

# **SUNRIGHT LIMITED AND ITS SUBSIDIARIES**

(Company Reg. No. 197800523M)

Condensed Interim Financial Statements  
For the First Half Year ended 31 January 2022

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## A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	The Group		
		1st Half Year ended 31 January 2022	1st Half Year ended 31 January 2021	Increase/ (decrease)
		S\$'000	S\$'000	%
<b>Revenue</b>	4	51,771	58,696	(12%)
<b>Other items of income:</b>				
Interest income		662	804	(18%)
Dividend income		71	29	>100%
Other income		1,376	3,126	(56%)
<b>Items of expenses:</b>				
Raw materials and consumables used		(11,851)	(15,260)	(22%)
Changes in inventories of finished goods and work-in-progress		1,638	(1,073)	NM
Employee benefits expense		(21,215)	(21,092)	1%
Depreciation of property, plant and equipment		(9,981)	(10,487)	(5%)
Finance costs		(145)	(215)	(33%)
Other expenses		(11,986)	(11,348)	6%
<b>Profit before tax</b>	6	340	3,180	(89%)
Income tax expense	8	(757)	(679)	11%
<b>(Loss)/profit, net of tax</b>		(417)	2,501	NM
<b>Other comprehensive income:</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation gain		1,291	2,525	(49%)
<b>Other comprehensive income for the period, net of tax</b>		1,291	2,525	(49%)
<b>Total comprehensive income for the period</b>		874	5,026	(83%)
<b>(Loss)/profit attributable to:</b>				
Owners of the Company		(1,503)	1,288	NM
Non-controlling interests		1,086	1,213	(10%)
		(417)	2,501	NM
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		(867)	2,518	NM
Non-controlling interests		1,741	2,508	(31%)
		874	5,026	(83%)
(Loss)/earning per share attributable to owners of the Company (cents)				
- Basic		(1.2)	1.0	NM

NM : Not meaningful

**B. Condensed Interim Statements of Financial Position**

	Note	The Group		The Company	
		31 January 2022	31 July 2021	31 January 2022	31 July 2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	39,714	43,142	299	421
Investment in subsidiaries		-	-	12,112	12,112
Deferred tax assets		1,141	1,100	-	-
Loans to a subsidiary		-	-	58	144
Other receivables		583	568	-	-
Total non-current assets		41,438	44,810	12,469	12,677
<b>Current assets</b>					
Investment securities		4,733	4,924	360	384
Inventories		7,069	4,627	-	-
Prepayments		1,703	851	141	104
Tax recoverables		1,506	1,269	-	-
Trade and other receivables		19,733	19,207	1,630	940
Loans to a subsidiary		-	-	173	306
Cash and short-term deposits		94,730	97,873	19,490	20,792
Total current assets		129,474	128,751	21,794	22,526
<b>Total assets</b>		<b>170,912</b>	<b>173,561</b>	<b>34,263</b>	<b>35,203</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	13	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)		34,618	36,489	(3,458)	(3,200)
Other reserves		12,504	11,868	155	155
<b>Total equity attributable to owners of the Company</b>		<b>82,849</b>	<b>84,084</b>	<b>32,424</b>	<b>32,682</b>
Non-controlling interests		61,483	60,173	-	-
<b>Total equity</b>		<b>144,332</b>	<b>144,257</b>	<b>32,424</b>	<b>32,682</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	12	4,073	5,091	638	741
Defined benefit liabilities		1,489	1,417	-	-
Deferred tax liabilities		1,067	809	-	-
Total non-current liabilities		6,629	7,317	638	741
<b>Current liabilities</b>					
Trade and other payables		15,713	17,202	679	947
Contract liabilities		1,265	440	-	-
Loans and borrowings	12	2,877	4,240	460	784
Provisions		21	34	-	-
Income tax payable		75	71	62	49
Total current liabilities		19,951	21,987	1,201	1,780
Total liabilities		26,580	29,304	1,839	2,521
<b>Total equity and liabilities</b>		<b>170,912</b>	<b>173,561</b>	<b>34,263</b>	<b>35,203</b>

## C. Condensed Interim Statements of Changes in Equity

The Group	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>FY2022</b>								
As at 1 August 2021	144,257	84,084	35,727	36,489	511	10,497	860	60,173
Loss for the period	(417)	(1,503)	-	(1,503)	-	-	-	1,086
Other comprehensive income for the period, net of tax	1,291	636	-	-	636	-	-	655
Total comprehensive income for the period	874	(867)	-	(1,503)	636	-	-	1,741
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
Dividends paid to non-controlling interests	(431)	-	-	-	-	-	-	(431)
As at 31 January 2022	144,332	82,849	35,727	34,618	1,147	10,497	860	61,483
<b>FY2021</b>								
As at 1 August 2020	142,975	83,262	35,727	35,415	763	10,497	860	59,713
Profit for the period	2,501	1,288	-	1,288	-	-	-	1,213
Other comprehensive income for the period, net of tax	2,525	1,230	-	-	1,230	-	-	1,295
Total comprehensive income for the period	5,026	2,518	-	1,288	1,230	-	-	2,508
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
Dividends paid to non-controlling interests	(438)	-	-	-	-	-	-	(438)
As at 31 January 2021	147,195	85,412	35,727	36,335	1,993	10,497	860	61,783
<b>The Company</b>								
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>FY2022</b>								
As at 1 August 2021	32,682	32,682	35,727	(3,200)	-	155	-	-
Profit for the period	110	110	-	110	-	-	-	-
Total comprehensive income for the period	110	110	-	110	-	-	-	-
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
As at 31 January 2022	32,424	32,424	35,727	(3,458)	-	155	-	-
<b>FY2021</b>								
As at 1 August 2020	31,799	31,799	35,727	(4,083)	-	155	-	-
Loss for the period	(71)	(71)	-	(71)	-	-	-	-
Total comprehensive income for the period	(71)	(71)	-	(71)	-	-	-	-
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
As at 31 January 2021	31,360	31,360	35,727	(4,522)	-	155	-	-

**D. Condensed Interim Consolidated Cash Flow Statement**

		<b>The Group</b>	
		<b>First Half Year ended 31 January 2022</b>	<b>First Half Year ended 31 January 2021</b>
<b>Note</b>		<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>			
	Profit before tax	340	3,180
	Adjustments for:		
	Net gain on disposal of property, plant and equipment	-	(1,173)
	Depreciation of property, plant and equipment	9,981	10,487
	Plant and equipment written off	1	-
	Net (reversal of write-down)/write-down of inventories	(38)	88
	Net (reversal of impairment)/impairment loss on trade receivables	(60)	121
	Dividend income	(71)	(29)
	Net fair value gain on investment securities	(815)	(835)
	Finance costs	145	215
	Interest income	(662)	(804)
	Net unrealised exchange (gain)/loss	(24)	67
	<b>Operating cash flows before changes in working capital</b>	<b>8,797</b>	<b>11,317</b>
	Increase in inventories	(2,404)	(86)
	Increase in prepayments and receivables	(2,174)	(10,279)
	(Decrease)/increase in payables and contract liabilities	(1,354)	2,736
	<b>Cash flows from operations</b>	<b>2,865</b>	<b>3,688</b>
	Net income taxes paid	(757)	(1,122)
	Interest paid	(166)	(273)
	Interest received	662	961
	<b>Net cash flows from operating activities</b>	<b>2,604</b>	<b>3,254</b>
	<b>Cash flows from investing activities:</b>		
	Decrease/(increase) in short-term deposits with maturity more than three months	1,856	(1,109)
	Dividend income	71	29
	Purchase of property, plant and equipment	(4,162)	(6,401)
	Proceeds from disposal of property, plant and equipment	-	1,202
	Purchase of investment securities	(140)	(626)
	Proceeds from disposal of investment securities	1,196	13
	<b>Net cash flows used in investing activities</b>	<b>(1,179)</b>	<b>(6,892)</b>
	<b>Cash flows from financing activities:</b>		
	Proceeds from term loans	-	9,019
	Repayment of term loans	(1,673)	(9,567)
	Repayment of principle portion of lease liabilities	(1,017)	(1,367)
	Dividends paid on ordinary shares	(368)	(368)
	Dividends paid to non-controlling interests	(431)	(438)
	<b>Net cash flows used in financing activities</b>	<b>(3,489)</b>	<b>(2,721)</b>
	Net decrease in cash and cash equivalents	(2,064)	(6,359)
	Effect of exchange rate changes on cash and cash equivalents	777	1,134
	Cash and cash equivalents at beginning of period	31,438	40,855
	<b>Cash and cash equivalents at end of period</b>	<b>30,151</b>	<b>35,630</b>

**D. Condensed Interim Consolidated Cash Flow Statement**

Cash and cash equivalents comprised the following:

	<b>The Group</b>	
	<b>31 January 2022</b>	<b>31 January 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash at banks and on hand	15,250	17,234
Bank deposits	79,480	81,984
Cash and short-term deposits	94,730	99,218
Less: Bank deposits with maturity more than three months	(64,579)	(63,588)
Cash and cash equivalents	<u>30,151</u>	<u>35,630</u>

## **E. Notes to the Condensed Interim Financial Statements**

### **1. Corporate information**

Sunright Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the first half year ended 31 January 2022 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the Group are:

- a) Manufacturing of burn-in/test equipment;
- b) Provision of product development services;
- c) Research and development in burn-in and test related activities;
- d) Provision of semiconductor burn-in services;
- e) Provision of burn-in support services;
- f) Provision of semiconductor testing services; and
- g) Provision of electronic manufacturing services.

### **2. Basis of Preparation**

The condensed interim financial statements for the first half year ended 31 January 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 annual financial statements for the year ended 31 July 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 and all values are rounded to the nearest thousand (\$'000) unless otherwise stated.

#### **2.1. New and amended standards adopted by the Group**

A number of amendments to standards have become applicable for the current reporting period<sup>1</sup>. 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 reported amounts of assets and liabilities, revenues 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 July 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.

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<sup>1</sup> Refer to Annual Report FY2021, Notes to the Financial Statements (Note 2.3).



### 3. Seasonal operations

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

### 4. Segment and revenue information

The Group is organised into the following main business segments:

- a) Burn-in, testing and electronic manufacturing services segment is in the business of manufacturing burn-in/test equipment, assembly of electronic and electrical components, provision of burn-in and testing services and research and development of burn-in and test related activities. This reportable segment has been formed by aggregating the burn-in and test related activities and assembly activities, which are regarded by management to exhibit similar economic characteristics.
- b) "Others" segment involves Group-level corporate services, treasury and investments functions, business of trading in and distribution of high-technology electronic products (which does not meet any of the quantitative thresholds for disclosure under SFRS(I) 8 Operating Segments), and consolidation adjustments which are not directly attributable to particular business segment above.

Key management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

#### 4.1 Business segment

	Burn-in, testing and electronic manufacturing services		Others		Consolidated	
	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
<b>1st Half Year ended 31 January</b>						
<b>Revenue:</b>						
External customers	51,771	58,696	-	-	51,771	58,696
<b>Results:</b>						
Segment (loss)/profit	(174)	2,553	(3)	38	(177)	2,591
Interest income					662	804
Finance costs					(145)	(215)
Profit before tax					340	3,180
Income tax expense					(757)	(679)
(Loss)/profit for the period					(417)	2,501
<b>Other information:</b>						
Depreciation of property, plant and equipment	9,820	10,303	161	184	9,981	10,487
Additions to property, plant and equipment	6,096	8,228	39	52	6,135	8,280

#### 4. Segment and revenue information (cont'd)

##### 4.2 Disaggregation of Revenue

	<b>The Group</b>	
	<b>1st Half</b>	<b>1st Half</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>31 January</b>	<b>31 January</b>
<b>Burn-in, testing and electronic manufacturing services</b>	<b>2022</b>	<b>2021</b>
	S\$'000	S\$'000
 <i>Major type of goods and services</i>		
Sale of goods	11,728	22,411
Rendering of services	40,043	36,285
<b>Total Revenue</b>	<b>51,771</b>	<b>58,696</b>
 <i>Primary geographical markets</i>		
Singapore	1,018	1,118
Malaysia	33,826	37,927
China	11,721	10,589
Other Asian markets*	1,249	2,339
United States	2,134	3,958
Others	1,823	2,765
<b>Total Revenue</b>	<b>51,771</b>	<b>58,696</b>

\* Classified under "Other Asian markets" are Taiwan, Philippines, Thailand and Vietnam.

The goods and services are transferred to the customers at a point in time.

#### 5. Financial assets and liabilities

	<b>The Group</b>		<b>The Company</b>	
	<b>31 January 2022</b>	<b>31 July 2021</b>	<b>31 January 2022</b>	<b>31 July 2021</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial Assets</b>				
Investment in securities	4,733	4,924	360	384
Trade and other receivables	20,316	19,775	1,630	940
Loans to a subsidiary	-	-	231	450
Cash and short-term deposits	94,730	97,873	19,490	20,792
<b>Total financial assets</b>	<b>119,779</b>	<b>122,572</b>	<b>21,711</b>	<b>22,566</b>
<b>Financial Liabilities</b>				
Trade and other payables	(15,713)	(17,197)	(679)	(942)
Loans and borrowings	(6,950)	(9,331)	(1,098)	(1,525)
<b>Total financial liabilities</b>	<b>(22,663)</b>	<b>(26,528)</b>	<b>(1,777)</b>	<b>(2,467)</b>

**6. Profit before taxation****6.1 Significant items**

	<u>The Group</u>	
	<b>1st Half Year ended 31 January 2022</b>	<b>1st Half Year ended 31 January 2021</b>
	S\$'000	S\$'000
Net reversal of write-down/(write-down) of inventories	38	(88)
Net reversal of impairment/(impairment loss) on trade receivables	60	(121)
Net exchange loss	(8)	(246)
Net fair value gain on investment securities	815	835
Net gain on disposal of property, plant and equipment	-	1,173
COVID-19 related government reliefs	97	467

**6.2 Related party transactions**

There are no material related party transactions apart from those disclosed in the condensed interim financial statements.

**7. Significant commitments for purchases of property, plant and equipment**

Commitments for purchases of property, plant and equipment amounted to \$3,506,000 as at 31 January 2022.

**8. Income tax**

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 are:

	<u>The Group</u>	
	<b>1st Half Year ended 31 January 2022</b>	<b>1st Half Year ended 31 January 2021</b>
	S\$'000	S\$'000
<i>Current income tax:</i>		
Current income tax expense	546	917
Over provision in respect of previous year	(10)	(10)
	<u>536</u>	<u>907</u>
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	221	(228)
	<u>221</u>	<u>(228)</u>
Income tax expense	<u>757</u>	<u>679</u>

## 9. Dividends

	<u>The Group</u>	
	1st Half	1st Half
	Year ended	Year ended
	31 January	31 January
	2022	2021
	S\$'000	S\$'000
<b>Recognised and paid during the financial year:</b>		
Ordinary tax exempt (one-tier) dividend for 2021 at 0.3 cent (2020: 0.3 cent) per share	368	368

## 10. Net asset value

	<u>The Group</u>		<u>The Company</u>	
	31 January 2022	31 July 2021	31 January 2022	31 July 2021
Net asset value per ordinary share attributable to the owners of the Company (cents)	67.5	68.5	26.4	26.6

## 11. Property, plant and equipment

For the first half year ended 31 January 2022, the Group acquired property, plant and equipment amounting to \$6,135,000 (2021: \$8,280,000) and disposed off assets amounting to \$1,000 (2021: \$31,000).

## 12. Loans and borrowings

	<u>The Group</u>		<u>The Company</u>	
	31 January 2022	31 July 2021	31 January 2022	31 July 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year or on demand				
Secured	1,329	2,476	35	132
Unsecured	1,548	1,764	425	652
	<u>2,877</u>	<u>4,240</u>	<u>460</u>	<u>784</u>
Amount repayable after one year				
Secured	1,638	2,015	5	-
Unsecured	2,435	3,076	633	741
	<u>4,073</u>	<u>5,091</u>	<u>638</u>	<u>741</u>

Obligations under leases included in the Group's loans and borrowings are secured on certain assets of the companies within the Group.

**13. Share capital**

Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in share capital during the current financial period.

The Company did not have any outstanding convertibles as at 31 January 2022 and 31 January 2021.

There were neither treasury shares nor subsidiary holdings as at 31 January 2022 and 31 January 2021.

**To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	<b>The Group and the Company</b>			
	31 January 2022		31 July 2021	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
<i>Issued and fully paid ordinary shares:</i>				
Balance at beginning and end of the period	122,806	35,727	122,806	35,727

**A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable. The Company did not hold any treasury shares as at 31 January 2022 and 31 January 2021.

**A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable. The Company did not have any subsidiary holdings as at 31 January 2022 and 31 January 2021.

**14. Earnings per share**

**Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Basic (loss)/earning per ordinary share amounts are calculated by dividing (loss)/profit net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current financial period.

	<u>The Group</u>	
	<u>31 January</u>	<u>31 January</u>
	<u>2022</u>	<u>2021</u>
(Loss)/profit attributable to owners of the Company (\$'000)	(1,503)	1,288
Weighted average number of ordinary shares ('000)	122,806	122,806
(Loss)/earning per ordinary shares (cents)	(1.2)	1.0

**15. Subsequent events**

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

## **F. Other Information required by Listing Rule Appendix 7.2**

### **1. Review**

**The condensed interim statement of financial position of Sunright Limited and its subsidiaries as at 31 January 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed statements of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and certain explanatory notes have not been audited or reviewed.**

- (a) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the auditors.

- (b) Where the figures have been audited or reviewed, the auditor's report (including any modifications or emphasis of a matter)**

Not applicable.

- (c) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (This is not required for any audit issue that is a material uncertainty relating to going concern)**

- (i) Updates on the efforts taken to resolve each outstanding audit issue.**

Not applicable.

- (ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

## 2. Review of performance of the Group

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (i) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

### Review of performance

6 Months ended 31 January 2022 (1HFY2022) vs 6 Months ended 31 January 2021 (1HFY2021)

The Group recorded revenue of \$51.8 million in 1HFY2022, reflecting a decrease of \$6.9 million or 12% as compared to \$58.7 million in 1HFY2021. Although the Group saw higher service sales, the overall decline in revenue was mainly attributable to lower equipment deliveries arising from the global component shortages.

Other income of \$1.4 million decreased by \$1.8 million or 56%, mainly attributable to absence of gain on disposal of property, plant and equipment ("PPE") of \$1.2 million; and lower COVID-19 related government reliefs by \$0.4 million.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, totalling \$10.2 million, were lower by \$6.1 million or 37%, in line with lower equipment deliveries and material price increases.

Depreciation at \$10.0 million was lower by \$0.5 million or 5%, due to certain fully depreciated PPE.

Other expenses of \$12.0 million increased by \$0.6 million or 6%, mainly attributable to higher repairs and maintenance cost of \$0.6 million, to support higher service sales.

Consequently, the Group's profit before tax of \$0.3 million in 1HFY2022 represented a decline of \$2.8 million, from \$3.2 million reported in 1HFY2021.

### Review of financial position

PPE was lower by \$3.4 million or 8%, from \$43.1 million as at 31 July 2021, to \$39.7 million as at 31 January 2022. This decrease was primarily due to depreciation charge of \$10.0 million, partially offset by capital expenditure of \$6.1 million.

Investment securities reduced by \$0.2 million or 4%, from \$4.9 million to \$4.7 million, mainly due to net disposal of \$1.1 million, offset by fair value gain of \$0.8 million.

Inventories increased by \$2.4 million or 53%, from \$4.6 million to \$7.1 million, due to the increase in work-in-progress by \$2.1 million, in preparation of backlog fulfilment.

Prepayment increased by \$0.9 million. This reflected deposits for more procurement of machinery and test equipment, components, and system maintenance services.

Tax recoverables increased by \$0.2 million or 19%, from \$1.3 million to \$1.5 million, primarily due to higher monthly tax instalment payments made during the current period.

Current trade and other receivables were higher by \$0.5 million or 3%, from \$19.2 million to \$19.7 million, mainly due to improved service sales in the first half of current financial year as compared with the second half of previous financial year, as well as higher VAT receivables.

Cash and short-term deposits were lower by \$3.1 million or 3%, from \$97.9 million to \$94.7 million, following repayments of loans and borrowings.

Trade and other payables reduced by \$1.5 million or 9%, from \$17.2 million to \$15.7 million, which reflected the settlement of purchases of machinery and test equipment.



Contract liabilities increased by \$0.8 million, from \$0.4 million to \$1.3 million, largely as a result of higher sales deposits received from customers.

Total loans and borrowings declined by \$2.4 million or 26%, from \$9.3 million to \$7.0 million, primarily due to net repayment of bank loans of \$1.7 million, and repayment of lease liabilities of \$1.0 million.

Deferred tax liabilities increased by \$0.3 million or 32%, from \$0.8 million to \$1.1 million, as a result of higher deductible temporary differences arising from the utilisation of accelerated capital allowances.

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

There is no material variance from our full year financial statement announcement for the year ended 31 July 2021 commentary under Section 4.

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Group expects the current supply chain constraints to continue which may affect outputs. Separately, the International Monetary Fund has revised the 2022 global economic growth forecast downward by 0.5% to 4.4%, reflecting the disruption of economic recovery in both United States and China. Amidst rising inflationary and energy prices, the Group will scale down its electronic manufacturing service whilst re-sizing its workforce further through automation.

Nonetheless, the Group is preparing further capital equipment spendings to support our customers to deliver on their strong backlogs and ride on the industry's growth momentum which is expected to remain robust. Market research companies estimated worldwide semiconductor revenue in 2021 to have grown by 25.1% to USD583.5 billion, crossing the USD500 billion mark for the first time. The industry is predicted to grow further to USD680.6 billion in 2022.

**5. Dividend Information**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? No

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

The directors do not recommend any interim dividend to be declared in view of the losses.

**6. Interested person transactions**

**If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

No IPT mandate had been obtained.

**7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

**8. Confirmation by Board pursuant to Rule 705(5) of the Listing Manual**

The Board confirmed to the best of its knowledge that nothing has come to its attention which may render the unaudited interim financial results for the half year ended 31 January 2022 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Adeline Lim Kim Swan  
Company Secretary  
Date: 11 March 2022**