

Tye Soon Limited

Unaudited Condensed Interim Consolidated Financial Statements

For the six months and full year ended 31 December
2022

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

		Group			
		6 months ended		Year ended	
		31 December		31 December	
	Note	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000
Revenue	4	125,143	111,701	249,323	225,330
Other income		58	93	157	184
Changes in inventories of finished goods		17,668	(2,975)	14,367	(1,918)
Cost of purchases		(114,740)	(83,820)	(208,315)	(173,761)
Staff costs		(12,549)	(11,985)	(24,924)	(23,764)
Depreciation expenses		(2,464)	(2,241)	(4,717)	(4,711)
Other operating expenses	7	(7,418)	(6,859)	(14,922)	(13,595)
Finance costs	7	(1,516)	(829)	(2,391)	(1,684)
Share of profit of an associate (net of tax)		—	—	—	48
Profit before tax		4,182	3,085	8,578	6,129
Tax expense	6	(739)	(668)	(2,171)	(1,584)
Profit for the period/year	7	3,443	2,417	6,407	4,545
Profit attributable to:					
Owners of the Company		3,379	2,385	6,278	4,467
Non-controlling interests		64	32	129	78
Profit for the period/year		3,443	2,417	6,407	4,545
Earnings per share					
Basic and diluted earnings per share (cents)	9	3.87	2.73	7.19	5.12

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

	Note	Group			
		6 months ended 31 December		Year ended 31 December	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit for the period/year		3,443	2,417	6,407	4,545
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit obligation of a subsidiary		36	(426)	36	(426)
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences on loss of derecognition of interest in associate reclassified to profit or loss		—	82	—	82
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate		(925)	(958)	(2,520)	(1,557)
Other comprehensive income for the period/year, net of tax		(889)	(1,302)	(2,484)	(1,901)
Total other comprehensive income for the period/year		<u>2,554</u>	<u>1,115</u>	<u>3,923</u>	<u>2,644</u>
Total comprehensive income attributable to:					
Owners of the Company		2,510	1,083	3,825	2,570
Non-controlling interests		44	32	98	74
Total comprehensive income for the period/year		<u>2,554</u>	<u>1,115</u>	<u>3,923</u>	<u>2,644</u>

B. Condensed interim statements of financial position

		Group		Company	
	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
		\$'000	\$'000	\$'000	\$'000
Assets					
Plant and equipment	11	1,234	905	406	347
Right-of-use assets	12	9,134	5,747	1,888	838
Goodwill		91	98	—	—
Subsidiaries		—	—	22,482	23,769
Other investments		1,018	1,018	1,018	1,018
Deferred tax assets		1,955	1,739	—	—
Loan receivables		—	—	—	—
Non-current assets		13,432	9,507	25,794	25,972
Current tax assets		61	106	—	—
Inventories	13	112,759	98,392	35,884	30,324
Trade and other receivables	14	33,903	31,153	48,398	41,014
Cash and cash equivalents		18,283	14,785	8,733	6,457
Current assets		165,006	144,436	93,015	77,795
Total assets		178,438	153,943	118,809	103,767
Equity					
Share capital	16	38,057	38,057	38,057	38,057
Reserves		21,699	18,987	4,453	3,445
Equity attributable to owners of the Company		59,756	57,044	42,510	41,502
Non-controlling interests		622	524	—	—
Total equity		60,378	57,568	42,510	41,502
Liabilities					
Loans and borrowings	15	2,099	3,247	2,099	3,247
Lease liabilities		5,670	2,921	1,239	75
Employee benefits		767	1,265	—	—
Deferred tax liabilities		15	19	—	—
Non-current liabilities		8,551	7,452	3,338	3,322

B. Condensed interim statements of financial position (cont'd)

		Group		Company	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
	Note				
Loans and borrowings	15	64,991	59,239	53,541	45,680
Lease liabilities		3,677	2,907	681	707
Trade and other payables		38,262	23,883	16,778	10,839
Contract liabilities		2,015	1,798	1,961	1,717
Current tax liabilities		564	1,096	—	—
Current liabilities		109,509	88,923	72,961	58,943
Total liabilities		118,060	96,375	76,299	62,265
Total equity and liabilities		178,438	153,943	118,809	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		
At 1 January 2021	38,057	3,501	(105)	(6,014)	19,035	450	54,924
Total comprehensive income for the year							
Profit for the year	–	–	–	–	4,467	78	4,545
Other comprehensive income							
Foreign currency translation differences on loss of derecognition of interest in associate reclassified to profit or loss	–	–	–	82	–	–	82
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(1,553)	–	(4)	(1,557)
Remeasurement of defined benefit obligation of a subsidiary	–	–	–	–	(426)	–	(426)
Total other comprehensive income	–	–	–	(1,471)	(426)	(4)	(1,901)
Total comprehensive income for the year	–	–	–	(1,471)	4,041	74	2,644
At 31 December 2021	38,057	3,501	(105)	(7,485)	23,076	524	57,568
At 1 January 2022	38,057	3,501	(105)	(7,485)	23,076	524	57,568
Total comprehensive income for the year							
Profit for the year	–	–	–	–	6,278	129	6,407
Other comprehensive income							
Foreign currency translation differences of net assets/liabilities of foreign branch, subsidiaries and associate	–	–	–	(2,489)	–	(31)	(2,520)
Remeasurement of defined benefit obligation of a subsidiary	–	–	–	–	36	–	36
Total other comprehensive income	–	–	–	(2,489)	36	(31)	(2,484)
Total comprehensive income for the year	–	–	–	(2,489)	6,314	98	3,923
Transactions with owners, recognised directly in equity							
Dividend paid	–	–	–	–	(1,113)	–	(1,113)
At 31 December 2022	38,057	3,501	(105)	(9,974)	28,277	622	60,378

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 \$'000
At 1 January 2021	38,057	(105)	694	1,321	39,967
Total comprehensive income for the year					
Profit for the year	–	–	–	1,559	1,559
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	–	–	(24)	–	(24)
Total other comprehensive income	–	–	(24)	–	(24)
		–			
Total comprehensive income for the year	–		(24)	1,559	1,535
At 31 December 2021	38,057	(105)	670	2,880	41,502
At 1 January 2022	38,057	(105)	670	2,880	41,502
Total comprehensive income for the year					
Profit for the year	–	–	–	2,111	2,111
Other comprehensive income					
Foreign currency translation differences of net assets/liabilities of foreign branch	–	–	10	–	10
Total other comprehensive income	–	–	10	–	10
Total comprehensive income for the year	–	–	10	2,111	2,121
Transactions with owners, recognised directly in equity					
Dividend paid	–	–	–	(1,113)	(1,113)
At 31 December 2022	38,057	(105)	680	3,878	42,510

D. Condensed interim consolidated statement of cash flows

	Group	
	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
Cash flows from operating activities		
Profit before tax	8,578	6,129
Adjustments for:		
Depreciation of plant and equipment and right-of-use assets	4,717	4,711
Gain on sale of plant and equipment	16	34
Share of profit of an associate (net of tax)	—	(48)
Impairment losses on trade receivables	171	55
Write-down of inventories	982	1,489
Interest income	(12)	(12)
Finance costs	2,391	1,684
Loss on derecognition of interest in an associate	—	110
Unrealised foreign exchange loss on bank loans	(33)	(143)
Loss/(Gain) on derecognition of right-of-use assets	(5)	8
	16,805	14,017
Changes in working capital		
Changes in inventories	(17,271)	(1,117)
Changes in trade and other receivables	(3,524)	(3,042)
Changes in trade and other payables	13,903	(5,741)
Changes in contract liabilities	217	425
Changes in bills payable and trust receipts	(1,970)	851
Interest paid for bills payable and trust receipts	(1,105)	(960)
Cash generated from operating activities	7,055	4,433
Tax paid	(2,959)	(1,489)
Net cash from operating activities	4,096	2,944
Cash flows from investing activities		
Interest received	12	12
Proceeds from sale of plant and equipment	2	4
Acquisition of plant and equipment	(751)	(335)
Net cash used in investing activities	(737)	(319)
Cash flows from financing activities		
Proceeds from borrowings	48,564	14,502
Repayment of borrowings	(41,067)	(18,085)
Payment of lease liabilities	(4,160)	(4,212)
Interest paid for lease liabilities and bank loans	(1,218)	(755)
Dividend paid	(1,113)	—
Net cash from/(used in) financing activities	1,006	(8,550)

D. Condensed interim consolidated statement of cash flows (cont'd)

	Group	
	Year ended 31 December 2022 \$'000	Year ended 31 December 2021 \$'000
Net increase/(decrease) in cash and cash equivalents	4,365	(5,925)
Cash and cash equivalents at the beginning of the year	14,785	21,130
Effect of exchange rate changes on the balance of cash held in foreign currencies	(867)	(420)
Cash and cash equivalents at the end of the year	18,283	14,785

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 year ended 31 December 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 year ended 31 December 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 consolidated 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 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 year ended 31 December 2022. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

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 14 – Valuation of trade receivables

In addition to the above, the carrying amounts on non-financial assets other than inventories and deferred tax assets are reviewed for indicators of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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).

2. Basis of Preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Measurement of fair values (cont'd)

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.

	←————— Group —————→					
	Singapore	Malaysia	Australia	Thailand	South Korea	Others
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6 months ended 31 December 2022						
Total revenue from external customers	12,606	29,576	21,512	8,049	30,764	22,636
	125,143					

4. Segment and revenue information (cont'd)

4.1. Reportable segments (cont'd)

Geographical information (cont'd)

	← Group →						
	Singapore \$'000	Malaysia \$'000	Australia \$'000	Thailand \$'000	South Korea \$'000	Others \$'000	Total \$'000
6 months ended 31 December 2021							
Total revenue from external customers	10,317	22,093	21,759	7,255	28,988	21,289	111,701

	← Group →						
	Singapore \$'000	Malaysia \$'000	Australia \$'000	Thailand \$'000	South Korea \$'000	Others \$'000	Total \$'000
Year ended 31 December 2022							
Total revenue from external customers	23,870	57,775	45,419	18,061	60,398	43,800	249,323

Year ended 31 December 2021

Total revenue from external customers	21,217	44,516	46,232	16,400	54,646	42,319	225,330
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4. Segment and revenue information (cont'd)

4.1. Reportable segments (cont'd)

Geographical information (cont'd)

	← Group →						
	Singapore	Malaysia	Australia	Thailand	South Korea	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2022							
Non-current assets ⁽ⁱ⁾	2,294	510	4,649	—	2,712	294	10,459
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, goodwill and associate.

Major Customer

For the periods ended 31 December 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 31 December		Year ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Primary geographical markets				
Singapore	12,606	10,317	23,870	21,217
Malaysia	29,576	22,093	57,775	44,516
Australia	21,512	21,759	45,419	46,232
Thailand	8,049	7,255	18,061	16,400
South Korea	30,764	28,988	60,398	54,646
Others	22,636	21,289	43,800	42,319
	125,143	111,701	249,323	225,330

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
31 December 2022								
Financial assets not measured at fair value								
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>				
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								
Terms 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)

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 *	—	—	23,655	23,655				
	<u>—</u>	<u>—</u>	<u>86,141</u>	<u>86,141</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 2022								
Financial assets not measured at fair value								
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>				
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	—	—	3,247	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>72,298</u>	<u>72,298</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 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:

	Group			
	6 months ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current income tax expense	924	792	2,501	1,853
Deferred income tax expense relating to origination and reversal of temporary differences	(194)	(131)	(348)	(283)
Withholding tax	9	7	18	14
	<u>739</u>	<u>668</u>	<u>2,171</u>	<u>1,584</u>

7. Profit for the period/year

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

	Group			
	6 months ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Interest income	(7)	(6)	(12)	(12)
Government grants and supports	(33)	(45)	(111)	(106)
Loss on sale of plant and equipment	16	34	16	34
Impairment losses on trade receivables	141	58	171	55
Loss/(Gain) on derecognition of right-of-use assets	6	8	(5)	8
Finance cost – interest expense	1,516	829	2,391	1,684
Write-down of inventories	174	829	982	1,489
Foreign exchange loss, net	<u>893</u>	<u>79</u>	<u>1,109</u>	<u>313</u>

7. Profit for the period/year (cont'd)

7.2 Other operating expenses

	Group			
	6 months ended		Year ended	
	31 December		31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Operating lease expenses	540	722	1,222	1,363
Transportation expenses	1,940	1,661	3,755	3,132
Impairment losses on trade receivables	141	58	171	55
Write-down of inventories	174	829	982	1,489
Loss on disposal of plant and equipment	16	34	(16)	34
Sales commission expenses	901	879	1,881	1,957
Utilities expenses	1,000	823	1,886	1,648
Foreign exchange loss, net	893	79	1,109	313
Loss on derecognition of interest in associate	–	110	–	110
Others	1,813	1,664	3,900	3,494
Total	7,418	6,859	14,922	13,595

7. Profit for the period/year (cont'd)

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 31 December		Year ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Directors' fees	161	154	312	350
Short-term employee benefits	790	797	1,224	1,389
Post-employment benefits	36	34	55	55
	987	985	1,591	1,794

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 31 December		Year ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Related party #				
- Sales	133	138	269	138

A shareholder company of the Group

8. Dividends

	Group			
	6 months ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Ordinary dividends paid:				
Final tax exempt 2021 dividend of \$0.0085 per share (2021: No final dividend was paid in respect of FY 2020)	–	–	742	–
Interim tax exempt 2022 dividend of \$0.00425 per share (2021: No interim dividend was paid in respect of FY2021)	371	–	371	–
	371	–	1,113	–

The directors have proposed a final exempt (one-tier) dividend of \$0.0085 (2021: \$0.0085) per ordinary share, totalling \$742,000 (2021: \$742,000) in respect of the financial year ended 31 December 2022. The proposed final tax-exempt dividend has not been recognised as at year end and will be submitted for shareholder's approval at the forthcoming Annual General Meeting of the Company in April 2023.

9. Earnings per share

	Group			
	6 months ended 31 December		Year ended 31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Profit attributable to owners of the Company	3,379	2,385	6,278	4,467
	2022	2021	2022	2021
	'000	'000	'000	'000
Weighted average number of ordinary shares	87,265	87,265	87,265	87,265
Earnings per share (cents)				
- Basic	3.87	2.73	7.19	5.12
- Diluted	3.87	2.73	7.19	5.12

The basic and diluted earnings per share are the same for 2022 and 2021 as there were no dilutive instruments in issue as at 31 December 2022 and 31 December 2021.

10. Net asset value

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net asset value per ordinary share (cents)	68.5	65.4	48.7	47.6

Net asset value per ordinary share as at 31 December 2022 was computed based on equity attributable to owners of the Company of \$59,756,000 (31 December 2021: \$57,044,000) for the Group and \$42,510,000 (31 December 2021: \$41,502,000) for the Company and existing ordinary shares of 87,265,029 (31 December 2021: 87,265,029).

11. Plant and equipment

During the year ended 31 December 2022, the Group acquired assets amounting to \$751,000 (31 December 2021: \$335,000).

12. Right-of-use assets and lease liabilities

During the year ended 31 December 2022, the Group acquired right-of-use asset with an aggregate cost of \$8,142,000 (31 December 2021: \$3,639,000), of which \$8,097,000 (31 December 2021: \$3,411,000) was acquired via lease liabilities and \$45,000 (31 December 2021: \$228,000) pertains to provision for site restoration.

13. Inventories

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
Finished goods	99,952	88,695	31,575	28,236
Goods-in-transit	12,807	9,697	4,309	2,088
	<u>112,759</u>	<u>98,392</u>	<u>35,884</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.

13. Inventories (cont'd)

The Group's cost of inventories amounted to \$193,948,000 (2021: \$175,679,000) 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 amounted to \$982,000 (2021: \$1,489,000).

14. Trade and other receivables

	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Trade receivables	29,878	27,692	10,381	9,352
Trade amounts due from subsidiaries	—	—	12,558	9,190
Non-trade amounts due from subsidiaries	—	—	24,074	21,446
Other receivables	3,631	3,093	1,315	965
	<u>33,509</u>	<u>30,785</u>	<u>48,328</u>	<u>40,953</u>
Prepayments	394	368	70	61
	<u>33,903</u>	<u>31,153</u>	<u>48,398</u>	<u>41,014</u>

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, Management 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 Management's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss. This assessment involves Management's judgement and could change significantly if market and economic conditions deviate from expectations.

15. Loans and borrowings

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable</u>				
Within one year	64,991	59,239	53,541	45,680
After one year	2,099	3,247	2,099	3,247
	<u>67,090</u>	<u>62,486</u>	<u>55,640</u>	<u>48,927</u>

The loans and borrowings of the Group and Company are unsecured.

16. Share capital

	The Group and the Company			
	31 December 2022		31 December 2021	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the year	87,265,029	38,057	87,265,029	38,057
Issue of ordinary shares	—	—	—	—
End of the year	<u>87,265,029</u>	<u>38,057</u>	<u>87,265,029</u>	<u>38,057</u>

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

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

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 interim condensed consolidated statement of financial position of Tye Soon Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the six-month and full year then ended, condensed consolidated statement of changes in equity for the full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Review of Performance

	Group	
	Financial year ended 31 December	
	2022	2021
	\$'000	\$'000
Revenue		
First half	124,180	113,629
Second half	125,143	111,701
	<u>249,323</u>	<u>225,330</u>
Profit before tax		
First half	4,396	3,044
Second half	4,182	3,085
	<u>8,578</u>	<u>6,129</u>
Profit attributable to Owners of the Company		
First half	2,899	2,082
Second half	3,379	2,385
	<u>6,278</u>	<u>4,467</u>

Group turnover increased by 10.6% to \$249.3 million, a record turnover.

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 FY22. Group turnover would have increased by 14.9% had the average foreign exchange rates remained the same as in FY21.

The Group continued to leverage on the strengths of its business platform and relationships with brand principals and suppliers. The Group's revenue base remained resilient in Q1 at the height of the Omicron wave when business confidence was low and benefitted from the recovery when Covid restrictions were eased and confidence improved. Although getting a reasonably steady rate of supply of goods remained an issue for many in the automotive aftermarket industry during the year, the Group's plan to build up inventory level during 2H22 in collaboration with suppliers enabled the Group to counter some of the supply issues to support a revenue growth of 12.0% in 2H22 after achieving a 9.3% growth in 1H22.

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

Review of Performance (cont'd)

The business in Singapore exports to markets globally. The year started slowly for the business as many markets were affected by the effects of the Omicron wave in Q1. Customer confidence improved during the course of the year as Covid-related regulations were eased resulting in better sales performance. Supported by higher inventory level, revenue increased noticeably by 23.5% in 2H22 over 2H21, pushing the overall pace of revenue growth for the year to 13.9%.

Strong customer demand and market share gains continued to drive the business in South Korea. Benefitting from the largely Covid restriction-free environment, the year started strongly, picking up from the latter half of last year, before seeing a moderation in pace in 2H22 due to a combination of slower supplies from principals and a higher base effect last year. Revenue increased by 18.4% in KRW terms in 2H22 in comparison with 2H21. For the year, revenue grew 21.1% in KRW terms, but at a slower pace of 10.5% in SGD terms due to the weaker KRW.

Trading at the start of the year for the business in Australia was affected by the Omicron wave. The rest of the year registered a moderate improvement in comparison with last year with 2H22 growing at 4.7% in AUD terms. Although demand generally remained resilient, business growth was constrained by persistent economy-wide tight labour market conditions. For the year, revenue grew 3.3% in AUD terms, but declined by 1.9% in SGD terms due to the weaker AUD.

The business in Malaysia benefitted from further market share gains as it managed to secure a relatively steady rate of supplies from principals during the year. Revenue increased noticeably by 30.9% in MYR terms in FY22, but at a lower rate of 26.4% in SGD terms due to the weaker MYR, as business picked up at a higher-than-expected pace in 1H22, especially in Q2, during the period when Covid-related regulations were gradually eased. Despite the high pace of revenue growth tapering in 2H22 to 27.2% in MYR terms (20.7% in SGD terms), Q3 registered the highest growth rate when compared with last year's figures due to the low base effect in the corresponding quarter last year as lockdown and movement restrictions were being imposed then.

Total margins for the Group increased by \$6.2 million for the year mainly due to the increase in turnover from \$225.3 million in FY21 to \$249.3 million in FY22. The gross margin rate improved marginally.

Operating expenses increased by \$2.2 million mainly due to higher business performance level-based costs. This increase in SGD terms would have been higher had the amount not been moderated by the depreciation of the KRW and AUD during the year. Of the aforesaid \$2.2 million, \$1.2 million came from staff costs and \$0.6 million from logistics costs. Had exchange rates in FY22 remained the same as FY21, especially the KRW and AUD in terms of impact on the Group, the increases in staff costs and logistics costs would have been higher at \$2.7 million and \$1.1million respectively. 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 and finance cost amounted to \$5.5 million in 1H22 and \$6.6 million in 2H22. Profit from operations before foreign exchange gain/loss in FY22 amounted to \$12.1 million compared with \$8.1 million in FY21, an increase of 49.5% or \$4.0 million.

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

Review of Performance (cont'd)

Foreign exchange loss amounted to \$0.2 million in 1H22 and \$0.9 million in 2H22. The foreign exchange loss in FY22 arose mainly from unrealised translation losses of intercompany balances with overseas subsidiaries due to the appreciation of SGD in FY22. As a comparison, the corresponding figures in FY21 were a loss of \$0.2 million in 1H21 and a loss of \$0.1 million in 2H21.

Earnings before interest and tax (EBIT) amounted to \$5.3 million in 1H22 and \$5.7 million in 2H22. EBIT in FY22 amounted to \$11.0 million compared with \$7.8 million in FY21, an increase of 41.3% or \$3.2 million.

Total finance costs increased by \$0.7 million in FY22 due to higher interest rates and higher Group borrowings.

Profit before tax was \$4.4 million for 1H22 and \$4.2 million for 2H22, totaling \$8.6 million for the year. The corresponding figures in FY21 were \$3.0 million for 1H21 and \$3.1 million for 2H21, totaling \$6.1 million.

Profit after tax was \$3.0 million for 1H22 and \$3.4 million for 2H22, totaling \$6.4 million for the year. The corresponding figures last year were \$2.1 million for 1H21 and \$2.4 million for 2H21, totaling \$4.5 million.

After accounting for foreign currency translation differences of net assets at overseas subsidiaries and branch, total comprehensive income amounted to \$3.9 million for the year.

Balance Sheet Review

Group inventory level was at 6.9 months as at 31 December 2022 compared with 6.7 months as at 31 December 2021. It was mentioned in the Group's interim results announcement in August 2022 that the Group saw an opportunity to gain further market share in certain markets. An inventory level at around \$95.1 million, the figure as at 30 June 2022 equivalent to an inventory level of 5.8 months, especially under the prevailing supply chain environment, would have been challenging to support further business growth in 2H22. The Group thence continued to work closely with brand principals and suppliers to build up inventory in the latter months of the year. A higher level of inventory was achieved. In comparison with the previous year end, inventory level increased by \$14.4 million to \$112.8 million as at 31 December 2022.

Group receivable level remained relatively steady at 1.4 months as at 31 December 2022, which is about the same level as at 31 December 2021. In absolute terms, receivable levels were at \$29.9 million as at 31 December 2022 and \$27.7 million as at 31 December 2021, the higher level in line with the higher turnover achieved in FY22.

Loans and borrowings, the majority of which consisted of trade-related bills, increased by \$4.6 million to \$67.1 million as at 31 December 2022 from \$62.5 million as at 31 December 2021.

Group payable level increased by \$14.4 million to \$38.3 million as at 31 December 2022 from \$23.9 million as at 31 December 2021.

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

Balance Sheet Review (cont'd)

Cash balances increased by \$3.5 million to \$18.3 million as at 31 December 2022 from \$14.8 million as at 31 December 2021.

The Group's Current Ratio was at 1.51 times as at 31 December 2022 compared with 1.62 times as at 31 December 2021.

The Group's net gearing level was at 0.8 times as at 31 December 2022, about the same level as at 31 December 2021.

Cash Flow Statement Review

Cash generated from operations before accounting for changes in working capital amounted to \$16.8 million for the year. After accounting for changes in working capital, cash flows generated from operating activities amounted to \$7.1 million. Cash flows generated from operating activities after accounting for tax paid amounted to \$4.1 million. Net cash used in investing activities amounted to \$0.7 million. Net cash from financing activities amounted to \$1.0 million. Cash balances as at 31 December 2022 amounted to \$18.3 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The actual results are consistent with the commentary in the interim results announcement dated 11 August 2022.

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.

Business risks arising from Covid-related restrictions including lockdowns have diminished. Although prospects towards a post-Covid environment have become clearer, FY23 is still expected to pose challenges to business as many of the factors flagged out in the Company's interim results announcement in August 2022 remain a concern. In addition, the prospect for a further economic slowdown in South Korea, Australia, Malaysia and the global economy in general poses another challenge.

The Group's business within the automotive aftermarket industry is primarily geared towards providing replacement parts and solutions for vehicle maintenance and repairs. As consumer spending on vehicle maintenance and repairs is generally less discretionary in nature, the Group's business is likely to be better shielded against the effects of an economic slowdown in comparison with businesses in many other economic sectors.

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 revenue outlook will continue to be influenced by its supply chain and labour market conditions. Supply-related issues seen in 2022 might have somewhat stabilised but the supply chain remains fragile. The Group continues to project, at least till around the end of FY23, a situation wherein supplies will remain vulnerable to prolonged and inconsistent lead times. In view of this, the Group has increased the average level of inventory in recent months with the intention to smoothen out supplies and be better prepared against such possible supply delays. Manpower shortage arising from tight labour market conditions, increasingly prevalent as 2022 progressed, is likely to persist for much of FY23 and remains a restraining element on the Group's operating capacity and hence on revenue growth.

The inflationary environment has culminated in higher product prices and upward pressures on operational costs. Product prices have been increasing at an above-trend pace over the recent year or so. The Group has been able to substantially pass on higher product prices to customers in FY22 resulting in a slight improvement in the gross margin rate. The Group is making every effort to maintain this trend. Continuing upward pressure on operational costs relating to staff, logistics and premises will possibly pose a sterner challenge. Efforts will continue to be made to restrain the upward trajectory of such costs.

Notwithstanding the macroeconomic environment mentioned above, the Group remains in a good position to look at opportunities and activities to further expand business and market share, including the continued expansion of its physical location network. The Group aims to build on the profitable foundations laid down in FY22.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. The exempt (one-tier) dividends have not been provided for.

Name of dividend	Final in respect for the year ended 31 December 2022
Dividend type	Cash
Dividend per share	\$0.0085
Tax rate	Tax exempt

The dividend payable will be announced at a later date.

5. Dividend information (cont'd)

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	Final in respect for the year ended 31 December 2021
Dividend type	Cash
Dividend per share	\$0.0085
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. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

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.

Name	Age	Family relationship with a director or chief executive officer or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ong Huat Yew Peter	76	Father to Kelvin Ong Eng Chian (Executive Director / Deputy Managing Director)	Appointed as an adviser to the Company's management	N.A.
Ong Hock Siang @ Ong Huat Seong	88	Uncle to Kelvin Ong Eng Chian (Executive Director / Deputy Managing Director)	Appointed as an adviser to the Company's management	Mr Ong Hock Siang @ Ong Huat Seong deceased on 8 July 2022

9. 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 and full year ended 31 December 2022 to be false or misleading in any material respects.

On behalf of the Board of Directors

David Chong Tek Yew
 Managing Director

Kelvin Ong Eng Chian
 Deputy Managing Director

23 February 2023