



GRAND VENTURE TECHNOLOGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 201222831E)

UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023 FOR GRAND VENTURE TECHNOLOGY LIMITED (THE “COMPANY” AND TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)

Comparative financial period

For the purposes of this results announcement:

- The current financial period being reported on relating to the half year from 1 January 2023 to 30 June 2023, shall be referred to herein as “**1HFY2023**”; and
- The corresponding financial period from 1 January 2022 to 30 June 2022, shall be referred to herein as “**1HFY2022**”.

Table of Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income3

B. Condensed interim statements of financial position4

C. Condensed interim statements of changes in equity.....5

D. Condensed interim consolidated statement of cash flows7

E. Notes to the condensed interim consolidated financial statements8

F. Other information required by Listing Rule Appendix 7.217

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

	Note	Group		Changes %
		1HFY2023 S\$'000	1HFY2022 S\$'000	
Revenue	4	53,866	67,064	(19.7)%
Cost of sales		(40,347)	(49,003)	(17.7)%
Gross profit		13,519	18,061	(25.1)%
Other income		1,218	1,697	(28.2)%
Selling and distribution costs		(409)	(629)	(35.0)%
General and administrative expenses		(6,732)	(7,223)	(6.8)%
Other operating expenses		(2,350)	(2,349)	0.0%
Finance costs		(1,184)	(1,149)	3.0%
Profit before tax	6	4,062	8,408	(51.7)%
Income tax expense	9	(659)	(1,276)	(48.4)%
Profit after tax		3,403	7,132	(52.3)%
Other comprehensive income:				
<i>Items that maybe reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation of foreign operations		(3,395)	(1,733)	NM
Total comprehensive income for the financial period attributable to owners of the Company		8	5,399	NM
Earnings per share (cents per share) - Basic and diluted	7	1.00	2.12	
EBITDA ^{Note (a)}		12,176	16,067	(24.2)%

NM: Not meaningful

Note (a): EBITDA refers to Earnings before Interest, Tax, Depreciation and Amortisation
i.e. Profit before Tax + Interest cost - Interest income + Depreciation + Amortisation

B. Condensed interim statements of financial position

	Note	Group		Company	
		30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Non-current assets					
Property, plant and equipment	12	78,619	84,408	15,139	16,332
Investment in subsidiaries		-	-	49,834	45,796
Intangible assets	13	9,701	10,191	-	-
Loans to subsidiaries		-	-	4,112	6,150
Deferred tax assets		611	644	-	-
Total non-current assets		88,931	95,243	69,085	68,278
Current assets					
Cash and bank balances		19,115	23,148	10,809	13,149
Trade and other receivables		30,160	32,003	13,922	14,376
Prepayments		3,485	3,042	160	2,161
Inventories		51,436	50,637	12,513	12,840
Loans to subsidiaries		-	-	5,400	5,400
Total current assets		104,196	108,830	42,804	47,926
Total assets		193,127	204,073	111,889	116,204
Current liabilities					
Trade and other payables		16,759	23,183	5,301	8,380
Loans and borrowings	14	18,642	18,682	2,972	3,234
Lease liabilities	14	2,343	2,358	34	33
Deferred income		213	236	213	236
Forward contract		201	116	164	116
Provision for income tax		219	15	435	255
Total current liabilities		38,377	44,590	9,119	12,254
Net current assets		65,819	64,240	33,685	35,672
Non-current liabilities					
Loans and borrowings	14	29,915	32,285	11,446	12,875
Lease liabilities	14	5,485	6,599	1,518	1,535
Deferred income		645	773	645	773
Deferred tax liabilities		1,631	1,742	177	177
Total non-current liabilities		37,676	41,399	13,786	15,360
Total liabilities		76,053	85,989	22,905	27,614
Net assets		117,074	118,084	88,984	88,590
Equity attributable to owners of the Company					
Share capital	15	87,590	87,590	87,590	87,590
Currency translation reserve		(9,425)	(6,030)	-	-
Retained earnings		38,909	36,524	1,394	1,000
Total equity		117,074	118,084	88,984	88,590

C. Condensed interim statements of changes in equity

<u>Group</u>	Note	Share capital S\$'000	Currency translation reserve S\$'000	Share-based payment reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 January 2022		78,926	(998)	764	25,913	104,605
<i>Transactions with owners, recognised directly in equity</i>						
Issuance of shares	15	8,664	-	(764)	-	7,900
Dividends paid		-	-	-	(1,696)	(1,696)
Total		8,664	-	(764)	(1,696)	6,204
<i>Total comprehensive income for the financial period</i>						
Profit for the financial period		-	-	-	7,132	7,132
Other comprehensive income for the financial period		-	(1,733)	-	-	(1,733)
Total comprehensive income for the financial period		-	(1,733)	-	7,132	5,399
Balance as at 30 June 2022		87,590	(2,731)	-	31,349	116,208
Balance as at 1 January 2023		87,590	(6,030)	-	36,524	118,084
<i>Transactions with owners, recognised directly in equity</i>						
Dividends paid		-	-	-	(1,018)	(1,018)
Total		-	-	-	(1,018)	(1,018)
<i>Total comprehensive income for the financial period</i>						
Profit for the financial period		-	-	-	3,403	3,403
Other comprehensive income for the financial period		-	(3,395)	-	-	(3,395)
Total comprehensive income for the financial period		-	(3,395)	-	3,403	8
Balance as at 30 June 2023		87,590	(9,425)	-	38,909	117,074

	Note	Share capital S\$'000	Share-based payment reserve S\$'000	Retained earnings/ (accumulated losses) S\$'000	Total S\$'000
Company					
Balance as at 1 January 2022					
<i>Transactions with owners, recognised directly in equity</i>					
Issuance of shares	15	8,664	(764)	-	7,900
Dividends paid		-	-	(1,696)	(1,696)
Total		8,664	(764)	(1,696)	6,204
<i>Total comprehensive income for the financial period</i>					
Profit for the financial period, representing total comprehensive income for the financial period		-	-	1,847	1,847
Balance as at 30 June 2022		87,590	-	(591)	86,999
Balance as at 1 January 2023					
<i>Transactions with owners, recognised directly in equity</i>					
Dividends paid		-	-	(1,018)	(1,018)
Total		-	-	(1,018)	(1,018)
<i>Total comprehensive income for the financial period</i>					
Profit for the financial period, representing total comprehensive income for the financial period		-	-	1,412	1,412
Balance as at 30 June 2023		87,590	-	1,394	88,984

D. Condensed interim consolidated statement of cash flows

Note	Group	
	1HFY2023 S\$'000	1HFY2022 S\$'000
Operating activities		
	4,062	8,408
Profit before tax		
Adjustments for:		
Depreciation of property, plant and equipment	6 7,166	6,347
Amortisation of intangible assets	6 195	309
Net loss on disposal of property, plant and equipment	6 -	108
Amortisation of deferred income	6 (351)	(137)
Interest income	6 (80)	(9)
Interest expense	6 1,184	1,149
Gain on lease modification	(18)	-
Unrealised foreign exchange gain	(157)	(614)
Operating cash flows before changes in working capital	12,001	15,561
Decrease in trade and other receivables	1,244	2,556
Increase in inventories	(2,964)	(379)
Decrease in prepayments	352	138
Decrease in trade and other payables	(5,791)	(12,349)
Cash flows generated from operations	4,842	5,527
Income tax paid	(506)	(962)
Interest received	80	9
Interest paid	(1,184)	(1,149)
Net cash flows generated from operating activities	3,232	3,425
Investing activities		
Purchases of property, plant and equipment	(2,004)	(6,506)
Prepayment for purchase of property, plant and equipment	-	(1,680)
Capital expenditure grants received	-	733
Proceeds from disposal of property, plant and equipment	-	29
Net cash outflow on acquisition of subsidiaries	-	(6,879)
Net cash flows used in investing activities	(2,004)	(14,303)
Financing activities		
Proceeds from loans and borrowings	5,923	2,065
Repayment of loans and borrowings	(4,009)	(2,856)
Repayment of hire purchases	(2,283)	(2,574)
Repayment of trade financing	(2,409)	(1,501)
Payment of principal portion of lease liabilities	(1,157)	(938)
Dividend paid to shareholders	(1,018)	(1,696)
Decrease in placement of short-term fixed deposits	-	173
Net cash flows used in financing activities	(4,953)	(7,327)
Net decrease in cash and cash equivalents	(3,725)	(18,205)
Effect of foreign exchange rate changes, net	(345)	(278)
Cash and cash equivalents at the beginning of the financial period	23,054	46,090
Cash and cash equivalents at the end of the financial period	18,984	27,607
Cash and cash equivalents represented by:		
Cash and bank balances	19,115	27,704
less : Short-term fixed deposits	(131)	(97)
	18,984	27,607

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Grand Venture Technology Limited (the “**Company**”) is incorporated in Singapore with its principal place of business and registered office at 2 Changi North Street 1, Singapore 498828.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Group and the Company are that of manufacturing ultra-precision machining parts, modules, complex sheet metal and mechatronics assembly.

2. Basis of preparation

The condensed interim financial statements for the financial period ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

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 (“**S\$**”) which is the Company’s functional currency, and all values in the tables are rounded to the nearest thousand (“**S\$’000**”), except when otherwise indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to SFRS(I)s 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 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 13 – Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.

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

Revenue is recognised at the point in time when control over the goods has been transferred to the customer, usually on delivery of goods and acceptance by the customer. The goods are sold with retrospective sales rebates based on sales over a period of time.

The Group is organised into the following main business segments:

- Semiconductor

The semiconductor segment involves the manufacturing of precision machined components, complex sheet metal manufacturing and mechatronics assembly for customers who are leading equipment providers for semiconductor manufacturing and electronics assembly solutions.

- Life sciences

The life sciences segment involves the manufacturing of key components of mass spectrometers, high performance liquid chromatography instruments and bolt-on instruments used for various laboratories testing and pharmaceutical applications.

- Electronics, aerospace, medical and others

The electronics, aerospace, medical and others segment involves the manufacturing of consumable parts, manufacturing and assembly of parts and components for commercial aircrafts, surgical microscopes and the assembly of complex modules for customers in the business of industrial automation and manufacturing equipment.

These operating segments are reported in a manner consistent with internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments. Segment performance is evaluated based on gross profit or loss.

By business segment

Group	Electronics, aerospace, medical and others			Total S\$'000
	Semiconductor S\$'000	Life sciences S\$'000	S\$'000	
1HFY2023				
Revenue	26,062	9,824	17,980	53,866
Cost of sales	(18,546)	(6,824)	(14,977)	(40,347)
Gross profit	7,516	3,000	3,003	13,519
1HFY2022				
Revenue	41,634	9,437	15,993	67,064
Cost of sales	(29,408)	(6,279)	(13,316)	(49,003)
Gross profit	12,226	3,158	2,677	18,061

Revenue by geographical segment

	Group	
	1HFY2023 S\$'000	1HFY2022 S\$'000
Malaysia	22,620	28,860
Singapore	15,323	17,803
China	9,363	9,445
United States	4,263	9,620
Others	2,297	1,336
Total	53,866	67,064

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Financial assets				
Cash and bank balances and trade and other receivables (amortised cost)	48,511	55,157	34,243	39,075
Financial liabilities				
Trade and other payables and borrowings (amortised cost)	73,144	83,107	21,271	26,057

6. Profit before taxation

The following items have been included in arriving at profit before tax:

	Group	
	1HFY2023 S\$'000	1HFY2022 S\$'000
Employee benefits expenses	15,270	14,685
Depreciation of property, plant and equipment	7,166	6,347
Interest expense	1,184	1,149
Foreign exchange gain	(272)	(960)
Operating lease expenses for short-term leases	230	95
Amortisation of intangible assets	195	309
Amortisation of deferred income	(351)	(137)
Net loss on disposal of property, plant and equipment	-	108
Interest income	(80)	(9)
Rental income	(98)	(141)

7. Earnings per share

	Group	
	1HFY2023	1HFY2022
Profit after tax (S\$'000)	3,403	7,132
Weighted average numbers of ordinary shares ('000)	339,289	336,616
Basic and diluted Earnings Per Share (" EPS ") (Singapore Cents)	1.00	2.12

The basic and diluted EPS for the respective financial periods are computed based on the weighted average number of ordinary shares in issue during the respective financial period.

The basic and diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue in 1HFY2023 and 1HFY2022.

8. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the period:

	Group		Company	
	1HFY2023	1HFY2022	1HFY2023	1HFY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Advisory fee to an affiliate of shareholder	(48)	(48)	(48)	(48)
Factory rental paid to a related party	(138)	-	-	-
Purchase from subsidiaries	-	-	(6,054)	(9,247)
Management fee	-	-	465	374
Interest income from subsidiaries	-	-	147	140
Sales to subsidiaries	-	-	41	17

The remuneration of directors and other members of key management during the years were as follows:

	Group		Company	
	1HFY2023	1HFY2022	1HFY2023	1HFY2022
	S\$'000	S\$'000	S\$'000	S\$'000
Short-term benefits	1,009	1,097	737	705
Defined contributions plans	67	85	24	25
Total	1,076	1,182	761	730

9. Taxation

The Group calculates income tax expense for the period 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:

	Group	
	1HFY2023	1HFY2022
	S\$'000	S\$'000
Current income tax expense	715	964
Deferred income tax (credit)/expense relating to origination and reversal of temporary differences	(56)	312
Total income tax expense in the statement of profit or loss and other comprehensive income	659	1,276

10. Net asset value

	Group		Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
Net assets (S\$'000)	117,074	118,084	88,984	88,590
Number of ordinary shares ('000)	339,289	339,289	339,289	339,289
Net asset value per ordinary share (Singapore cents)	34.51	34.80	26.23	26.11

11. Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows an analysis of the Group's assets and liabilities not measured at fair value, for which fair value is disclosed:

Company	Fair value measurements at the end of the reporting period using			Total S\$'000
	Quoted prices in active markets for identical instruments S\$'000	Significant observable inputs other than quoted prices S\$'000	Significant unobservable inputs S\$'000	
30 June 2023				
Loans to subsidiaries (non-current)	-	-	4,091	4,091
31 December 2022				
Loans to subsidiaries (non-current)	-	-	6,122	6,122

Loan to subsidiaries (non-current)

The fair value as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing arrangements at the end of the reporting period.

Loan and borrowings

The carrying amount of loan and borrowing are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instrument that are re-priced to market interest on or near the end of the reporting period.

12. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets with an aggregated cost of S\$1,950,000 (30 June 2022: S\$2,177,000) by means of hire purchase. There was no acquisition of property, plant and equipment by means of term loan for current period (30 June 2022: S\$6,442,000). The cash outflow on acquisition of property, plant and equipment amounted to S\$2,004,000 (30 June 2022: S\$6,506,000).

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
Capital commitments in respect of property, plant and equipment	6,554	5,901	-	-

13. Intangible assets

	Group		
	Customer relationship S\$'000	Goodwill S\$'000	Total S\$'000
Cost:			
At 1 January 2022	1,244	1,872	3,116
Acquisition of subsidiaries	3,763	5,478	9,241
Translation differences	-	(535)	(535)
At 31 December 2022 and 1 January 2023	5,007	6,815	11,822
Translation differences	-	(295)	(295)
At 30 June 2023	5,007	6,520	11,527
Accumulated amortisation:			
At 1 January 2022	1,101	-	1,101
Amortisation for the year	530	-	530
At 31 December 2022 and 1 January 2023	1,631	-	1,631
Amortisation for the period	195	-	195
At 30 June 2023	1,826	-	1,826
Carrying amount			
At 31 December 2022	3,376	6,815	10,191
At 30 June 2023	3,181	6,520	9,701

13.1 Customer relationship

Customer relationship have an average remaining amortisation period of 10 years (FY2022: 9.8 years).

13.2 Impairment testing of goodwill

Goodwill acquired through business combinations are attributable to the acquisition of the Company's subsidiaries, which are also considered as cash-generating units ("CGUs") for impairment testing as follows:

	30-Jun-23	31-Dec-22
	S\$'000	S\$'000
Formach Asia Sdn. Bhd. (" Formach ")	2,919	3,070
J-Dragon Tech (Suzhou) Co., Ltd (" J-Dragon ")	1,933	1,998
Grand Venture Technology Sdn. Bhd. (" GVT MY ")	1,218	1,282
Grand Venture Technology (Suzhou) Co., Ltd. (" GVT SZ ")	450	465
Total	6,520	6,815

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The determination of value-in-use as at 30 June 2023 was similar to the goodwill impairment test for 31 December 2022, and was based on the following key assumptions:

The key assumptions used in the value-in-use calculations are as follows:

	GVT MY	GVT SZ	J-Dragon	Formach
Long-term growth rates	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rates	14.2%	13.9%	12.6%	12.2%

The long-term growth rates and pre-tax discount rates assumed were the same for the year ended 31 December 2022.

Goodwill acquired through business combinations

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amounts.

Accordingly, no impairment loss on goodwill was recognised for the financial year ended 31 December 2022 and six months ended 30 June 2023 as their recoverable amounts were in excess of their carrying values.

14. Borrowings

	Group			
	30-Jun-23		31-Dec-22	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount payable in one year or less or on demand	12,136	6,506	14,313	6,727
Amount payable after one year	29,915	-	38,884	-
Total	42,051	6,506	53,197	6,727
The above includes lease liabilities, as follows:				
Amount payable in one year or less or on demand	2,343	-	2,358	-
Amount payable after one year	5,485	-	6,599	-
Total	7,828	-	8,957	-

Details of any collateral

The Group has provided different securities for its various secured loan and credit facilities which include:

- (i) Open all monies first party first legal charge over the Group's properties in Penang (Malaysia);
- (ii) First legal mortgage over the property in Singapore;
- (iii) Corporate guarantees by the Company and its wholly-owned subsidiary, Grand Venture Technology Sdn Bhd ("GVT MY"); and
- (iv) Charge over certain of the Group's equipment and vehicles.

15. Share capital

	30-Jun-23		31-Dec-22	
	Number of ordinary shares	S\$'000	Number of ordinary shares	S\$'000
Beginning of period	339,289,432	87,590	330,780,000	78,926
Issuance of ordinary shares	-	-	7,745,932	7,900
Share awards	-	-	763,500	764
End of period	339,289,432	87,590	339,289,432	87,590

The Company did not have any outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2023 and 31 December 2022.

16. Subsequent events

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

F. Other information required by Listing Rule Appendix 7.2

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

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

- 1(a)(ii) Notes to the consolidated statement of comprehensive income.**

Refer to section E. Notes to the condensed interim consolidated financial statements.

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

Refer to section B. Condensed interim statements of financial position.

- 1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

Refer to section E. Notes to the condensed interim consolidated financial statements.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Refer to section D. Condensed interim consolidated statement of cash flows.

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Refer to section C. Condensed interim statements of changes in equity.

- 1(d)(ii) 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.**

Refer to section E. Notes to the condensed interim consolidated financial statements.

- 1(d)(iii) 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.**

	30-Jun-23	31-Dec-22
Total number of issued shares excluding treasury shares	<u>339,289,432</u>	<u>339,289,432</u>

There were no treasury shares as at 30 June 2023 and 31 December 2022.

- 1(d)(iv) 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.

- 1(d)(v) 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.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

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

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the year ended 31 December 2022.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **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:**

- (a) **Based on the weighted average number of ordinary shares on issue; and**
- (b) **On a fully diluted basis (detailing any adjustments made to the earnings).**

Refer to section E. Notes to the condensed interim consolidated financial statements.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**
- (b) **immediately preceding financial year.**

Refer to section E. Notes to the condensed interim consolidated financial statements.

8. **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:**

- (a) **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**
- (b) **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 Consolidated Statement of Comprehensive Income

Revenue

The Group's revenue contracted by S\$13.2 million or 19.7% from S\$67.1 million in 1HFY2022 to S\$53.9 million in 1HFY2023, due to the cyclical impact from the Semiconductor segment, offset by continued strength within Life Sciences, Electronics, Aerospace, Medical and Others segments. Accordingly, the sales generated by each business segment are as follows:

	1HFY2023		1HFY2022	
	S\$'000	%	S\$'000	%
Sales by segment				
Semiconductor	26,062	48.4%	41,634	62.1%
Life sciences	9,824	18.2%	9,437	14.1%
Electronics, aerospace, medical and others	17,980	33.4%	15,993	23.8%
Total	53,866	100.0%	67,064	100.0%

Semiconductor

Revenue from the Group's Semiconductor segment fell 37.4% from S\$41.6 million in 1HFY2022 to S\$26.1 million in 1HFY2023, mainly on lower demand for the Group's back-end semiconductor services in tandem with the general industry slowdown. The Group continues to deliver first articles and obtain qualifications for its front-end semiconductor customers. Overall, the Group has strengthened its presence across the semiconductor segment during this downcycle and is well-positioned for long-term growth in this segment.

Life sciences

The Life Sciences business recorded steady year-on-year improvement of 4.1% to S\$9.8 million in 1HFY2023, as the Group expanded its customer's wallet share in this segment. The Group continue to work on more first articles and qualifications for new projects with its existing customers.

Electronics, aerospace, medical and others

Revenue from the Electronics, Aerospace, Medical and Others segment rose 12.4% to S\$18.0 million in 1HFY2023. This was mainly driven by contribution from its new subsidiaries J-Dragon and Formach in the Aerospace, Medical and Others segment even as the Electronics segment experienced a general softness in business activities.

Gross profit ("GP") and margin ("GPM")

GP decreased by S\$4.5 million from S\$18.1 million in 1HFY2022 to S\$13.5 million in 1HFY2023, mainly driven by capacity absorption from lower revenue within the semiconductor segment.

Overall GPM in 1HFY2023 was 25.1% as compared to 26.9% in 1HFY2022, in view of expenses incurred in preparation for the onboarding of new customers, amidst softer semiconductor demand during the year. An additional S\$0.5 million non-recurring expenses pertaining to the fair value adjustments from the prior year's acquisitions of J-Dragon and Formach was charged against cost of sales in relation to inventories.

A breakdown of GP and GPM by segment, as follows:

	1HFY2023		1HFY2022	
	GP S\$'000	GPM %	GP S\$'000	GPM %
GP and GPM by segment				
Semiconductor	7,516	28.8%	12,226	29.4%
Life sciences	3,000	30.5%	3,158	33.5%
Electronics, aerospace, medical and others	3,003	16.7%	2,677	16.7%
Total	13,519	25.1%	18,061	26.9%

Other income

Other income decreased from S\$1.7 million in 1HFY2022 to S\$1.2 million in 1HFY2023, due to a decrease in foreign exchange gain by S\$0.7 million, offset by an increase in grant income of S\$0.2 million.

General and administrative expenses

General and administrative expenses decreased by S\$0.5 million from S\$7.2 million in 1HFY2022 to S\$6.7 million in 1HFY2023. The decrease is mainly driven by (i) cost control measures with lower staff cost and (ii) professional expenses incurred in connection with the merger and acquisition activities of the Group in prior period.

Income tax expense

Income tax expenses decreased by S\$0.6 million from S\$1.3 million in 1HFY2022 to S\$0.7 million in 1HFY2023, in line with lower level of profit recorded during the period.

Review of Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$6.3 million from S\$95.2 million as at 31 December 2022 to S\$88.9 million as at 30 June 2023. This took into account (i) S\$5.8 million decrease in property, plant and equipment mainly from depreciation charges and (ii) S\$0.5 million decrease in intangible assets.

Current assets

Current assets as at 30 June 2023 was S\$104.2 million as compared to S\$108.8 million as at 31 December 2022, taking into account (i) S\$4.0 million lower cash and bank balances, (ii) S\$1.8 million lower trade and other receivables, offset by S\$1.2 million higher inventories and prepayment.

Non-current and current liabilities

Non-current and current liabilities decreased by S\$9.9 million from S\$86.0 million as at 31 December 2022 to S\$76.1 million as at 31 December 2022. This was mainly due to (i) S\$6.4 million decrease in trade and other payables, (ii) a S\$2.4 million decline in loans and borrowings from repayment and (iii) S\$1.1 million decrease in lease liabilities.

Equity attributable to owners of the Company

Total equity decreased by S\$1.0 million from S\$118.1 million as at 31 December 2022 to S\$117.1 million as at 30 June 2023 mainly due to S\$1.0 million dividend paid during the period whilst net profit of S\$3.4 million was offset by approximately the same amount of currency translation differences arising from consolidation of foreign operations.

Review of Consolidated Cash Flow Statement

Net cash generated from operating activities was S\$3.2 million, of which operating cash flows before changes in working capital was S\$12.0 million, offset by (i) S\$7.2 million decrease in working capital, (ii) interest paid of S\$1.2 million, and (iii) tax amount paid of S\$0.5 million.

In 1HFY2023, the Group invested S\$2.0 million in capital expenditure mainly for the acquisition of machinery and assets for capacity expansion.

Net cash flows used in financing activities was S\$5.0 million, mainly due to (i) S\$2.8 million in net repayment towards Group's borrowing facilities, and (ii) S\$1.0 million in dividends paid.

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

Not applicable. No forecast or prospect statement had been previously disclosed by the Company to shareholders for the financial year discussed in this announcement.

10. 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 outlook for the semiconductor and electronics industry remains affected by geopolitical tensions and weakness within the global economy. However, the Group is starting to see the easing of excess inventory and expects order momentum to pick up towards 2024. The mid and long-term outlook of the semiconductor industry's prospects remain strong, on the back of rapid investment and innovation in artificial intelligence and its applications. Considering this, the Group is leveraging this downcycle to continue growing its strategic capabilities, expanding its capacity and enhancing its service offerings to be well-positioned to capitalise on the next industry uptick.

The Group continues to make strides in onboarding its front-end semiconductor customers in the metrology, inspection, etch and wafer deposition segments. It is working on several first-article inspections for its semiconductor and life sciences customers, in preparation for market uplift. It is also expanding its aerospace customer wallet share on the back of the recovery in global air traffic.

The Group is also maintaining a prudent approach in its cost and operations management, while working closely with its customers to deliver on their requirements to maximise customer satisfaction.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No interim dividend was declared for 1HFY2023.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Name of dividend	Proposed interim dividend
Dividend type	Cash
Dividend amount (SGD)	0.3 cents per ordinary share
Tax rate	One-tier tax exempt

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or is recommended for 1HFY2023 as the Group wishes to reserve its cash resources for business growth.

13. 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.

Name of interested person	Nature of relationship	Transaction	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000
Novo Tellus Capital Partners Pte Ltd	Affiliate shareholder	Advisory fee	*

* Amount is less than S\$100,000

The Group does not have a general mandate for interested person transactions.

14. **Negative confirmation pursuant to Rule 705(5).**

We, Lee Tiam Nam and Ng Wai Yuen Julian, being two directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that to the best of our knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited half year financial statements for the six months ended 30 June 2023 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Lee Tiam Nam
Director

Ng Wai Yuen Julian
Director

15. **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 hereby confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of Listing Manual Section A: Rules of Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”).

16. Use of proceeds

The Company has raised net proceeds from placement of new shares amounting to S\$27.6 million in September 2021 (the “Placement Proceeds”).

Pursuant to Rule 704(30) of the Listing Manual, the Board wishes to provide an update utilisation of the Placement Proceeds pursuant to the intended use of as disclosed in the Placement Agreement dated on 3 September 2021 and its re-allocation of balance on 20 February 2023 and 3 March 2023.

Use of proceeds	Allocated		Utilised (announced 10 August 2022)	Balance (announced 10 August 2022)	Amount re-allocated (announced 20 February 2023)	Balance after re- allocation and utilised (announced 3 March 2023)	Utilised	Balance after re-allocation and utilised
	%	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Expansion via mergers and acquisitions, joint ventures and partnerships	40-45	11,000 to 12,400	4,500	6,500	(4,500)	-	-	-
Investing and enhancing operational and engineering capabilities	40-45	11,000 to 12,400	11,000	-	4,500	705	705	-
General working capital ⁽¹⁾	10-20	2,783 to 5,583	5,583 ⁽¹⁾	-	-	-	-	-
Total	100	27,583	21,083	6,500	-	705	705	-

(1) Details of working capital used:

	S\$'000
Staff cost	4,803
Directors' fees	100
Professional fees, including M&A due diligence costs	170
Rental, office expenditure and other operating expenses	510
Total	<u>5,583</u>

BY ORDER OF THE BOARD

LEE TIAM NAM

Executive Deputy Chairman

8 August 2023