand \$'000	South Korea \$'000	Others \$'000	Total \$'000
6 months ended 30 June 2022							
Total revenue from external customers	11,264	28,199	23,907	10,012	29,634	21,164	124,180
6 months ended 30 June 2021							
Total revenue from external customers	10,900	22,423	24,473	9,145	25,658	21,030	113,629
30 June 2022							
Non-current assets (i)	1,260	385	4,312	—	2,717	145	8,819
31 December 2021							
Non-current assets (i)	1,185	501	4,109	—	764	191	6,750

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

4. Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

Major Customer

For the periods ended 30 June 2022 and 2021, there was no single customer that contributed to 10% or more of the Group's revenue.

4.2 Disaggregation of Revenue

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

	Group	
	6 months ended	
	30 June	
	2022	2021
	\$'000	\$'000
Primary geographical markets		
Singapore	11,264	10,900
Malaysia	28,199	22,423
Australia	23,907	24,473
Thailand	10,012	9,145
South Korea	29,634	25,658
Others	21,164	21,030
	<u>124,180</u>	<u>113,629</u>

5. Financial assets and financial liabilities

Fair value versus carrying amounts

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

Group	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2022								
Financial assets not measured at fair value								
Trade and other receivables #	35,083	—	—	35,083				
Cash and cash equivalents	12,355	—	—	12,355				
	<u>47,438</u>	<u>—</u>	<u>—</u>	<u>47,438</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	—	1,018	—	1,018	—	—	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	—	—	3,812	3,812				
Unsecured bank loans	—	—	24,387	24,387				
Bills payable and trust receipts	—	—	30,241	30,241				
Trade and other payables *	—	—	25,193	25,193				
	<u>—</u>	<u>—</u>	<u>83,633</u>	<u>83,633</u>				

Excludes prepayments.

* Excludes provision for site restoration.

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

Group	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables #	30,785	—	—	30,785				
Cash and cash equivalents	14,785	—	—	14,785				
	<u>45,570</u>	<u>—</u>	<u>—</u>	<u>45,570</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	—	1,018	—	1,018	—	—	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	—	—	4,370	4,370				
Unsecured bank loans	—	—	14,657	14,657				
Bills payable and trust receipts	—	—	43,459	43,459				
Trade and other payables *	—	—	23,657	23,657				
	<u>—</u>	<u>—</u>	<u>86,143</u>	<u>86,143</u>				

Excludes prepayments.

* Excludes provision for site restoration.

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

	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company								
30 June 2022								
Financial assets not measured at fair value								
Trade and other receivables #	41,755	—	—	41,755				
Cash and cash equivalents	3,964	—	—	3,964				
	<u>45,719</u>	<u>—</u>	<u>—</u>	<u>45,719</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	—	1,018	—	1,018	—	—	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	—	—	3,812	3,812				
Unsecured bank loans	—	—	20,920	20,920				
Bills payable and trust receipts	—	—	23,276	23,276				
Trade and other payables *	—	—	10,171	10,171				
	<u>—</u>	<u>—</u>	<u>58,179</u>	<u>58,179</u>				

Excludes prepayments.

* Excludes provision for site restoration.

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

	Carrying amount				Fair value			
	Amortised cost \$'000	Equity investment at FVOCI \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Company								
31 December 2021								
Financial assets not measured at fair value								
Trade and other receivables #	40,953	—	—	40,953				
Cash and cash equivalents	6,457	—	—	6,457				
	<u>47,410</u>	<u>—</u>	<u>—</u>	<u>47,410</u>				
Financial asset measured at fair value								
Equity investment – at FVOCI	—	1,018	—	1,018	—	—	1,018	1,018
Financial liabilities not measured at fair value								
Term loans	—	—	4,370	4,370				
Unsecured bank loans	—	—	11,007	11,007				
Bills payable and trust receipts	—	—	33,550	33,550				
Trade and other payables *	—	—	10,736	10,736				
	<u>—</u>	<u>—</u>	<u>59,663</u>	<u>59,663</u>				

Excludes prepayments.

* Excludes provision for site restoration.

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

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

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

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

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

(iii) Level 3 fair value

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

Financial instruments not measured at fair value

Other financial assets and liabilities

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

6. Tax expense

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

	6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Current income tax expense	1,577	1,061
Deferred income tax expense relating to origination and reversal of temporary differences	(154)	(152)
Withholding tax	9	7
	<u>1,432</u>	<u>916</u>

7. Profit before tax

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

	Group 6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Interest income	(5)	(6)
Government grants and supports	(78)	(61)
Gain on sale of plant and equipment	—	(1)
Impairment/(Reversal of) losses on trade receivables	30	(3)
Gain on derecognition of right-of-use assets	(11)	(1)
Finance costs	875	855
Depreciation of plant and equipment and right-of-use assets	2,253	2,470
Write-down of inventories	808	660
Foreign exchange loss, net	<u>216</u>	<u>234</u>

7. Profit before tax (cont'd)

7.2 Other operating expenses

	Group	
	6 months ended	
	30 June	
	2022	2021
	\$'000	\$'000
Operating lease expenses	682	641
Transportation expenses	1,815	1,471
Impairment losses on trade receivables and bad debts written off	30	—
Write-down of inventories	808	660
Sales commission expenses	980	1,078
Utility expenses	886	825
Foreign exchange loss, net	216	234
Others	2,087	1,827
Total	<u>7,504</u>	<u>6,736</u>

7.3 Related party transactions

Transactions with key management personnel

Key management personnel compensation

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

Key management personnel compensation comprised:

	Group	
	6 months ended	
	30 June	
	2022	2021
	\$'000	\$'000
Directors' fees	151	196
Short-term employee benefits	434	592
Post-employment benefits	19	21
	<u>604</u>	<u>809</u>

7. Profit before tax (cont'd)

7.3 Related party transactions (cont'd)

Other related party transactions

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

	Group	
	6 months ended	
	30 June	
	2022	2021
	\$'000	\$'000
Related party [#]		
- Sales	136	—
Associate [^]		
- Sales	—	19
- Purchase	—	1

A shareholder company of the Group

^ Ceased to be accounted as an associate in FY 2021

8. Dividends

	6 months ended	
	30 June	
	2022	2021
	\$'000	\$'000
Ordinary dividends paid (net of tax)	742	—

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 2021 was paid in the current reporting period. No dividend was paid in prior period.

9. Earnings per share

	6 months ended 30 June	
	2022	2021
	\$'000	\$'000
Profit attributable to owners of the Company	2,899	2,082
	2022	2021
	'000	'000
Weighted average number of ordinary shares	87,265	87,265
	6 months ended 30 June	
	2022	2021
Earnings per share (cents)		
- Basic	3.32	2.39
- Diluted	3.32	2.39

The basic and diluted earnings per share are the same for the period ended 30 June 2022 and 2021 as there were no dilutive instruments in issue as at 30 June 2022 and 30 June 2021.

10. Net asset value

	Group		Company	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share (cents)	66.0	65.4	44.9	47.6

Net asset value per ordinary share as at 30 June 2022 was computed based on equity attributable to owners of the Company of \$57,617,000 (31 December 2021: \$57,044,000) and existing ordinary shares of 87,265,029 (31 December 2021: 87,265,029).

11. Plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$429,000 (30 June 2021: \$136,000).

12. Rights-of-use assets and lease liabilities

During the period ended 30 June 2022, the Group acquired right-of-use asset with an aggregate cost of \$4,127,000 (30 June 2021: \$960,000), of which \$4,100,000 (30 June 2021: \$819,000) was acquired via lease liabilities and \$27,000 (30 June 2021: \$141,000) pertains to provision for site restoration.

13. Inventories

	Group		Company	
	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Finished goods	86,948	88,695	27,944	28,236
Goods-in-transit	8,143	9,697	1,713	2,088
	<u>95,091</u>	<u>98,392</u>	<u>29,657</u>	<u>30,324</u>

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 2022 amounted to \$96,876,000 (30 June 2021: \$88,884,000) 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 2022 amounted to \$808,000 (30 June 2021: \$660,000).

14. Trade and other receivables

	Group		Company	
	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Trade receivables	31,641	27,692	9,790	9,352
Trade amounts due from subsidiaries	—	—	10,173	9,190
Non-trade amounts due from subsidiaries	—	—	20,406	21,446
Other receivables	3,442	3,093	1,386	965
	<u>35,083</u>	<u>30,785</u>	<u>41,755</u>	<u>40,953</u>
Prepayments	315	368	117	61
	<u>35,398</u>	<u>31,153</u>	<u>41,872</u>	<u>41,014</u>

14. Trade and other receivables (cont'd)

Expected credit loss (ECL) assessment

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

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

15. Loans and borrowings

	Group		Company	
	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
<u>Amount repayable</u>				
Within one year	55,764	59,239	45,332	45,680
After one year	2,676	3,247	2,676	3,247
	<u>58,440</u>	<u>62,486</u>	<u>48,008</u>	<u>48,927</u>

16. Trade and other payables

	Group		Company	
	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Trade payables	19,158	17,673	8,462	8,820
Accrued expenses	5,037	5,371	1,103	1,536
Other payables	742	349	323	241
Interest payable	178	186	141	139
Provision for site restoration	245	228	120	103
Amount due to a subsidiary	—	—	142	—
Amount due to a director, non-trade	78	76	—	—
	<u>25,438</u>	<u>23,883</u>	<u>10,291</u>	<u>10,839</u>

17. Share capital

	30 June 2022		31 December 2021	
	Number of shares	\$'000	Number of shares	\$'000
As beginning and end of period/year	87,265,029	38,057	87,265,029	38,057

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

18. 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 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. Review of performance of the Group

Review of Performance

Group turnover increased by 9.3% to \$124.2 million.

The SGD appreciated against most of the operational currencies of its overseas operations during 1H22. Group turnover would have increased by 12.5% had the average foreign exchange rates remained the same as 1H21.

There were many positives in 1H22 as the Group managed to overcome, to a good degree at least, operational challenges to achieve an 11.2% sequential improvement in turnover over 2H21. The underlying business momentum generally trended up during the course of 1H22 as Covid-related regulations were gradually eased in most of the Group's markets. Momentum, however, was checked by a combination of intensifying supply chain issues and persistent tight labour market conditions.

The Group's business in Singapore exports to markets globally. Whilst the export-based business continued to benefit from having a geographically diversified customer base, many markets were affected by the effects of the Omicron wave in Q1. Customer confidence improved as Covid-related regulations were eased during the course of the six-month period resulting in a better sales performance in Q2. Revenues increased by 5.1% in 1H22.

Strong customer demand and market share gains continued to drive the business in South Korea during 1H22. The year started strongly, picking up from the latter half of last year, before seeing a moderation in pace due to slower supplies from principals. Revenues increased by 24.2% in KRW terms, but at a slower pace of 15.5% in SGD terms due to the weaker KRW.

The business in Australia was affected by the effects of the first Omicron wave in Q1 resulting in flat sales in comparison with the corresponding period last year. Q2 saw a moderate improvement as persistent economy-wide tight labour market conditions and slower supplies from principals came to be constraints on business. As a result, revenues increased by 2.0% in AUD terms, but decreased by 2.5% in SGD terms due to the depreciation of the AUD.

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

Review of Performance (cont'd)

Revenues in Malaysia improved noticeably by 34.7% in MYR terms, slightly lower at 32.5% in SGD terms, as business picked up at a higher pace than expected during 1H22, especially in Q2, helped by a more benign and less restrictive operating environment as Covid-related regulations were gradually eased despite the Omicron wave. The business benefitted from further market share gains as it managed to maintain a good rate of supplies from principals during the period.

Total margins for the Group increased by \$2.4 million for the period mainly due to the increase in turnover from \$113.6 million in 1H21 to \$124.2 million in 1H22. The gross margin rate improved marginally.

Operating expenses increased by \$1.0 million mainly due to a combination of higher business performance level-based costs and the depreciation of the AUD and KRW. Of the aforesaid \$1.0 million, \$0.6 million of the increase came from staff costs and \$0.3 million from logistics costs. Had exchange rates in 1H22 remained the same as 1H21, especially for the AUD and KRW in terms of impact on the Group, the increase in staff costs would have been \$1.1 million. The biggest contributor to the increase in staff costs came from South Korea in support of the increase in business level. Aside from staff and logistics costs, other operating costs were largely contained within expectations.

Profit from operations before foreign exchange gain/loss increased by 34.3% from \$4.1 million to \$5.5 million.

Foreign exchange loss amounted to \$0.22 million, about the same level as that in 1H21.

Total finance costs remained at about the same level as last year.

Profit before tax increased by 44.4% from \$3.0 million to \$4.4 million.

Profit after tax increased by 39.3% from \$2.1 million to \$3.0 million.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$1.4 million.

Balance Sheet Review

Right-of-use assets increased by \$1.9 million from \$5.7 million as at 31 December 2021 to \$7.6 million as at 30 June 2022 mainly due to leases for premises in South Korea and Singapore.

Group inventory level was at 5.8 months as at 30 June 2022 compared to 6.6 months as at 31 December 2021 as sales increased whilst the inventory level came down. Inventory level decreased by \$3.3 million from \$98.4 million as at 31 December 2021 to \$95.1 million as at 30 June 2022. The Group sees an opportunity to gain further market share in a number of markets and continues to work closely with brand principals and suppliers for more shipments of stocks.

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

Balance Sheet Review (cont'd)

Group trade receivable level remained relatively steady at 1.5 months as at 30 June 2022 and 31 December 2021. In absolute terms, trade receivable level increased by \$3.9 million from \$27.7 million as at 31 December 2021 to \$31.6 million as at 30 June 2022, the higher level in line with the higher level of revenues achieved in 1H22.

Loans and borrowings, a large proportion of which consisted of trade-related bills, decreased by \$4.1 million from \$62.5 million as at 31 December 2021 to \$58.4 million as at June 2022.

Group payable level increased by \$1.5 million from \$23.9 million as at 31 December 2021 to \$25.4 million as at 30 June 2022.

Cash balances decreased by \$2.4 million from \$14.8 million as at 31 December 2021 to \$12.4 million as at 30 June 2022.

The Group's Current Ratio remained relatively steady at 1.6 times as at 30 June 2022 and 31 December 2021.

The Group's net gearing level remained relatively steady at 0.8 times as at 30 June 2022 and 31 December 2021.

Cash Flow Statement Review

Cash generated from operations before accounting for changes in working capital amounted to \$8.3 million for the six-month period mainly due to the improvement in the profitability of the business (please refer to the section above on Review of Performance). After accounting for changes in working capital, cash used in operating activities amounted to \$5.9 million mainly due to the repayments for bills payable and trust receipts during the period. Net cash used in operating activities after accounting for tax and net interest paid amounted to \$7.9 million. Net cash used in investing activities amounted to \$0.4 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 2022 amounted to \$12.4 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.

Despite the continuing presence of Covid-19, many countries have moved away from policies involving lockdowns during the course of this year towards managing the situation through various strategies to live with Covid. This essentially means that there is now a lower risk that the Group's markets will be hampered by hard government imposed Covid-restrictions. Covid illness-related absenteeism, though, has become an operational challenge, especially in countries with tight labour market conditions. This will remain an element of constraint for all businesses, including the Group's and its customers.

The strength of revenue growth in 2H22 will be influenced by supply chain issues and tight labour market conditions. Supply chain issues have intensified since last year and will likely continue to be a key restraining weight on the Group in the near term. The Group enjoys long-standing relationships with supply principals and partners and will aim to leverage on these to ensure the least possible supply disruption. Manpower shortages arising from tight labour markets present another challenge as this is an economy-wide issue in several countries the Group operates in.

The increasingly inflationary environment has culminated in increased product prices and upward pressures on operational costs, notably staff, logistics and premises costs. The pace of product price increases started to build up last year. Thus far, the Group has been able to substantially pass on higher product prices to customers. Indeed, the Group's strong inventory levels have helped the Group to achieve a moderate improvement in gross margin rate in 1H22 in the light of product shortages in the market due to supply delays. Continuing upward cost pressures relating to staff, logistics and premises pose a different challenge to which the Group will try to achieve a balanced outcome.

The Group's operational presence over a wide geographical area combined with its large brand portfolio remains a strong platform and a source of resilience as the Group navigates its way forward in this transition period towards a post-Covid phase. The Group aims to build on the performance achieved in 1H22 and remain on a profitable course for the current financial year.

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 2022
Dividend type	Cash
Dividend per share	\$0.00425 cents
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?

No.

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 2022 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 2022