

UNION GAS HOLDINGS LIMITED

(Registration No: 201626970Z)

Condensed Interim Financial Statements

For the Six-Months Ended 30 June 2023

UNION GAS HOLDINGS LIMITED

Condensed Interim Financial Statements For the Six-Months Ended 30 June 2023

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UNION GAS HOLDINGS LIMITED

**Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Six-Months Ended 30 June 2023**

	<u>Notes</u>	<u>6 months ended</u>		Increase/ (decrease) %
		<u>30 June</u>	<u>30 June</u>	
		<u>2023</u>	<u>2022</u>	
		\$'000	\$'000	
Revenue	4	64,246	68,358	(6.0%)
Cost of sales		(42,485)	(51,505)	(17.5%)
Gross profit		21,761	16,853	29.1%
Other income and gains		1,053	1,746	(39.7%)
Marketing and distribution costs		(10,096)	(10,947)	(7.8%)
Administrative expenses		(5,043)	(4,209)	19.8%
Finance costs		(686)	(326)	N.M.
Other expenses		(46)	(148)	(68.9%)
Profit before income tax	6	6,943	2,969	N.M.
Income tax expense	7	(1,134)	(524)	N.M.
Profit, net of tax and total comprehensive income		5,809	2,445	N.M.

	<u>6 months ended</u>	
	<u>30 June</u>	<u>30 June</u>
	<u>2023</u>	<u>2022</u>
	<u>Cents</u>	<u>Cents</u>
Basic and diluted earnings per share – Based on weighted average number of ordinary shares in issue	1.83	0.77

N.M.- Not meaningful

Note: Certain comparative figures have been reclassified. Refer to Note 16 for further details.

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

UNION GAS HOLDINGS LIMITED

Condensed Interim Statements of Financial Position As at 30 June 2023

		30 June	<u>Group</u> 31 December
	<u>Notes</u>	<u>2023</u> \$'000	<u>2022</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	70,448	73,161
Investment property		180	180
Goodwill		1,906	1,873
Intangible assets		978	992
Contract costs, non-current		1,901	2,143
Deferred tax assets		5	–
Other non-financial assets, non-current		15,427	14,419
Total non-current assets		<u>90,845</u>	<u>92,768</u>
<u>Current assets</u>			
Inventories		2,227	2,419
Contract costs, current		851	766
Trade and other receivables		24,627	23,634
Other financial asset		–	1,000
Other non-financial assets, current		10,294	8,423
Cash and cash equivalents		9,332	12,174
Total current assets		<u>47,331</u>	<u>48,416</u>
Total assets		<u>138,176</u>	<u>141,184</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	11	99,122	99,122
Retained earnings		42,056	37,200
Other reserves		(78,164)	(78,164)
Total equity		<u>63,014</u>	<u>58,158</u>
<u>Non-current liabilities</u>			
Provisions		1,284	1,284
Deferred tax liabilities		2,693	2,793
Bank borrowings, non-current	12	14,823	16,670
Lease liabilities, non-current	12	19,931	20,924
Total non-current liabilities		<u>38,731</u>	<u>41,671</u>
<u>Current liabilities</u>			
Income tax payable		1,774	1,016
Trade and other payables		26,851	29,629
Bank borrowings, current	12	3,800	7,371
Derivative financial liabilities	13	584	19
Lease liabilities, current	12	2,962	2,846
Contract liabilities		460	474
Total current liabilities		<u>36,431</u>	<u>41,355</u>
Total liabilities		<u>75,162</u>	<u>83,026</u>
Total equity and liabilities		<u>138,176</u>	<u>141,184</u>

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

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Condensed Interim Statements of Financial Position (Cont'd) As at 30 June 2023

	Notes	Company	
		30 June <u>2023</u> \$'000	31 December <u>2022</u> \$'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	18,096	18,410
Investments in subsidiaries		110,597	110,564
Other non-financial assets, non-current		352	352
Total non-current assets		<u>129,045</u>	<u>129,326</u>
<u>Current assets</u>			
Trade and other receivables		3,204	5,896
Other non-financial assets, current		101	15
Cash and cash equivalents		575	1,429
Total current assets		<u>3,880</u>	<u>7,340</u>
Total assets		<u>132,925</u>	<u>136,666</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to owners of the Company</u>			
Share capital	11	99,122	99,122
Retained earnings		8,671	9,088
Total equity		<u>107,793</u>	<u>108,210</u>
<u>Non-current liabilities</u>			
Provision		105	105
Deferred tax liabilities		89	93
Trade and other payables, non-current		3,468	4,836
Bank borrowings, non-current	12	7,539	7,891
Lease liabilities, non-current	12	6,090	6,185
Total non-current liabilities		<u>17,291</u>	<u>19,110</u>
<u>Current liabilities</u>			
Trade and other payables, current		6,828	8,233
Bank borrowings, current	12	823	924
Lease liabilities, current	12	190	189
Total current liabilities		<u>7,841</u>	<u>9,346</u>
Total liabilities		<u>25,132</u>	<u>28,456</u>
Total equity and liabilities		<u>132,925</u>	<u>136,666</u>

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

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**Condensed Interim Statements of Changes in Equity
For the Six-Months Ended 30 June 2023**

	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	----- <u>Merger reserve</u> \$'000	----- <u>Capital reserve</u> \$'000	<u>Total other reserves</u> \$'000	<u>Total equity</u> \$'000
Group						
Current year						
Opening balance at 1 January 2023	99,122	37,200	(81,482)	3,318	(78,164)	58,158
Total comprehensive income for the period	–	5,809	–	–	–	5,809
Dividend paid (Note 8)	–	(953)	–	–	–	(953)
Closing balance at 30 June 2023	<u>99,122</u>	<u>42,056</u>	<u>(81,482)</u>	<u>3,318</u>	<u>(78,164)</u>	<u>63,014</u>
Previous year						
Opening balance at 1 January 2022	99,023	35,162	(81,482)	3,318	(78,164)	56,021
Total comprehensive income for the period	–	2,445	–	–	–	2,445
Closing balance at 30 June 2022	<u>99,023</u>	<u>37,607</u>	<u>(81,482)</u>	<u>3,318</u>	<u>(78,164)</u>	<u>58,466</u>

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

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Condensed Interim Statements of Changes in Equity (Cont'd) For the Six-Months Ended 30 June 2023

	<u>Share capital</u> \$'000	<u>Retained earnings</u> \$'000	<u>Total equity</u> \$'000
<u>Company</u>			
Current year			
Opening balance at 1 January 2023	99,122	9,088	108,210
Total comprehensive income for the period	–	536	536
Dividend paid (Note 8)	–	(953)	(953)
Closing balance at 30 June 2023	<u>99,122</u>	<u>8,671</u>	<u>107,793</u>
Previous year			
Opening balance at 1 January 2022	99,023	10,259	109,282
Total comprehensive income for the period	–	389	389
Closing balance at 30 June 2022	<u>99,023</u>	<u>10,648</u>	<u>109,671</u>

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

UNION GAS HOLDINGS LIMITED

Condensed Interim Consolidated Statement of Cash Flows For the Six-Months Ended 30 June 2023

	<u>6 months ended</u>	
	30 June <u>2023</u> \$'000	30 June <u>2022</u> \$'000
<u>Cash flows from operating activities</u>		
Profit before income tax	6,943	2,969
Amortisation expenses	430	489
Depreciation of property, plant and equipment	5,393	3,989
Gain on disposal of property, plant and equipment	(250)	(288)
Reversal for impairment on trade and other receivables	(11)	(144)
Reversal for impairment on intangible assets	(52)	(40)
Reversal of provision for dismantling and removal cost	–	(130)
Interest income	(22)	(9)
Interest expense	686	326
Written off of intangible assets	46	–
Fair value changes on derivative financial instruments, net	565	–
Operating cash flows before changes in working capital	<u>13,728</u>	<u>7,162</u>
Inventories	192	(160)
Contract costs	157	299
Trade and other receivables	(982)	(4,550)
Other non-financial assets	(2,879)	(4,423)
Trade and other payables, and contract liabilities	<u>(2,797)</u>	<u>303</u>
Net cash flows from / (used in) operations	7,419	(1,369)
Income taxes paid	(481)	(516)
Net cash flows from / (used in) operating activities	<u>6,938</u>	<u>(1,885)</u>
<u>Cash flows from investing activities</u>		
Acquisition of a subsidiary, net of cash acquired (Note 15)	(33)	(1,921)
Proceeds from disposal of property, plant and equipment	528	374
Purchase of property, plant and equipment	(2,415)	(1,191)
Acquisition of intangible assets	(410)	(72)
Redemption of other financial asset	1,000	–
Interest income received	22	9
Net cash flows used in investing activities	<u>(1,308)</u>	<u>(2,801)</u>
<u>Cash flows from financing activities</u>		
Dividend paid	(953)	–
Proceeds from bank borrowings	1,000	5,000
Repayment of bank borrowings	(6,419)	(1,892)
Lease liabilities – principal portions paid	(1,419)	(930)
Interest expenses paid	(681)	(326)
Net cash flows (used in) / from financing activities	<u>(8,472)</u>	<u>1,852</u>
Net decrease in cash and cash equivalents	(2,842)	(2,834)
Cash and cash equivalents, beginning balance	<u>12,174</u>	<u>14,244</u>
Cash and cash equivalents, ending balance	<u>9,332</u>	<u>11,410</u>

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

UNION GAS HOLDINGS LIMITED

Notes to the Condensed Interim Financial Statements 30 June 2023

1. General

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

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

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

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

The latest audited annual financial statements for the reporting year ended 31 December 2022 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

2. Basis of presentation

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

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements. However, the typical notes and information included in the latest audited annual financial statements are not included in these interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position of the Group since the latest audited annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Group’s annual financial statements for the reporting year ended 31 December 2022. The Company’s separate financial statements have been prepared on the same basis.

Critical judgements, assumptions and estimation uncertainties

The estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when condensed interim financial statements are prepared. However, this does not prevent actual figures differing from estimates. The estimates and assumptions adopted in the preparation of these condensed interim financial statements are same as those disclosed in the Group’s annual financial statements for the reporting year ended 31 December 2022.

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2. Basis of presentation (cont'd)

New and amended standards adopted by the Group

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

3. Seasonal operations

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

4. Financial information by operating segments

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

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

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

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

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

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

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

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

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

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
6 months ended <u>30 June 2023</u>					
Revenue	53,271	2,775	8,200	–	64,246
Segment results:					
Profit / (loss) before income tax	7,749	224	1,712	(2,742)	6,943
Income tax (expense) / credit	(938)	(47)	(153)	4	(1,134)
Profit / (loss), net of tax	6,811	177	1,559	(2,738)	5,809
Other segment information:					
Amortisation expense	(430)	–	–	–	(430)
Depreciation of property, plant and equipment	(4,411)	(60)	(285)	(637)	(5,393)
Finance costs	(490)	(9)	(29)	(158)	(686)
Reversal for impairment of intangible assets	52	–	–	–	52
Reversal / (allowance) for impairment of trade and other receivables	12	–	(1)	–	11
Segment assets and liabilities:					
Total assets	107,389	3,036	3,737	24,014	138,176
Total liabilities	(52,714)	(2,341)	(4,664)	(15,443)	(75,162)
Additions:					
Property, plant and equipment	(2,839)	(1)	(3)	(96)	(2,939)
Intangible assets	(410)	–	–	–	(410)
Contract costs	(381)	–	–	–	(381)

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

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

<u>Group</u>	<u>LPG</u> \$'000	<u>NG</u> \$'000	<u>Diesel</u> \$'000	<u>Others</u> \$'000	<u>Total</u> \$'000
6 months ended <u>30 June 2022</u>					
Revenue	53,365	1,827	13,166	–	68,358
Segment results:					
Profit / (loss) before income tax	4,018	150	932	(2,131)	2,969
Income tax expense	(385)	(14)	(112)	(13)	(524)
Profit / (loss), net of tax	3,633	136	820	(2,144)	2,445
Other segment information:					
Amortisation expense	(489)	–	–	–	(489)
Depreciation of property, plant and equipment	(3,249)	(28)	(310)	(402)	(3,989)
Finance costs	(181)	–	(47)	(98)	(326)
Reversal for impairment of intangible assets	40	–	–	–	40
Reversal of provision for dismantling and removal cost	130	–	–	–	130
Reversal for impairment of trade and other receivables	137	1	6	–	144
Segment assets and liabilities:					
Total assets	96,282	1,634	4,967	28,894	131,777
Total liabilities	(47,996)	(1,879)	(6,863)	(16,573)	(73,311)
Additions:					
Property, plant and equipment	(1,550)	(62)	–	(106)	(1,718)
Intangible assets	(72)	–	–	–	(72)
Contract costs	(199)	–	–	–	(199)

4B. Geographical information

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

4C. Information on major customers

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

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

4D. Disaggregation of revenue from contracts with customers

	<u>Group</u> <u>6 months ended</u>	
	30 June	30 June
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Sale of LPG, LPG-related accessories and services	53,271	53,365
Sale of NG	2,775	1,827
Sale of diesel	8,200	13,166
	<u>64,246</u>	<u>68,358</u>

5. Significant related party transactions

	<u>Group</u> <u>6 months ended</u>	
	30 June	30 June
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Purchase of diesel pump	467	–
Purchase of electricity	146	241
Rental expense of premises	–	64
Sub-contract fee	68	269
	<u>68</u>	<u>269</u>

6. Profit before income tax

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

	<u>Group</u>	
	30 June	30 June
	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Amortisation expenses	(430)	(489)
Depreciation of property, plant and equipment	(5,393)	(3,989)
Employee benefit expenses	(9,476)	(9,446)
Fair value changes on derivative financial instruments, net	565	–
Foreign exchange gains / (losses), net	10	(148)
Gain on disposal of property, plant and equipment	250	288
Government grant income	258	603
Interest expense	(686)	(326)
Interest income	22	9
Other income	330	263
Rental income from property	120	269
Reversal for impairment on intangible assets	52	40
Reversal for impairment of trade and other receivables	11	144
Reversal of provision for dismantling and removal cost	–	130
	<u>–</u>	<u>130</u>

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7. Income tax expense

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

	<u>Group</u>	
	30 June <u>2023</u> \$'000	30 June <u>2022</u> \$'000
Current tax expense	1,239	482
Deferred tax (income) / expense	<u>(105)</u>	<u>42</u>
Total income tax expense	<u><u>1,134</u></u>	<u><u>524</u></u>

8. Dividends

Dividends declared and paid

	<u>Rate per share</u>			
	30 June <u>2023</u> Cents	30 June <u>2022</u> Cents	30 June <u>2023</u> \$'000	30 June <u>2022</u> \$'000
Final tax exempt (1-tier) dividend in respect of previous reporting year	<u>0.30</u>	<u>–</u>	<u>953</u>	<u>–</u>

Declared or paid interim dividend:

	<u>30 June 2023</u>	<u>30 June 2022</u>
Name of dividend	Interim tax exempt (1-tier) dividend	Interim tax exempt (1-tier) dividend
Type	Cash	Cash
Dividend rate	0.60 Singapore cent	0.20 Singapore cent
Book closure date	11 October 2023	11 October 2022
Date payable or paid	<u>20 October 2023</u>	<u>21 October 2022</u>

9. Net assets value

	<u>Group</u>		<u>Company</u>	
	30 June <u>2023</u>	30 June <u>2022</u>	30 June <u>2023</u>	30 June <u>2022</u>
Net assets value per ordinary share (cents)	19.83	18.41	33.92	34.53
Number of ordinary shares used in computation of net asset value per ordinary share ('000)	<u>317,767</u>	<u>317,618</u>	<u>317,767</u>	<u>317,618</u>

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10. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$2,939,000 (31 December 2022: \$21,920,000) and disposed of assets with carrying value amounting to \$320,000 (31 December 2022: \$847,000).

11. Share capital

<u>Group and Company</u>	No. of shares	Share capital
	<u>issued</u> '000	<u>\$'000</u>
Ordinary shares of no par value:		
At 1 January 2022	317,618	99,023
Shares issued under the scrip dividend scheme ⁽¹⁾	149	99
At 31 December 2022 and 30 June 2023	<u>317,767</u>	<u>99,122</u>

⁽¹⁾ On 18 July 2022, the Company allotted and issued 149,245 new ordinary shares at an issue price of S\$0.6614 per new shares to shareholders who had elected to participate in the Scrip Dividend Scheme in respect of the final one-tier tax-exempt dividend for the financial year ended 31 December 2021 of S\$0.008 per ordinary share.

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

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 June 2023 and 30 June 2022.

12. Borrowings and debt securities

	<u>Group</u>		<u>Company</u>	
	30 June <u>2023</u> \$'000	31 December <u>2022</u> \$'000	30 June <u>2023</u> \$'000	31 December <u>2022</u> \$'000
<u>Repayable within one year</u>				
Secured	775	1,177	422	526
Unsecured	3,379	6,845	401	398
Sub-total	<u>4,154</u>	<u>8,022</u>	<u>823</u>	<u>924</u>
<u>Repayable after one year</u>				
Secured	6,880	7,009	6,819	6,969
Unsecured	8,003	9,701	720	922
Sub-total	<u>14,883</u>	<u>16,710</u>	<u>7,539</u>	<u>7,891</u>
Total borrowings	<u>19,037</u>	<u>24,732</u>	<u>8,362</u>	<u>8,815</u>

The Group's and the Company's total borrowings and debts securities exclude the carrying amounts of lease liabilities related to right-of-use assets of \$22,479,000 (31 December 2022: \$23,079,000) and \$6,280,000 (31 December 2022: \$6,374,000) respectively.

The borrowings are secured by charges over the leased property, plant and equipment of the Group and corporate guarantees from the Company.

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13. Derivatives financial liabilities

	30 June <u>2023</u> \$'000	<u>Group</u> 31 December <u>2022</u> \$'000
Foreign currency forward contracts	–	19
Commodities future contracts	<u>584</u>	<u>–</u>
	<u>584</u>	<u>19</u>

All the derivatives contracts have maturity periods of less than 12 months.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with the gain or loss recognised immediately in profit or loss.

14. Capital commitments

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

	30 June <u>2023</u> \$'000	<u>Group</u> 31 December <u>2022</u> \$'000
Commitments for purchase of property, plant and equipment	<u>769</u>	<u>830</u>

15. Acquisition of a subsidiary

On 31 March 2023, the Company acquired 100% of the issued and paid up share capital of You Cai Engineering Pte. Ltd. ("YouCai"), a company incorporated in Singapore, for a cash consideration of \$33,000. YouCai is principally engaged in general contractors and building construction works. The Group acquired YouCai to support the installation and maintenance of LPG infrastructure such as manifold systems, stoves, pipes etc. in the provision of LPG-related services.

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16. Reclassification and comparative figures

The comparative figures of the Group in these financial statements have been reclassified to enhance the presentation of financial statements.

The effect of the reclassification is as follows:

	As previously <u>reported</u> \$'000	<u>Group</u> Reclassification \$'000	Reclassified <u>amount</u> \$'000
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Six- Months Ended 30 June 2022			
Revenue	68,312	46	68,358
Cost of sales	(50,557)	(948)	(51,505)
Other income and gains	1,801	(55)	1,746
Marketing and distribution costs	(10,195)	(752)	(10,947)
Administrative expenses	(5,918)	1,709	(4,209)

The reclassification has no effect on the total assets, total liabilities, net assets and total equity of the Group as at the end of the previous reporting period.

The third statement of financial position at the beginning of the previous reporting period is not presented because above reclassification has no effect on the information in the statements of financial position at the beginning of the previous reporting period.

17. Review of performance of the Group

Review of the Group's performance

Revenue

Revenue decreased by \$4.11 million or 6.0% to \$64.25 million for the half year ended 30 June 2023 ("HY2023") from \$68.36 million for the half year ended 30 June 2022 ("HY2022"), mainly due to a decrease in revenue from diesel ("Diesel") business, offset by an increase in revenue from natural gas ("NG") business.

LPG Business

Revenue from the LPG business has remained consistent in HY2023 at \$53.27 million from \$53.36 million in HY2022.

NG Business

Revenue from the NG business increased by \$0.95 million or 51.9% to \$2.78 million in HY2023 from \$1.83 million in HY2022, mainly due to an increase in volume of new NG business.

Diesel Business

Revenue from the Diesel business decreased by \$4.97 million or 37.7% to \$8.20 million in HY2023 from \$13.17 million in HY2022, mainly due to decrease in sales volume and lower selling price arising from a decrease in fuel prices.

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17. Review of performance of the Group

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

Cost of sales

Cost of sales decreased by \$9.02 million or 17.5% to \$42.49 million in HY2023 from \$51.51 million in HY2022, mainly due to cost control measurements, enhancements in operational and efficiency and the decrease in direct material costs arising from lower international fuel prices in HY2023.

Gross profit

Gross profit increased by \$4.91 million or 29.1% to \$21.76 million in HY2023 from \$16.85 million in HY2022 as a result of lower direct material costs for LPG and diesel businesses.

Other income and gains

Other income and gains decreased by \$0.70 million or 39.7% to \$1.05 million in HY2023 from \$1.75 million in HY2022, mainly due to lower government grant income and rental income.

Marketing and distribution costs

Marketing and distribution costs decreased by \$0.85 million or 7.8% to \$10.10 million in HY2023 from \$10.95 million in HY2022 mainly due to a decrease in advertising expenses, delivery charges and marketing expenses as a result of improvements of workflow and operational systems.

Administrative expenses

Administrative expenses increased by \$0.83 million or 19.8% to \$5.04 million in HY2023 from \$4.21 million in HY2022 mainly due to an increase in personnel costs, insurance and depreciation of property, plant and equipment.

Finance costs

Finance costs increased by \$0.36 million or 110.4% to \$0.69 million in HY2023 from \$0.33 million in HY2022 mainly due to an increase of interest expense for lease liabilities.

Income tax expense

Income tax expense increased by \$0.61 million or 116.4% to \$1.13 million in HY2023 from \$0.52 million in HY2022 mainly due to higher profit before income tax.

Profit after tax

As a result of the above, profit after tax increased by \$3.36 million or 137.6% to \$5.81 million in HY2023 from \$2.45 million in HY2022.

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

Review of the Group's Financial Position

Non-current assets

Non-current assets decreased by \$1.92 million or 2.1% to \$90.85 million as at 30 June 2023 from \$92.77 million as at 31 December 2022. The decrease was mainly due to decrease carrying value of property, plant and equipment as a result of depreciation, offset by higher increase in other non-financial assets.

Current assets

Current assets decreased by \$1.09 million or 2.2% to \$47.33 million as at 30 June 2023 from \$48.42 million as at 31 December 2022. The decrease was mainly due to redemption of other financial asset as at 30 June 2023 and a decrease of cash and cash equivalents. This is offset by increase in other non-financial assets.

Non-current liabilities

Non-current liabilities decreased by \$2.94 million or 7.1% to \$38.73 million as at 30 June 2023 from \$41.67 million as at 31 December 2022. The decrease was mainly due to repayment of bank borrowings and lease liabilities.

Current liabilities

Current liabilities decreased by \$4.93 million or 11.9% to \$36.43 million as at 30 June 2023 from \$41.36 million as at 31 December 2022. The decrease was mainly due to settlement of suppliers' invoices and repayment of bank borrowings.

Equity attributable to owners of the Company

The increase in equity by \$4.85 million or 8.3% to \$63.01 million as at 30 June 2023 from \$58.16 million as at 31 December 2022 was mainly due to net profit in HY2023.

Review of the Group's Cash Flows

In HY2023, net cash flow generated from operating activities amounted to \$6.94 million. Operating cash flows from operations before changes in working capital of \$13.73 million was decreased by net working capital outflows of \$6.31 million and taxes paid of \$0.48 million.

Net cash flows used in investing activities amounted to \$1.31 million were mainly due to (i) purchase of property, plant and equipment of \$2.42 million and (ii) acquisition of intangible assets of \$0.41 million. These were partially offset by (i) redemption of other financial asset of \$1.00 million and (ii) proceeds from disposal of property, plant and equipment of \$0.53 million.

Net cash flows used in financing activities amounted to \$8.47 million in HY2023, mainly due to (i) repayment of bank borrowings and lease liabilities of \$7.84 million; payment of dividend to shareholders of \$0.95 million; and (ii) interest payment of \$0.68 million. These were partially offset by proceeds from bank borrowings of \$1.00 million.

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18. Forecast, or a prospect statement

Not applicable.

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

Union Gas believes the outlook for its business remains positive. The Group is confident that the essential nature of its business and its control over the LPG supply chain enhances its resilience against economic cyclicality. With international borders now fully opened and Covid-19 restrictions completely lifted, the Group intends to explore and evaluate strategic opportunities to diversify and grow its business both locally and overseas.

The Group is closely monitor the direct material costs that may be volatile due to the on-going conflict in Eastern Europe. To cushion the impact, the Group continues to review and enhance operational efficiency to drive further productivity while streamlining its organisation structure and enhancing management control and efficiency.

20. Interested person transactions

No IPT mandate has been obtained at the Annual General Meeting held on 27 April 2023.

The aggregate value of all interested person transactions for HY2023 were as follows:

Name of Interested Person	Aggregate value of all interested person transactions (excluding transaction of less than \$100,000 each and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Mainboard Rules) during HY2023 \$'000	Aggregate value of all interested person transactions (including transaction of less than \$100,000 each) during HY2023 under Shareholders' Mandate pursuant to Rule 920 of the Mainboard Rules \$'000
Purchase of electricity by the Group from Union Power Pte. Ltd. and Union Solar Pte. Ltd.	146	–
Purchase of diesel pump by the Group from Trans-Cab Services Pte. Ltd.	467	–

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

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

22. Use of Proceeds

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

Use of Proceeds	Gross Proceeds as re-allocated on 3 August 2018 ("Re-Allocation") \$'000	Proceeds utilised as at 12 April 2023 \$'000	Proceeds utilised from 12 Apr 2023 to the date of this announcement \$'000	Balance of Proceeds as at the date of this announcement \$'000
Acquisition of dealers for the Retail LPG Business	4,143	(3,874)	(269)	–
Diversification into the supply and retail of piped natural gas to customers in the services and manufacturing industries in Singapore	1,000	(153)	–	847
General working capital	724	(724)	–	–
Listing expenses	1,633	(1,633)	–	–
	7,500	(6,384)	(269)	847

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

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23. Confirmation by the board

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

On behalf of the board of directors

Teo Hark Piang
Executive Director and Chief Executive Officer

Loo Hock Leong
Lead Independent Director

Singapore
14 August 2023