

(Incorporated in Singapore with Unique Entity No.: 201424579Z)
website: www.ughealthcarecorporation.com
SGX stock code: 8K7

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2022

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the **"Sponsor"**).*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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

	Note	Six months ended			Full year ended		
		30-June-22 2H FY22 S$'000	30-June-21 2H FY21 S$'000	Increase/ (Decrease) %	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000	Increase/ (Decrease) %
Revenue	4	115,320	178,984	(35.6)	232,598	338,401	(31.3)
Cost of sales		(75,484)	(82,052)	(8.0)	(148,212)	(142,241)	4.2
Gross profit		39,836	96,932	(58.9)	84,386	196,160	(57.0)
Other income		541	1,104	(51.0)	727	1,271	(42.8)
		40,377	98,036	(58.8)	85,113	197,431	(56.9)
Marketing and distribution expenses		(3,670)	(3,698)	(0.8)	(7,745)	(7,308)	6.0
Administrative expenses		(13,015)	(19,590)	(33.6)	(25,475)	(33,066)	(23.0)
Other expenses		(1,091)	1,054	N.M.	(2,426)	(629)	>100.0
Finance costs		(377)	(227)	66.1	(805)	(604)	33.3
Share of profits from equity-accounted for associates		626	1,779	(64.8)	99	3,579	(97.2)
Profit before income tax	6	22,850	77,354	(70.5)	48,761	159,403	(69.4)
Income tax expense	7	(3,108)	(18,538)	(83.2)	(8,963)	(39,459)	(77.3)
Profit for the period/year		19,742	58,816	(66.4)	39,798	119,944	(66.8)
Other comprehensive income/(loss):							
Exchange differences on translating foreign operations		2,740	1,099	>100.0	1,716	2,960	(42.0)
Total comprehensive income for the period/year		22,482	59,915	(62.5)	41,514	122,904	(66.2)
Profit/(loss) attributable to:							
Owners of the Company		15,549	63,826	(75.6)	36,795	118,765	(69.0)
Non-controlling interests		4,193	(5,010)	N.M.	3,003	1,179	>100.0
		19,742	58,816	(66.4)	39,798	119,944	(66.8)
Total comprehensive income/(loss) attributable to:							
Owners of the Company		18,272	64,264	(71.6)	39,475	120,831	(67.3)
Non-controlling interests		4,210	(4,349)	N.M.	2,039	2,073	(1.6)
		22,482	59,915	(62.5)	41,514	122,904	(66.2)
Earnings per share attributable to owners of the Company (cents)	9						
Basic		2.48	10.37		5.93	19.42	
Diluted		2.48	10.37		5.93	19.42	

N.M. – not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30-Jun-22 S$'000	30-Jun-21 S$'000	30-Jun-22 S$'000	30-Jun-21 S$'000
ASSETS					
Non-current assets					
Subsidiaries		-	-	54,621	54,621
Associates		6,443	7,678	-	-
Property, plant and equipment	**12**	66,085	49,094	-	-
Intangible assets	**11**	476	263	-	-
Deferred tax assets		1,745	9,768	-	-
Total non-current assets		74,749	66,803	54,621	54,621
Current assets					
Inventories		61,834	72,408	-	-
Amount due from subsidiaries		-	-	26,406	51,619
Trade and other receivables		40,906	60,635	324	317
Income tax assets		10,332	-	-	-
Cash and bank balances		100,218	68,441	32,088	11,446
Total current assets		213,290	201,484	58,818	63,382
Total assets		288,039	268,287	113,439	118,003
EQUITY AND LIABILITIES					
Equity					
Share capital	**14**	59,652	57,745	59,652	57,745
Reserves		(36,226)	(38,906)	-	-
Retained earnings		205,474	171,797	52,027	53,451
Equity attributable to the owners of the Company		228,900	190,636	111,679	111,196
Non-controlling interests		6,163	4,124	-	-
Total equity		235,063	194,760	111,679	111,196
Non-current liabilities					
Deferred tax liabilities		4,824	4,524	-	-
Lease liabilities		724	749	-	-
Bank borrowings	**13**	10,273	5,303	-	-
Total non-current liabilities		15,821	10,576	-	-
Current liabilities					
Bank borrowings	**13**	6,186	9,957	-	-
Trade and other payables		24,506	34,755	1,638	6,605
Amount due to subsidiaries		-	-	-	-
Lease liabilities		798	734	-	-
Derivative financial liabilities		98	312	-	-
Income tax liabilities		5,567	17,193	122	202
Total current liabilities		37,155	62,951	1,760	6,807
Total liabilities		52,976	73,527	1,760	6,807
Total equity and liabilities		288,039	268,287	113,439	118,003

C. Condensed interim statements of changes in equity

	Attributable to equity holders of the Company							
	Share capital	Foreign currency translation reserve	Merger reserve	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 July 2021	57,745	(12,966)	(25,940)	-	171,797	190,636	4,124	194,760
Profit for the year	-	-	-	-	36,795	36,795	3,003	39,798
Other comprehensive (loss)/income								
Exchange differences on translating foreign operations	-	2,680	-	-	-	2,680	(964)	1,716
Total comprehensive income for the year	-	2,680	-	-	36,795	39,475	2,039	41,514
Issuance of shares, pursuant to scrip dividend	1,907	-	-	-	-	1,907	-	1,907
Dividend	-	-	-	-	(3,118)	(3,118)	-	(3,118)
Balance as at 30 June 2022	59,652	(10,286)	(25,940)	-	205,474	228,900	6,163	235,063
Balance as at 1 July 2020	37,870	(15,032)	(25,940)	180	55,143	52,221	2,051	54,272
Profit for the year	-	-	-	-	118,765	118,765	1,179	119,944
Other comprehensive income								
Exchange differences on translating foreign operations	-	2,066	-	-	-	2,066	894	2,960
Total comprehensive income for the year	-	2,066	-	-	118,765	120,831	2,073	122,904
Issuance of shares, pursuant to placement agreement	18,437	-	-	-	-	18,437	-	18,437
Issuance of shares, pursuant to exercise of share options	415	-	-	(161)	-	254	-	254
Share options forfeited	-	-	-	(19)	-	(19)	-	(19)
Issuance of shares, pursuant to scrip dividend	1,023	-	-	-	-	1,023	-	1,023
Dividend	-	-	-	-	(2,111)	(2,111)	-	(2,111)
Balance as at 30 June 2021	57,745	(12,966)	(25,940)	-	171,797	190,636	4,124	194,760

C. Condensed interim statements of changes in equity (continued)

	Company			
	Share Capital S$'000	Share-based payment reserve S$'000	Retained earnings S$'000	Total S$'000
Balance as at 1 July 2021	57,745	-	53,451	111,196
Profit for the year, representing total comprehensive income for the year	-	-	1,694	1,694
Issuance of shares, pursuant to scrip dividend	1,907	-	-	1,907
Dividends	-	-	(3,118)	(3,118)
Balance as at 30 June 2022	59,652	-	52,027	111,679
Balance as at 1 July 2020	37,870	180	12,039	50,089
Profit for the year, representing total comprehensive loss for the year	-	-	43,523	43,523
Issuance of shares, pursuant to placement agreement	18,437	-	-	18,437
Issuance of shares, pursuant to exercise of share options	415	(161)		254
Share option forfeited	-	(19)	-	(19)
Issuance of shares, pursuant to scrip dividend	1,023	-	-	1,023
Dividends	-	-	(2,111)	(2,111)
Balance as at 30 June 2021	57,745	-	53,451	111,196

D. Condensed interim consolidated statement of cash flows

	Note	Six Months Ended		Full year ended	
		30-June-22 2H FY22 S$'000	30-June-21 2H FY21 S$'000	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000
Operating activities					
Profit before income tax		22,850	77,354	48,761	159,403
Adjustments for:					
Amortisation of intangible assets		11	9	21	18
Property, plant and equipment written off		592	224	658	340
Gain on disposal of property, plant and equipment		(22)	(3)	(22)	(10)
Depreciation of property, plant and equipment		2,432	1,864	3,885	3,017
Loss allowance on trade receivables		302	191	303	196
Interest expense		377	227	805	604
Interest income		(299)	(34)	(427)	(108)
Share of profits from equity-accounted for associates		(626)	(1,779)	(99)	(3,579)
Fair value loss/(gain) on derivative financial instruments		457	1,052	(267)	465
Unrealised exchange differences		2,511	1,302	2,855	3,341
Operating cash flows before movements in working capital		28,585	80,407	56,473	163,687
Movements in working capital					
Inventories		(3,917)	(14,998)	10,574	(38,685)
Trade and other receivables		3,901	(8,112)	19,426	(27,738)
Trade and other payables		1,239	9,299	(10,248)	16,286
Cash generated from operations		29,808	66,596	76,225	113,550
Interest paid		(340)	(220)	(738)	(574)
Income taxes paid		(7,003)	(31,332)	(22,597)	(31,814)
Net cash generated from operating activities		22,465	35,044	52,890	81,162
Investing activities					
Acquisition of property, plant and equipment		(11,876)	(12,987)	(20,739)	(19,677)
Additional of intangible assets		(116)	(17)	(242)	(17)
Dividend received		414	-	414	682
Proceeds from disposal of property, plant and equipment		-	-	-	31
Decrease/(Increase) in fixed deposits pledged to bank		13	6	6	(12)
Interest received		299	34	427	108
Net cash used in investing activities		(11,266)	(12,964)	(20,134)	(18,885)
Financing activities					
Drawdown of borrowings		11,948	6,881	21,658	10,830
Repayment of borrowings		(8,196)	(2,970)	(20,459)	(30,685)
Repayment of lease liabilities		(529)	(793)	(961)	(634)
Issuance of shares pursuant to placement agreement		-	-	-	18,437
Dividend paid		-	(647)	(1,211)	(1,088)
Net cash generated from/(used in) financing activities		3,223	2,471	(973)	(3,140)
Net increase in cash and cash equivalents		14,422	24,551	31,783	59,137
Cash and cash equivalents at beginning of financial period		85,158	43,246	67,797	8,660
Cash and cash equivalents at end of financial period		99,580	67,797	99,580	67,797
Cash and cash equivalents comprised the following:					
Cash and bank balances		100,218	68,441	100,218	68,441
Less: Fixed deposits pledged to bank		(638)	(644)	(638)	(644)
		99,580	67,797	99,580	67,797

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

UG Healthcare Corporation Limited (the "**Company**") (Registration Number 201424579Z) is incorporated and is domiciled in Singapore. The address of the Company's registered office is 38 Beach Road, #29–11 South Beach Tower, 189767 Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). These condensed interim consolidated financial statements as at and for the six months and full year ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the "**Group**").

The principal activity of the Company is that of investment holding.

The principal activities of the Group are manufacturing and trading of gloves and other medical disposables products such as latex examination gloves, nitrile examination gloves and other ancillary products.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 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 those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 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.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

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

Reportable segment revenues, profit or loss, assets and liabilities and other material items

The revenue is derived from the sale of goods which is recognised based on point in time.

	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000	Increase/ (Decrease) %
Revenue			
Total revenue for reportable segments	491,179	853,494	(42.5)
Elimination of inter-segment revenue	(258,581)	(515,093)	(49.8)
	232,598	338,401	(31.3)
Profit or Loss			
Total profit reportable segments	48,662	155,824	(68.8)
Share of profit of associate	99	3,579	(97.2)
Profit before income tax	48,761	159,403	(69.4)
Assets			
Total assets for reportable segments	276,029	260,609	5.9
Investments in associate	6,443	7,678	(16.1)
Total assets	282,472	268,287	5.3
Liabilities			
Total liabilities for reportable segments	47,409	73,527	(35.5)
Total liabilities	47,409	73,527	(35.5)

	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000	Increase/ (Decrease) %
Sales reported for first half year	117,278	159,417	(26.4)
Operating profit after tax before deducting minority interests for first half year	20,056	61,128	(67.2)
Sales reported for second half year	115,320	178,984	(35.6)
Operating profit after tax before deducting minority interests for second half year	19,742	58,816	(66.4)

By product segments

	30-June-22 2H FY22 S$'000	30-June-21 2H FY21 S$'000	Increase/ (Decrease) %	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000	Increase/ (Decrease) %
Revenue						
Latex examination gloves	60,616	78,216	(22.5)	110,496	147,293	(25.0)
Nitrile examination gloves	51,059	92,727	(44.9)	115,451	176,427	(34.6)
Other ancillary products	3,645	8,041	(54.7)	6,651	14,681	(54.7)
Total	115,320	178,984	(35.6)	232,598	338,401	(31.3)
Gross profit						
Latex examination gloves	20,088	47,214	(57.5)	39,924	92,932	(57.0)
Nitrile examination gloves	19,498	48,879	(60.1)	43,828	99,922	(56.1)
Other ancillary products	250	839	(70.2)	634	3,306	(80.8)
Total	39,836	96,932	(58.9)	84,386	196,160	(57.0)
Gross profit margin	**%**	**%**		**%**	**%**	
Latex examination gloves	33.1	60.4		36.1	63.1	
Nitrile examination gloves	38.2	52.7		38.0	56.6	
Other ancillary products	6.9	10.4		9.5	22.5	
Overall	34.5	54.2		36.3	58.0	

By geographical locations

	30-June-22 2H FY22 S$'000	30-June-21 2H FY21 S$'000	Increase/ (Decrease) %	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000	Increase/ (Decrease) %
Revenue						
Europe	65,434	93,229	(29.8)	116,010	162,745	(28.7)
North America	10,192	15,854	(35.7)	24,005	26,452	(9.3)
South America	14,579	33,384	(56.3)	35,707	75,639	(52.8)
Africa	3,917	10,989	(64.4)	11,998	18,207	(34.1)
Asia	19,467	23,168	(16.0)	40,751	46,473	(12.3)
Others	1,731	2,360	(26.7)	4,127	8,885	(53.6)
Total	115,320	178,984	(35.6)	232,598	338,401	(31.3)

Locations of non-current assets

	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000	Increase/ (Decrease) %
Non-current assets			
Europe	6,301	6,964	(9.5)
North America	776	960	(19.2)
South America	4,549	4,699	(3.2)
Africa	2,343	1,353	73.2
Asia	60,780	52,827	15.1
Total	74,749	66,803	11.9

5. Financial assets and financial liabilities

Set out of below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 30 June 2021:

	The Group		The Company	
	30-June-22 S$'000	30-June-21 S$'000	30-June-22 S$'000	30-June-21 S$'000
Financial assets				
Trade and other receivables (excluding prepayment)	37,517	56,842	219	246
Cash and cash equivalents	100,218	68,441	32,088	11,446
Amounts due from subsidiaries	-	-	26,406	51,619
Financial assets measured at amortised cost	137,735	125,283	58,713	63,311
Financial liabilities				
Trade and other payables	24,506	34,755	1,638	6,605
Bank borrowings	16,459	15,260	-	-
Lease liabilities	1,522	1,483	-	-
Amounts due to subsidiaries	-	-	-	-
Financial liabilities measured at amortised cost	42,487	51,498	1,638	6,605

6. Profit before taxation

6.1 Significant items

	30-June-22 2H FY22 S$'000	30-June-21 2H FY21 S$'000	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000
Income				
Interest income	299	34	427	108
Gain on disposal of property, plant and equipment	22	3	22	10
Foreign exchange gain	-	2,264	-	755
Over-provision of tax in prior years	516	-	516	-
Expenses				
Interest expenses	377	227	805	604
Depreciation of property, plant and equipment	2,432	1,864	3,885	3,017
Property, plant and equipment written off	592	224	658	361
Amortisation of intangible assets	11	9	21	18
Loss allowance on trade receivables	302	191	303	196
Foreign exchange loss	702	-	1,931	-
Under-provision of tax in prior years	-	237	-	237

Note

** Foreign exchange gain/loss includes net realised and unrealised foreign exchange gain/loss and fair value gain/loss on financial derivatives that are used mainly for hedging purposes.*

6.2 Related party transactions

During the year, in addition to those disclosed elsewhere in these financial statements, the Groups entities entered into the following transactions with related parties:

	30-June-22 2H FY22 S$'000	30-June-21 2H FY21 S$'000	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000
Sales to associates	11,681	36,600	23,370	54,828

7. Taxation

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

	30-June-22 2H FY22 S$'000	30-June-21 2H FY21 S$'000	30-June-22 FY22 S$'000	30-June-21 FY21 S$'000
Current income tax				
- Current	3,425	17,320	9,280	38,241
- (Over)/Under-provision in prior years	(516)	237	(516)	237
Deferred income tax				
- Current	24	849	24	849
- Under-provision in prior years	175	132	175	132
Total income tax expenses	3,108	18,538	8,963	39,459

8. Dividends

	FY2022 S$'000
Ordinary dividend paid:	
Tax exempt final dividend declared for FY21 (paid in December 2021)	2,502
Tax exempt special dividend 2 declared for FY21 (paid in December 2021)	616
Total dividends paid	3,118

Please refer to Notes 5 and 6 in section F. Other information required by Catalist Rules Appendix 7C for further details.

9. Earnings per share

	30-June-22 2H FY22	30-June-21 2H FY21	30-June-22 FY22	30-June-21 FY21
Earnings (S$'000)				
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to the Company)	15,549	63,826	36,795	118,765
Number of shares				
Weighted average number of ordinary shares for the purpose of				
- basic share	623,825,811	616,258,752	620,197,769	611,470,884
- effect of dilution from share options	-	-	-	-
- diluted share	623,825,811	616,258,752	620,197,769	611,470,884
Earnings per share (cents)				
- basic	2.48	10.37	5.93	19.42
- diluted	2.48	10.37	5.93	19.42

10. Net asset value

	The Group		The Company	
	30-June-22	30-June-21	30-June-22	30-June-21
Number of ordinary shares	623,825,811	616,258,752	623,825,811	616,258,752
Total net asset value (attributable to owners of the Company) (S$'000)	228,900	190,636	111,679	111,196
Net asset value per share (cents)	36.69	30.93	17.90	18.04

11. Intangible assets

	FY22 S$'000	FY21 S$'000
Cost:		
Balance at 1 July	344	325
Addition	242	17
Exchange difference	(20)	2
Balance at 30 June	566	344
Accumulated amortisation:		
Balance at 1 July	(81)	(63)
Amortisation	(21)	(18)
Exchange difference	12	-
Balance at 30 June	(90)	(81)

	FY22 S$'000	FY21 S$'000
Business license	184	184
Computer software	263	42
Customer base	29	37
Balance at 30 June	476	263

12. Property, plant and equipment

During the financial year ended 30 June 2022, the Group acquired property, plant and equipment for an amounting of S$21,709,000 (30 June 2021: S$21,048,000) of which S$970,000 (30 June 2021: S$1,371,000) was acquired by means of a lease, and disposed and wrote off assets amounting to S$658,000 (30 June 2021: S$361,000).

13. Borrowings

	30-June-2022		30-June-2021	
	Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
Amount repayable in one year or less, or on demand	6,186	-	9,957	-
Amount repayable after one year	10,273	-	5,303	-
Total borrowings	16,459	-	15,260	-

Details of collaterals

As at 30 June 2022 and 30 June 2021, the borrowings of the Group were secured by:

(i) motor vehicles;
(ii) debentures over certain production lines;
(iii) charge on certain leasehold land and building of a subsidiary;
(iv) fixed deposits pledged as collateral
(v) corporate guarantees; and
(vi) keyman insurance

14. Share capital

	Group and Company	
	No. of share ('000)	S$'000
Issued and paid-up share capital as at 30 June 2021	616,258,752	57,744,771
Issuance of shares pursuant to the UG Healthcare Scrip Dividend Scheme on 23 December 2021	7,567,059	1,906,898
Issuance and paid-up share capital as at 30 June 2022	623,825,811	59,651,669

The Company had no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2022 and 30 June 2021.

15. Acquisition of asset

(a) UG Healthcare Sdn Bhd (Acquisition of asset)

During the financial year, the Company acquired 100% equity interest in UG Healthcare Sdn Bhd ("**UGHCSB**") by subscribing 100 ordinary shares of RM1 per share for a cash consideration of RM100 (equivalent to approximate S$32) (the "**Acquisition**"). UGHCSB was dormant and has no other operating activity since its incorporation on 17 March 2021. Prior to the completion of the Acquisition, UGHCSB acquired a piece of land located in Seremban, Malaysia from a third party for a cash consideration of RM4,000,000 (equivalent to approximate S$1,288,368) (the "**Land**"). In this regard, the total amount of cash consideration paid by the Company for both UGHCSB and the Land amounted to RM4,000,100 (approximately S$1,288,400). The consideration of the Land is determined by "willing buyer and willing seller" basis. The Land is used for the construction of a centralised workers accommodation for the foreign workers of the Group's manufacturing plants. Please refer to the Company's announcement dated 23 February 2022 for more details.

16 Subsequent events

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

F. Other information required by Catalist Rules Appendix 7C

1. Review

The condensed consolidated statement of financial position UG Healthcare Corporation 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 twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue for all business segments decreased in the financial year ended 30 June 2022 ("**FY22**") as compared to the financial year ended 30 June 2021 ("**FY21**"). This was mainly due to the decrease in the average selling price ("**ASP**") of disposable gloves resulting from the increase in market supply of disposable gloves, and customers' preference to hold lower inventory in view of the downtrend in the ASP. Revenue for latex examination gloves, nitrile gloves and other ancillary products have decreased by 25.0%, 34.6% and 54.7% respectively in FY22 as compared to FY21 mainly due to the reasons described above. The Group's revenue decreased by approximately S$105.8 million from S$338.4 million in FY21 to S$232.6 million in FY22.

Cost of sales increased slightly by S$6.0 million from S$142.2 million in FY21 to S$148.2 million in FY22 due to increase in production output, which was partially offset by a decrease in the average purchase price of raw materials.

Gross profit decreased by approximately S$111.8 million from S$196.2 million in FY21 to S$84.4 million in FY22 in tandem with the decrease in ASP of gloves and ancillary products. Correspondingly, the gross profit margin of the Group decreased from 58.0% in FY21 to 36.3% in FY22.

Other income decreased from S$1.3 million in FY21 to S$0.7 million in FY22 as a foreign exchange loss was recognised in FY22. The Group's other expenses increased from S$0.6 million in FY21 to S$2.4 million in FY22 mainly due to the loss from foreign exchange, where the Renminbi, being the functional currency of subsidiaries in China, and the British Pound, being the functional currency of subsidiary in the UK, have weakened against the US dollar, and the Brazilian Real being the functional currency of subsidiary in Brazil continued to be volatile against the US dollar.

Operating expenses decreased from S$40.4 million in FY21 to S$33.2 million in FY22 mainly due to a decrease in administrative expenses as groupwide staff bonuses and commission were reduced in tandem with the decrease in revenue and profit. The additional costs in implementing strict SOPs for the prevention of COVID-19 infection such as quarantine fees, constant disinfection of the workplace, regular testing of employees, and purchase of personal protective equipment were lower in FY22 due to a decrease in the cost of such equipment and its related service charges.

Finance costs increased by S$0.2 million from S$0.6 million in FY21 to S$0.8 million in FY22 due to the increase in long-term borrowings for the construction of the new factory and new production lines, as well as an increase in interest rate.

Share of profits from associates decreased from S$3.6 million in FY21 to S$0.1 million in FY22 due to lower profits reported by its associates in Germany and the USA, resulting from the decrease in ASP of gloves. After taking into account tax expenses and minority interests, the Group's net profit attributable to shareholders decreased from S$118.8 million in FY21 to S$36.8 million in FY22.

The Group's net asset value increased from S$190.6 million as at 30 June 2021 to S$228.9 million as at 30 June 2022. Similarly, net asset value increased from 30.93 Singapore cents as at 30 June 2021 to 36.69 Singapore cents as at 30 June 2022.

Non-current assets increased by approximately S$7.9 million from S$66.8 million as at 30 June 2021 to S$74.7 million as at 30 June 2022 mainly due to increase in acquisition of property, plant and equipment of S$17.0 million which mainly pertains to the construction of new factory and new production lines, partially offset by decrease in deferred tax assets of S$8.0 million and decrease in associates of S$1.2 million.

Current assets increased by approximately S$11.8 million from S$201.5 million as at 30 June 2021 to S$213.3 million as at 30 June 2022, mainly due to:

- Increase in cash and bank balances of S$31.8 million from S$68.4 million as at 30 June 2021 to S$100.2 million as at 30 June 2022; and
- Recognition of income tax assets of S$10.3 million as compared to an income tax liabilities recognised in prior year; partially offset by
- Decrease in inventories of S$10.6 million from S$72.4 million as at 30 June 2021 to S$61.8 million as at 30 June 2022; and
- Decrease in trade and other receivables by S$19.7 million from S$60.6 million as at 30 June 2021 to S$40.9 million as at 30 June 2022.

Non-current liabilities increased from S$10.6 million as at 30 June 2021 to S$15.8 million as at 30 June 2022 mainly due to the increase in non-current borrowings of S$5.0 million which was mainly for construction of new factory and new production lines.

Current liabilities decreased by approximately S$25.8 million from S$63.0 million as at 30 June 2021 to S$37.2 million as at 30 June 2022 mainly due to:

- Decrease in income tax liabilities of S$11.6 million from S$17.2 million as at 30 June 2021 to S$5.6 million as at 30 June 2022 due to repayment of tax payable;
- Decrease in trade and other payables by S$10.3 million from S$34.8 million as at 30 June 2021 to S$24.5 million as at 30 June 2022 due to decrease in selling price of raw materials; and
- Decrease in current borrowings by S$3.7 million from S$9.9 million as at 30 June 2021 to S$6.2 million as at 30 June 2022 due to repayment of borrowings from trade facilities.

In FY22, the net cash from operations amounted to S$52.9 million taking into account of the profit before tax of S$48.8 million, adjusted for working capital inflows of S$19.8 million which was mainly due to decrease in inventory and trade and other receivables, as well as income tax paid of S$22.6 million. Net cash used in investing activities amounted to S$20.1 million due to purchases of property, plant and equipment, which was mainly for the construction of new factory and new production lines, offset by cash inflows from dividends received from associates and interest received. Net cash used in financing activities amounted to S$1.0 million mainly due to payment of dividends as well as repayment of lease liabilities.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

The increase in the global supply of disposable or single-use gloves over the past two years intensified competition and led to the rapid decline in the average selling price ("**ASP**") of gloves to pre-Covid levels despite relatively strong global demand for gloves. Nevertheless, greater awareness of the need for hand protection for safety and hygiene purposes is likely to continue to drive global demand for disposable gloves as countries progress to the endemic phase.

The commencement of the new production capacity of 1.2 billion which was originally to be scheduled in May is delayed by the shortage of manpower. While the Group has recently obtained the relevant approval to recruit foreign workers, the new employees are expected to arrive progressively from October 2022. Hence,

the additional capacity of 1.2 billion pieces of gloves per annum could likely be commissioned from October 2022 onwards.

Amid the disequilibrium in the demand-supply of disposable gloves, the global economic slowdown and geopolitical uncertainties, the Group remains mindful of further expansion in disposable gloves production beyond its current total installed production capacity of 4.6 billion pieces per annum in the near future. Nevertheless, the Group is confident that its current total installed production capacity is adequate to satisfy the demand for its proprietary **UNI**GLOVES® branded disposable glove products.

The Group will also harness its strengths through its integrated own brand manufacturing ("**OBM**") foundation to cultivate demand for its range of proprietary branded reusable gloves for users in heavy industry, and thereby, broaden its earnings base progressively. The OBM model will also enable the Group to achieve long term sustainable growth as it continues to seek non-glove investment opportunities in the healthcare related sector as part of its product portfolio expansion strategy.

The Group will update shareholders on material developments as and when they arise.

5. Dividend

Proposed dividend for FY22

Name of dividend	Special dividend
Dividend type	Cash
Dividend per share	S$0.00320 per ordinary share
Tax rate	Tax exempt
Book closure date	To be announced
Payment date	To be announced

Name of dividend	Final dividend
Dividend type	Cash
Dividend per share	S$0.00320 per ordinary share
Tax rate	Tax exempt
Book closure date	To be announced
Payment date	To be announced

Dividend declared for FY21

Name of dividend	Special dividend 1
Dividend type	Cash
Dividend per share	S$0.00105 per ordinary share
Tax rate	Tax exempt
Book closure date	3 March 2021
Payment date	18 March 2021

Name of dividend	Special dividend 2
Dividend type	Cash
Dividend per share	S$0.00100 per ordinary share
Tax rate	Tax exempt
Book closure date	10 November 2021
Payment date	23 December 2021

Name of dividend	Final dividend
Dividend type	Cash and/or scrip
Dividend per share	S$0.00406 per ordinary share
Tax rate	Tax exempt
Book closure date	10 November 2021
Payment date	23 December 2021

6. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

The Board has recommended tax exempt special dividend of 0.320 Singapore cents per share and tax exempt final dividend of 0.320 Singapore cents per share for FY22 compared to total tax exempt dividends of 0.611 Singapore cents per share declared in FY21.

7. Breakdown of total annual dividend

	30-June-2022 S$'000	30-June-2021 S$'000
Ordinary dividend	3,992	3,765

8. Interested person transactions

The Group has not obtained any IPT mandate from the shareholders. There is no IPT entered into during FY22.

9. Confirmation pursuant to Rule 720(1) of the Catalist Listing Rules

The Company has received undertaking from all its Directors and Executive Officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules of the SGX-ST.

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Company confirms that, to the best of its knowledge as of the date hereof, none of the person occupying a managerial position in the Company or any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

By order of the Board
UG Healthcare Corporation Limited

LEE KECK KEONG
Executive Director and CEO

25 August 2022