

NANOFILM TECHNOLOGIES INTERNATIONAL LIMITED

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024 (“1H2024”)

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

		Group		
	Note	1H2024 S\$'000	1H2023 S\$'000	Change %
Revenue	5	82,646	73,152	13.0
Cost of sales		(54,989)	(49,711)	10.6
Gross profit		<u>27,657</u>	<u>23,441</u>	18.0
Other operating income		2,215	1,443	53.5
Finance income		1,701	1,177	44.5
Expenses:				
Research & development and engineering ⁽¹⁾		(7,003)	(7,254)	(3.5)
Selling and distribution		(4,744)	(3,716)	27.7
Administrative		(21,181)	(21,902)	(3.3)
Finance		(1,857)	(951)	95.3
Share of loss of associate		(59)	(47)	25.5
Loss before income tax	6	<u>(3,271)</u>	<u>(7,809)</u>	(58.1)
Income tax expenses	7	(403)	(50)	n.m.
Loss after income tax		<u>(3,674)</u>	<u>(7,859)</u>	(53.3)
Other comprehensive income/(loss), net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference arising from translation of foreign operations		406	(15,473)	n.m.
Fair value gain from equity investments		-	131	(100.0)
Total comprehensive loss for the period		<u>(3,268)</u>	<u>(23,201)</u>	(85.9)
(Loss)/profit attributable to:				
Equity holders of the Company		(3,738)	(7,649)	(51.1)
Non-controlling interests		64	(210)	n.m.
		<u>(3,674)</u>	<u>(7,859)</u>	(53.3)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		(3,387)	(22,348)	(84.8)
Non-controlling interests		119	(853)	n.m.
		<u>(3,268)</u>	<u>(23,201)</u>	(85.9)
Adjusted EBITDA	4	<u>16,717</u>	<u>10,360</u>	61.4
Loss per share attributable to the equity holders of the Company (cents)				
Basic loss per share	8	(0.57)	(1.17)	(51.3)
Diluted earnings per share	8	(0.57)	(1.17)	(51.3)

n.m. – Not meaningful

(1) "Research & development and Engineering" includes Research & development, Engineering and Quality assurance expenses.

B. Unaudited condensed interim statements of financial position

	Note	Group		Company	
		30/6/2024 S\$'000	31/12/2023 S\$'000	30/6/2024 S\$'000	31/12/2023 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	302,423	299,595	61,864	62,239
Land use rights		11,167	11,283	-	-
Intangible assets	10	47,363	32,807	9,532	9,691
Investment in subsidiaries	11	-	-	147,836	130,057
Investment in associate	12	3,832	3,892	-	-
Other receivables and other non-current assets	13	-	-	1,250	66,265
Other financial assets	21	1,367	1,367	-	-
Deferred tax assets		3,701	3,786	-	-
		<u>369,853</u>	<u>352,730</u>	<u>220,482</u>	<u>268,252</u>
Current assets					
Inventories		23,353	19,500	6,699	6,111
Trade and other receivables, and other current assets	13	68,170	81,290	12,042	12,297
Contract assets		14,508	12,770	-	-
Cash and bank balances		134,226	155,209	67,663	19,361
Other financial assets	21	6,531	-	-	-
		<u>246,788</u>	<u>268,769</u>	<u>86,404</u>	<u>37,769</u>
Total assets		<u>616,641</u>	<u>621,499</u>	<u>306,886</u>	<u>306,021</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	14	266,927	266,927	266,927	266,927
Treasury shares	14	(24,771)	(32,653)	(24,771)	(32,653)
Reserves		134,592	145,598	16,245	21,627
		<u>376,748</u>	<u>379,872</u>	<u>258,401</u>	<u>255,901</u>
Non-controlling interests		42,356	44,132	-	-
Total equity		<u>419,104</u>	<u>424,004</u>	<u>258,401</u>	<u>255,901</u>
Non-current liabilities					
Bank loans	16	81,138	77,528	21,604	22,540
Lease liabilities	16	18,335	19,711	9,828	10,391
Other payables	17	53,100	53,100	-	-
Deferred tax liabilities		1,333	1,331	1,331	1,331
		<u>153,906</u>	<u>151,670</u>	<u>32,763</u>	<u>34,262</u>
Current liabilities					
Trade and other payables	17	30,896	35,036	11,490	11,731
Contract liabilities		927	824	221	217
Bank loans	16	7,937	4,668	1,872	1,872
Lease liabilities	16	3,270	3,851	1,752	1,697
Provisions		388	330	285	239
Provision for taxation		213	1,116	102	102
		<u>43,631</u>	<u>45,825</u>	<u>15,722</u>	<u>15,858</u>
Total liabilities		<u>197,537</u>	<u>197,495</u>	<u>48,485</u>	<u>50,120</u>
Total equity and liabilities		<u>616,641</u>	<u>621,499</u>	<u>306,886</u>	<u>306,021</u>

C. Unaudited condensed interim statements of changes in equity

	Attributable to equity holders of the Company						Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000			
Group									
At 1 January 2024	266,927	(32,653)	(36,525)	7,142	(64,543)	239,524	379,872	44,132	424,004
(Loss)/profit for the period	-	-	-	-	-	(3,738)	(3,738)	64	(3,674)
Other comprehensive income	-	-	351	-	-	-	351	55	406
Total comprehensive income/(loss) for the period	-	-	351	-	-	(3,738)	(3,387)	119	(3,268)
Transactions with equity holders, recognised directly in equity									
- Dividends (Note 18)	-	-	-	-	-	(2,148)	(2,148)	-	(2,148)
- Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non-controlling interest (Note 11)	-	7,704	-	-	(5,809)	-	1,895	(1,895)	-
- Treasury shares re-issued under RSP 2021	-	178	-	-	(178)	-	-	-	-
- Adjustment on employee share options	-	-	-	-	136	-	136	-	136
- Adjustment on restricted share plan	-	-	-	-	380	-	380	-	380
Total transactions with equity holders	-	7,882	-	-	(5,471)	(2,148)	263	(1,895)	(1,632)
At 30 June 2024	266,927	(24,771)	(36,174)	7,142	(70,014)	233,638	376,748	42,356	419,104

Note:

Other reserves consist of share option reserve, other reserve mainly relating to put option over interest in non-controlling interest, and capital reserve mainly relating to loss on re-issue of treasury shares.

C. Unaudited condensed interim statements of changes in equity (cont'd)

	Attributable to equity holders of the Company						Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Translation reserve S\$'000	Statutory reserve S\$'000	Other reserves S\$'000	Accumulated profits S\$'000			
Group									
At 1 January 2023	266,927	(17,521)	(19,381)	7,002	(64,083)	245,841	418,785	45,686	464,471
Loss for the period	-	-	-	-	-	(7,649)	(7,649)	(210)	(7,859)
Other comprehensive (loss)/income	-	-	(14,830)	-	131	-	(14,699)	(643)	(15,342)
Total comprehensive (loss)/income for the period	-	-	(14,830)	-	131	(7,649)	(22,348)	(853)	(23,201)
Transfer of statutory reserve	-	-	-	-	-	-	-	-	-
Transactions with equity holders, recognised directly in equity									
- Dividends (Note 18)	-	-	-	-	-	(7,137)	(7,137)	-	(7,137)
- Purchase of treasury shares	-	(16,129)	-	-	-	-	(16,129)	-	(16,129)
- Treasury shares re- issued under ESOS Scheme	-	303	-	-	(303)	-	-	-	-
- Adjustment on employee share options	-	-	-	-	307	-	307	-	307
- Adjustment on restricted share plan	-	-	-	-	225	-	225	-	225
- Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	593	593
Total transactions with equity holders	-	(15,826)	-	-	229	(7,137)	(22,734)	593	(22,141)
At 30 June 2023	266,927	(33,347)	(34,211)	7,002	(63,723)	231,055	373,703	45,426	419,129

Note:

Other reserves consist of share option reserve, fair value reserve and other reserve mainly relating to put option over interest in non-controlling interest.

C. Unaudited condensed interim statements of changes in equity (cont'd)

	Share capital S\$'000	Treasury Shares S\$'000	Other reserves S\$'000	Accumulated profits S\$'000	Total equity S\$'000
Company					
At 1 January 2024	266,927	(32,653)	(11,836)	33,463	255,901
Loss for the period	-	-	-	(3,393)	(3,393)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(3,393)	(3,393)
Transactions with equity holders, recognised directly in equity					
- Dividends (Note 18)	-	-	-	(2,148)	(2,148)
- Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non-controlling interest (Note 11)	-	7,704	-	-	7,704
- Treasury shares re-issued under RSP 2021	-	178	(178)	-	-
- Adjustment on employee share options	-	-	136	-	136
- Adjustment on restricted share plan	-	-	201	-	201
Total transactions with equity holders	-	7,882	159	(2,148)	5,893
At 30 June 2024	266,927	(24,771)	(11,677)	27,922	258,401
At 1 January 2023	266,927	(17,521)	(11,810)	52,938	290,534
Loss for the period	-	-	-	(4,671)	(4,671)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(4,671)	(4,671)
Transactions with equity holders, recognised directly in equity					
- Dividends (Note 18)	-	-	-	(7,137)	(7,137)
- Purchase of treasury shares	-	(16,129)	-	-	(16,129)
- Treasury shares re-issued under ESOS Scheme	-	303	(303)	-	-
- Adjustment on employee share options	-	-	307	-	307
- Adjustment on restricted share plan	-	-	225	-	225
Total transactions with equity holders	-	(15,826)	229	(7,137)	(22,734)
At 30 June 2023	266,927	(33,347)	(11,581)	41,130	263,129

Note:

Other reserves consist of share option reserve and other reserve.

D. Unaudited condensed interim consolidated statement of cash flows

	Group	
Note	1H2024 S\$'000	1H2023 S\$'000
Cash Flows from Operating Activities		
Loss before income tax	(3,271)	(7,809)
Adjustments for:		
Depreciation of property, plant and equipment	15,098	15,434
Amortisation of land use rights	210	134
Amortisation of intangible assets	3,622	1,402
Finance expenses	1,857	951
Finance income	(1,701)	(1,177)
Provision for warranties and restoration of property, plant and equipment	239	167
Reversal of provision for warranties	(193)	(296)
Write off/loss on disposal of property, plant and equipment	25	653
Share options expenses	136	307
Award shares expenses	380	247
Exchange differences – unrealised	(6)	217
Share of loss of associate	59	47
Operating cash flows before working capital changes	16,455	10,277
Inventories	(2,908)	(2,775)
Trade, other receivables and other current assets (include contract assets)	11,673	35,535
Trade, other payables and provisions (include contract liabilities)	(3,316)	(11,445)
Cash generated from operations	21,904	31,592
Interest paid	(1,479)	(657)
Interest received	1,701	1,177
Income tax paid	(1,144)	(2,141)
Net cash generated from operating activities	20,982	29,971
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(20,095)	(17,241)
Acquisition of a subsidiary, net of cash acquired	(9,210)	-
Proceeds from disposal of financial asset	-	2,027
Additions to intangible assets	(7,387)	(8,956)
Additions to land use rights	-	(5,216)
Additions to other financial assets	(6,531)	-
Redemption from investment in financial assets	-	6,535
Net cash used in investing activities	(43,223)	(22,851)
Cash Flows from Financing Activities		
Contribution of capital by non-controlling interests	-	593
Advances received for re-issuance of treasury shares under ESOS Scheme 2017	-	150
Payment for buy-back of shares	-	(16,129)
Proceeds from bank loans	9,435	-
Repayment of bank loans	(3,968)	(927)
Payment of lease liabilities and interest	(2,228)	(2,080)
Dividends paid	(2,148)	(7,137)
Net cash generated from/(used in) financing activities	1,091	(25,530)
Net decrease in cash and cash equivalents	(21,150)	(18,410)
Cash and cash equivalents at the beginning of the period	155,209	147,830
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	167	(2,062)
Cash and cash equivalents at the end of the period	134,226	127,358

E. Notes to the unaudited condensed interim consolidated financial statements

These notes form an integral part of and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements.

1 General Information

Nanofilm Technologies International Limited (the “**Company**”) is a public company limited by shares, incorporated and domiciled in Singapore. The Company’s registered address and its principal place of business are at 11 Tai Seng Drive, Singapore 535226.

The unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise of the Company and its subsidiaries (collectively, the “**Group**”).

The Company is a leading nanotechnology material company in Asia, leveraging its proprietary technologies through its self-built equipment to produce advanced materials coatings and nanofabricated products, with core competencies in R&D, engineering and mass production. Nanofilm’s environmentally sustainable nanotechnology solutions serve as key catalysts in enabling its customers to achieve high value-add advancements in their end-products across wide range of industries.

2 Basis of Preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024 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 unaudited 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 financial position and performance of the Group since the last audited financial statements for the year ended 31 December 2023.

The unaudited condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency. The unaudited condensed interim financial statements are presented and rounded to the nearest thousand (**S\$’000**) except when otherwise indicated.

The accounting policies adopted in the preparation of the unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 December 2023, except for the adoption of new amendments to SFRS(I) that are effective as of 1 January 2024 which did not have significant impact on the financial performance or financial position of the Group. The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The significant judgements made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

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.

E. Notes to the unaudited condensed interim consolidated financial statements

2 Seasonal Operations

The Group typically enjoys significantly better results in the second half of the year, primarily driven by the Advanced Materials BU's and Nanofabrication BU's exposure to the 3C market. Increase in demand for the Group's services and products in the 3C sector tend to be in line with new product launches or product upgrades by the Group's customers and increases in demand during the holiday season. However, such seasonality trend may change along with changes in consumer pattern or the Group's customers' timing in new product launches.

The Group does not experience material seasonality impact with respect to the Group's customers from the other BUs.

3 Operating Segment Information

Management has determined the operating segments based on the reports reviewed to make strategic decisions. The Group has four reportable segments, as described below, which are the Group's strategic business units ("BU") based on different services/products ranges.

Advanced Materials BU ("AMBU")	- material science provider of advanced materials through proprietary vacuum coating technology across wide range of end industries.
Industrial Equipment BU ("IEBU")	- designs and develops customised coating equipment, cleaning lines and automation systems, including after sales support for internal BUs and external sales to selective markets.
Nanofabrication BU ("NFBU")	- manufacturer and supplier of nanoproducts in optical imaging lens and sensory components critical to customers' end-products.
Sydrogen BU	- provider of critical fuel cell components with its proprietary conductive diamond coatings and fuel cell system solutions for the hydrogen energy market.

E. Notes to the unaudited condensed interim consolidated financial statements
4 Operating Segment Information (cont'd)

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofab -rication S\$'000	Sydrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
1H2024						
Revenue from external customers	71,051	3,897	6,974	724	-	82,646
Inter-segment sales	-	2,095	-	-	(2,095)	-
	<u>71,051</u>	<u>5,992</u>	<u>6,974</u>	<u>724</u>	<u>(2,095)</u>	<u>82,646</u>
Adjusted EBITDA	<u>14,959</u>	<u>(134)</u>	<u>2,624</u>	<u>(732)</u>	<u>-</u>	<u>16,717</u>
Other information						
Depreciation	11,878	364	2,275	581	-	15,098
Amortisation of land use rights	176	10	22	2	-	210
Amortisation of intangible assets	2,889	186	56	491	-	3,622
Write off/loss/(gain) on disposal of property, plant and equipment	11	10	(2)	6	-	25
Listing expenses –						
Recurring	14	7	1	-	-	22
Share option expenses	85	47	4	-	-	136
Award share expenses	239	131	10	-	-	380
Provision for warranties & restoration of property, plant and equipment	-	239	-	-	-	239
Reversal of provision for warranties	-	(193)	-	-	-	(193)
At 30 June 2024						
Assets						
Segment assets	361,907	55,860	18,245	30,972	-	466,984
Cash and bank balances						134,226
Other financial assets						7,898
Investment in associate						3,832
Deferred tax assets						3,701
						<u>616,641</u>
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	17,804	1,543	825	813	-	20,985
- Intangible assets	<u>6,079</u>	<u>557</u>	<u>-</u>	<u>2,668</u>	<u>-</u>	<u>9,304</u>
Liabilities						
Segment liabilities	41,424	5,798	2,654	3,940	-	53,816
Bank loans						89,075
Deferred tax liabilities						1,333
Other payables (non-current)						53,100
Provision for taxation						213
						<u>197,537</u>

E. Notes to the unaudited condensed interim consolidated financial statements

4 Operating Segment Information (cont'd)

	Advanced materials S\$'000	Industrial equipment S\$'000	Nanofabrication S\$'000	Sydrogen S\$'000	Inter-segment eliminations S\$'000	Total S\$'000
1H2023						
Revenue from external customers	59,271	8,850	4,654	377	-	73,152
Inter-segment sales	-	5,601	-	-	(5,601)	-
	<u>59,271</u>	<u>14,451</u>	<u>4,654</u>	<u>377</u>	<u>(5,601)</u>	<u>73,152</u>
Adjusted EBITDA	<u>8,798</u>	<u>2,247</u>	<u>(50)</u>	<u>(635)</u>	<u>-</u>	<u>10,360</u>
<u>Other information</u>						
Depreciation	12,734	977	976	747	-	15,434
Amortisation of land use rights	104	16	13	1	-	134
Amortisation of intangible assets	1,059	225	88	30	-	1,402
Write off/loss/ (gain) on disposal of property, plant and equipment	654	(1)	-	-	-	653
Listing expenses –						
Recurring	18	3	1	-	-	22
Share option expenses	249	37	18	3	-	307
Award share expenses	201	29	15	2	-	247
Provision for warranties	-	167	-	-	-	167
Reversal of provision for warranties	-	(296)	-	-	-	(296)
At 30 June 2023						
<u>Assets</u>						
Segment assets	331,924	54,195	16,632	18,102	-	420,853
Cash and bank balances						127,358
Other financial assets						1,637
Investment in associate						3,986
Deferred tax assets						3,370
						<u>557,204</u>
Segment assets include:						
Additions to non-current assets:						
- Property, plant and equipment	16,787	1,976	934	1,027	-	20,724
- Land use rights	5,216	-	-	-	-	5,216
- Intangible assets	<u>6,688</u>	<u>640</u>	<u>37</u>	<u>1,591</u>	<u>-</u>	<u>8,956</u>
<u>Liabilities</u>						
Segment liabilities	43,212	10,608	1,757	2,185	-	57,762
Bank loans						25,348
Deferred tax liabilities						1,341
Other payables (non-current)						53,100
Provision for taxation						524
						<u>138,075</u>

E. Notes to the unaudited condensed interim consolidated financial statements

4 Operating Segment Information (cont'd)

A reconciliation of the Adjusted EBITDA to profit before income tax is as follows:

	Group	
	1H2024	1H2023
	S\$'000	S\$'000
Adjusted EBITDA ⁽¹⁾ for reportable segments	16,717	10,360
Depreciation	(15,098)	(15,434)
Amortisation	(3,832)	(1,536)
Write off/Loss on disposal of property, plant and equipment	(25)	(653)
Other professional fees	(497)	(525)
Award shares expenses	(380)	(247)
Finance income	1,701	1,177
Finance expenses	(1,857)	(951)
Loss before income tax	(3,271)	(7,809)
Income tax expenses	(403)	(50)
Loss after income tax	(3,674)	(7,859)

Note:

⁽¹⁾ Net profit before interest, tax, depreciation and amortisation (EBITDA).

Revenue from external customers based on the Group's entities' place of business are as follows:

	Group	
	1H2024	1H2023
	S\$'000	S\$'000
Singapore	15,480	15,010
China	61,445	52,032
Japan	3,325	6,107
Vietnam	34	3
Europe	2,362	-
Total revenue	82,646	73,152

E. Notes to the unaudited condensed interim consolidated financial statements
5 Revenue

(a) Revenue by business segment

	Group	
	1H2024	1H2023
	S\$'000	S\$'000
Advanced materials	71,051	59,271
Industrial equipment	3,897	8,850
Nanofabrication	6,974	4,654
Sydragon	724	377
Total	82,646	73,152

(b) Disaggregation of revenue from contracts with customers

	Group	
	1H2024	1H2023
	S\$'000	S\$'000
Performance obligations satisfied at a point in time		
Sale of equipment	-	2,352
Sale of products and spare parts	7,887	10,165
	<u>7,887</u>	<u>12,517</u>
Performance obligations satisfied over time		
Service rendered	74,605	57,571
Sale of equipment	154	3,064
	<u>74,759</u>	<u>60,635</u>
Total	82,646	73,152

E. Notes to the unaudited condensed interim consolidated financial statements

6 Loss before Income Tax

This is stated after charging/(crediting) the following:

	Group	
	1H2024	1H2023
	S\$'000	S\$'000
Finance expense on:		
- bank loans	1,500	581
- lease liabilities	357	370
Finance income from:		
- bank deposits	(1,701)	(1,177)
Material items included in expenses/other operating income:		
Government grants and incentives	(973)	(629)
Depreciation of property, plant and equipment	15,098	15,434
Amortisation of land use rights	210	134
Amortisation of intangible assets	3,622	1,402
Listing expenses - Recurring	22	22
Staff costs (including directors' remuneration)		
- Salaries and related costs	33,501	35,604
- Contribution to defined contribution plans	2,789	2,588
- Share option expenses	136	307
- Award shares expenses	380	247
Write off/loss on disposal of property, plant and equipment	25	653
Exchange (gain)/loss	(392)	187
Provision for warranties and restoration of property, plant and equipment	239	167
Reversal of provision for warranties	(193)	(296)

7 Income Tax Expenses

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

	Group	
	1H2024	1H2023
	S\$'000	S\$'000
Income tax:		
- Current period	378	243
- Over provision in prior years	(18)	(264)
	360	(21)
Deferred tax:		
- Current period	11	71
- Under provision of deferred tax assets in prior years	32	-
	403	50

E. Notes to the unaudited condensed interim consolidated financial statements

8 Earnings per Share

(a) Basic Earnings per Share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial periods as follows:

	Group	
	1H2024	1H2023
Loss for the period attributable to equity holders of the Company (S\$'000)	(3,738)	(7,649)
Weighted average number of ordinary shares ('000)	654,465	653,892
Basic loss per share (cents)	(0.57)	(1.17)

(b) Diluted Earnings per Share

For the purposes of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and restricted share plan

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial period) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share amounts attributable to equity holders of the Company are calculated as follows:

	Group	
	1H2024	1H2023
Loss for the period attributable to equity holders of the Company (S\$'000)	(3,738)	(7,649)
Weighted average number of ordinary shares ('000)	654,465	653,892
Adjustments for ('000):		
- Share options	35	460
- Restricted share plan	1,585	1,229
	656,085	655,581
Diluted loss per share (cents)	(0.57)	(1.17)

9 Net Asset Value

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Net assets value (S\$'000)	376,748	379,872	258,401	255,901
Number of shares ('000)	651,011	647,056	651,011	647,056
Net asset value per share (cents)	57.87	58.71	39.69	39.55

E. Notes to the unaudited condensed interim consolidated financial statements

10 Property, Plant and Equipment and Intangible assets

During the six months ended 30 June 2024, the Group added property, plant and equipment amounting to S\$20,985,000 (1H2023: S\$20,724,000) and disposed of/write off property, plant and equipment amounting to S\$1,028,000 (1H2023: S\$483,000). The additions to property, plant and equipment included S\$890,000 (1H2023: S\$3,483,000) acquired under right-of-use assets under leasing arrangement. The disposal of property, plant and equipment included derecognition of right-of-use assets amounting to S\$1,003,000 (1H2023: S\$483,000). The Group derecognised the corresponding lease liabilities in the same period.

During the six months ended 30 June 2024, the Group did not add any land use rights (1H2023: added S\$5,216,000) and added intangible assets amounting to S\$18,119,000 (1H2023: S\$8,956,000). The additions to intangible assets included provisional goodwill which arose from the acquisition of 100% equity interest in Axyntec Dünnschichttechnik GmbH (“Axyntec”) amounting to S\$8,815,000 (1H2023: Nil).

11 Investment in Subsidiaries

Additional injection in capital/ additional interest in subsidiaries/ acquisition of subsidiary

During the six months ended 30 June 2024, the Company carried out the following investment in subsidiaries:

- (a) As at 16 January 2024, Nanofab Technologies Pte. Ltd. (“**NFT**”) was 90% owned by the Company and 10% owned by MG Consulting Holdings Pte. Ltd. (“**MG Holdings**”). The Company and MG Holdings entered into a shareholders’ agreement dated 27 October 2017 (as amended on 1 July 2019, 15 June 2020 and 6 October 2020) (“**NFT SHA**”) pursuant to which MG Holdings may elect to effect an exchange of the 10% shares in NFT held by MG Holdings (“**NFT Swap Shares**”) with shares in the Company to be issued to MG Holdings (“**NTI Swap Shares**”), by serving a written notice on the Company (the “**Share Swap**”). On 17 January 2024, the Company transferred 3,866,104 treasury shares in the Company to MG Holdings in settlement of the NTI Swap Shares and in exchange, MG Holdings transferred the NFT Swap Shares to the Company. Following completion of the Share Swap, NFT has become a wholly-owned subsidiary of the Company. The Group recognised a net decrease in non-controlling interest of S\$1,895,000 and a corresponding increase in other reserve by S\$5,809,000.

The consolidated net asset value of NFT as at 31 December 2022 was S\$15.8 million. The number of NTI Swap Shares transferred to MG Holdings as consideration for the NFT Swap Shares was computed in accordance with the NFT SHA, which takes into consideration the net profit after tax of NFT for FY2022, and the price earning ratio and market capitalization of the Company as at 31 December 2022. Please refer to the Company’s prospectus dated 23 October 2020, at pages 311 to 313 for more details.

- (b) On 1 February 2024, the acquisition of 100% equity interest of Axyntec Dünnschichttechnik GmbH was completed for a purchase consideration of EUR6,800,000 (equivalent to S\$9,904,000) of which EUR5,800,000 (equivalent to S\$8,448,000) was settled with cash on the same day. The remaining EUR1,000,000 (equivalent to S\$1,456,000) will be settled over three years after completion upon the terms and conditions of the share sale and purchase Agreement dated 21 December 2023.

Following the completion of the acquisition, Axyntec has become a wholly-owned subsidiary of the Company.

The provisional fair values of identifiable net assets and the cash outflow on the acquisition as at 1 February 2024 were as follows:

	Provisional amount S\$’000
Non-current assets	2,835
Cash and cash equivalents	694
Current assets (excluding cash and cash equivalents)	1,042
Total liabilities	<u>(3,482)</u>
Net identifiable assets acquired	1,089
Add: Provisional goodwill	<u>8,815</u>
Total consideration transferred	9,904
Less: Cash and cash equivalents acquired	<u>(694)</u>
Net cash outflow on acquisition	<u><u>9,210</u></u>

E. Notes to the unaudited condensed interim consolidated financial statements

11 Investment in Subsidiaries (cont'd)

(b) (cont'd)

The initial accounting for the acquisition of Axyntec has only been provisionally reported based on the book value as of the acquisition date as the necessary purchase price allocations and other calculations have not been completed as at the date of this report. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above or any additional provisions existed at the date of acquisitions, then the accounting for the acquisition will be revised.

The provisional goodwill is attributable to Axyntec's strong position in the market and the potential benefits arising from the synergy in the new subsidiary. The business of Axyntec has been integrated into the Group's Advanced Materials Business Unit.

- (c) On 14 May 2024, the Company's wholly-owned subsidiaries in Singapore, Nanofilm Advanced Materials India Pte. Ltd. and Nanofilm Advanced Materials Pte. Ltd., respectively subscribed for 980,100 and 9,900 new shares in Nanofilm Advanced Materials India Private Limited, a wholly-owned subsidiary in India for a consideration of INR9,801,000 (equivalent to S\$158,000) and INR99,000 (equivalent to S\$2,000) respectively. The purpose of the capital injection was to fund the working capital of the subsidiary.
- (d) On 29 May 2024, the Company subscribed for 171,000 ordinary shares in the capital of Nanofilm Advanced Materials Pte. Ltd. for an aggregate consideration of S\$171,000. The purpose of the capital injection was to fund the subscription by Nanofilm Advanced Materials Pte. Ltd. of 169,999 shares and 9,900 shares in Nanofilm Advanced Materials India Pte. Ltd. and Nanofilm Advanced Materials India Private Limited respectively.
- (e) On 29 May 2024, Nanofilm Advanced Materials Pte. Ltd., subscribed for 169,999 ordinary shares in the capital of Nanofilm Advanced Materials India Pte. Ltd. for an aggregate consideration of S\$169,999. The purpose of the capital injection was to fund the subscription by Nanofilm Advanced Materials India Pte. Ltd. of 980,100 shares in Nanofilm Advanced Materials India Private Limited.

12 Investment in Associate

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
	S\$'000	S\$'000	S\$'000	S\$'000
Investment in associate	3,832	3,892	-	-
<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and operation</u>	<u>Proportion (%) of ownership interest</u>	
Zulu Inc.	Design and manufacturing of adjustable eyecare lenses	United States of America	21.9	

On 21 January 2022, Nanofilm Investments Pte. Ltd., a wholly owned subsidiary of the Company entered into a stock purchase agreement with Zulu Inc., a Delaware corporation for the purchase of a stake of 21.9% comprising 30,000,000 shares of preferred stock in Zulu Inc. at a consideration of US\$3,000,000 (equivalent to S\$4,061,000). The purchase was completed on 15 February 2022.

Nanofilm Investments Pte. Ltd. has the right and option, but not the obligation, to require Zulu Inc. to issue, for the price of US\$3,000,000, such number of shares of Series A Preferred Stock which, assuming full conversion into common stock, would comprise 13.0% of the common stock issued and outstanding immediately after the option closing on a fully diluted basis.

E. Notes to the unaudited condensed interim consolidated financial statements

12 Investment in Associate (cont'd)

The call option shall be treated as mandatorily and automatically exercised if the following conditions are met:

- Zulu Inc. raised any equity fundraising round of which the pre-money valuation of the company will be no less than US\$30,000,000; and
- Zulu Inc. will receive no less than US\$3,000,000 in investment proceeds.

The exercise period is at any time from and including the date of the agreement (dated 21 January 2022) up to and including the date which is the fifth anniversary thereof (21 January 2027).

The following table summarises the financial information of Zulu Inc. as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Zulu Inc.

	Zulu Inc	
	30/06/2024	31/12/2023
	S\$'000	S\$'000
Percentage ownership interest	21.9%	21.9%
Non-current assets	144	198
Current assets	1,560	1,668
Current liabilities	(814)	(702)
Net assets of the associate	890	1,164
Proportion of the Group's ownership in Zulu Inc.	21.9%	21.9%
Group's share of net assets	195	255
Goodwill	3,637	3,637
Carrying amount of the Group's interest in Zulu Inc.	3,832	3,892
Revenue	24	51
Loss for the year	(270)	(556)

13 Trade and Other Receivables, and Other Current Assets

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Trade receivables:				
- Third parties	58,146	68,731	6,489	4,359
- Loss allowance	(220)	(216)	(30)	(30)
	57,926	68,515	6,459	4,329
- Subsidiaries	-	-	1,092	1,532
- Loss allowance	-	-	(7)	(7)
	-	-	1,085	1,525
	57,926	68,515	7,544	5,854
Other receivables:				
- Deposits	545	491	395	378
- GST/VAT and other taxes receivable	1,700	2,442	581	489
- Due from subsidiaries	-	-	1,307	2,869
- Sundry debtors	1,122	2,696	234	24
	3,367	5,629	2,517	3,760
Other current assets:				
- Prepayments	2,300	2,890	1,820	2,467
- Advances to suppliers	4,577	4,256	161	216
	6,877	7,146	1,981	2,683
Total current	68,170	81,290	12,042	12,297

E. Notes to the unaudited condensed interim consolidated financial statements

13 Trade and Other Receivables, and Other Current Assets (cont'd)

	Group		Company	
	<u>30/06/2024</u>	<u>31/12/2023</u>	<u>30/06/2024</u>	<u>31/12/2023</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current</u>				
Other receivables:				
- Loans due from a subsidiary	-	-	1,250	66,265
Gross amount	-	-	1,250	67,354
Less: Fair value adjustment to investment in a Group's subsidiary	-	-	-	(6,036)
Add: Accumulated imputed interest recognised in profit or loss, net of exchange differences	-	-	-	4,947
Total non-current	-	-	1,250	66,265

Current

Trade receivables are interest-free and are generally on 30 to 90 days' terms.

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount due from subsidiaries of S\$363,000 (2023: S\$2,229,000) which is interest bearing at 3% (2023: 2% to 3%) per annum and repayable within the next 12 months.

Non-current

As at 30 June 2024, a loan amount of S\$1,250,000 (2023: S\$1,399,000) due from a subsidiary is unsecured, bearing interest at 3% (2023: 3%) per annum and repayable on 1 January 2026.

As at 31 December 2023, a loan amount of S\$64,866,000 was unsecured, interest-free and repayable on 1 January 2026. The amount was adjusted to be measured at fair value at date of inception. Accordingly, imputed interest income (where necessary) has been recognised in the Company's profit or loss and fair value adjustment has been recognised in investments in subsidiaries. The loan has been fully repaid by the subsidiary during the six months ended 30 June 2024.

E. Notes to the unaudited condensed interim consolidated financial statements

14 Share Capital and Treasury Shares

	Group and Company			
	As at 30 June 2024		As at 31 December 2023	
	No. of ordinary shares (‘000)	S\$’000	No. of ordinary shares (‘000)	S\$’000
<u>Fully paid ordinary shares</u>				
At 1 January	663,443	266,927	663,443	266,927
At 30 June / 31 December	663,443	266,927	663,443	266,927
<u>Treasury shares</u>				
At 1 January	16,387	32,653	6,045	17,521
Purchase of treasury shares	-	-	11,082	16,701
Treasury shares re-issued for settlement of NTI Swap Shares to acquire interest in non- controlling interest	(3,866)	(7,704)	-	-
Treasury shares re-issued under ESOS Scheme 2017 and RSP 2021	(89)	(178)	(740)	(1,569)
At 30 June / 31 December	12,432	24,771	16,387	32,653
Total issued shares excluding treasury shares	651,011	242,156	647,056	234,274

Treasury shares

For the six months period ended 30 June 2024, the Company held 12,431,596 treasury shares, representing 1.91% of the total number of issued ordinary shares (excluding treasury shares) comprising 651,011,514 shares as at 30 June 2024.

For the six months period ended 30 June 2023, the Company held 16,446,600 treasury shares, representing 2.54% of the total number of issued ordinary shares (excluding treasury shares) comprising 646,996,510 shares as at 30 June 2023.

For the twelve months period ended 31 December 2023, the Company held 16,386,800 treasury shares, representing 2.53% of the total number of issued ordinary shares (excluding treasury shares) comprising 647,056,310 shares as at 31 December 2023.

During the six months period ended 30 June 2024, the Group transferred 3,866,104 treasury shares to MG Holdings in settlement of the NTI Swap Shares and 89,100 treasury shares for the vesting and release of shares pursuant to the RSP 2021.

Subsidiary holdings

There were no holdings in the Company by any subsidiary as at 30 June 2024, 30 June 2023 and 31 December 2023.

E. Notes to the unaudited condensed interim consolidated financial statements

15 Employee Share Options and Share Awards

Pre-IPO Employee Share Option Scheme 2017 (“ESOS Scheme 2017”)

As at 30 June 2024 and 30 June 2023, details of the options granted under the ESOS Scheme 2017 to acquire ordinary shares in the capital of the Company are as follows:

Date of grant of options	Options outstanding at 1.1.2024	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.06.2024	Exercise price S\$	Date of expiry
3 December 2018	70,000	-	-	-	70,000	0.5868	9-27 December 2024
1 July 2020	100,000	-	-	-	100,000	0.5868	30 June 2026
	<u>170,000</u>	-	-	-	<u>170,000</u>		

Date of grant of options	Options outstanding at 1.1.2023	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.06.2023	Exercise price S\$	Date of expiry
3 December 2018	100,000	-	-	-	100,000	0.5868	9-27 December 2024
3 June 2019	90,000	-	-	-	90,000	0.5868	16-18 June 2025
1 July 2020	566,000	-	-	-	566,000	0.5868	30 June 2026
	<u>756,000</u>	-	-	-	<u>756,000</u>		

As at 30 June 2024, all the 170,000 outstanding options granted under the ESOS Scheme 2017 had vested.

As at 30 June 2023, out of the 756,000 outstanding options granted under the ESOS Scheme 2017, 590,000 had vested and 166,000 options will vest in 2023.

E. Notes to the unaudited condensed interim consolidated financial statements

15 Employee Share Options and Share Awards (cont'd)

Employee Share Option Scheme ("ESOS Scheme 2020")

As at 30 June 2024 and 30 June 2023, details of the options granted under the ESOS Scheme 2020 to acquire ordinary shares in the capital of the Company are as follows:

Date of grant of options	Options outstanding at 1.1.2024	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.06.2024	Exercise price S\$	Date of expiry
26 March 2021	684,500	-	-	-	684,500	4.9279	26 March 2031
6 April 2021	510,000	-	(22,500)	-	487,500	5.1135	6 April 2026 & 6 April 2031
19 August 2021	530,000	-	-	-	530,000	4.1185	19 August 2026
31 March 2022	1,965,000	-	(110,000)	-	1,855,000	2.6907	31 March 2027
	<u>3,689,500</u>	-	<u>(132,500)</u>	-	<u>3,557,000</u>		

Date of grant of options	Options outstanding at 1.1.2023	Options granted	Options cancelled/lapsed	Options exercised	Options outstanding at 30.06.2023	Exercise price S\$	Date of expiry
26 March 2021	730,500	-	(10,000)	-	720,500	4.9279	26 March 2031
6 April 2021	610,000	-	-	-	610,000	5.1135	6 April 2026 & 6 April 2031
19 August 2021	530,000	-	-	-	530,000	4.1185	19 August 2026
31 March 2022	2,325,000	-	(250,000)	-	2,075,000	2.6907	31 March 2027
	<u>4,195,500</u>	-	<u>(260,000)</u>	-	<u>3,935,500</u>		

As at 30 June 2024, out of the 3,557,000 options granted under the ESOS Scheme 2020, 1,607,750 had vested and 1,949,250 will vest between 2024 and 2026.

As at 30 June 2023, out of the 3,935,500 options granted under the ESOS Scheme 2020, 465,125 had vested and 3,470,375 will vest between 2023 and 2026.

Nanofilm Restricted Share Plan ("RSP 2021")

As at 30 June 2024, a total of 2,102,531 share awards were granted under the RSP 2021.

- 1) 719,000 share awards were granted on 31 December 2021. The share awards granted will vest over ten years in ten equal annual tranches commencing 31 December 2022.
- 2) 25,000 share awards were granted on 26 January 2022. The share awards granted will vest over four years in four equal annual tranches commencing 26 January 2023.
- 3) 273,000 share awards were granted on 31 March 2022.
 - a. 240,000 share awards granted will vest over five years in five equal annual tranches commencing 31 March 2023.
 - b. 33,000 share awards granted will vest over ten years in ten equal annual tranches commencing 31 March 2023.
- 4) 438,000 share awards were granted on 26 August 2022. The share awards granted will vest over ten years in ten equal annual tranches commencing 26 August 2023.
- 5) 647,531 share awards were granted on 29 February 2024. The share awards granted will vest over two years in two equal annual tranches commencing 30 September 2024.

As at 30 June 2024, out of the 2,102,531 share awards granted under the RSP 2021, 274,028 shares awards had been forfeited and 243,700 shares were vested and released pursuant to the RSP 2021.

E. Notes to the unaudited condensed interim consolidated financial statements

16 Borrowings

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Current</u>				
Bank loans	7,937	4,668	1,872	1,872
Lease liabilities	3,270	3,851	1,752	1,697
	<u>11,207</u>	<u>8,519</u>	<u>3,624</u>	<u>3,569</u>
<u>Non-current</u>				
Bank loans	81,138	77,528	21,604	22,540
Lease liabilities	18,335	19,711	9,828	10,391
	<u>99,473</u>	<u>97,239</u>	<u>31,432</u>	<u>32,931</u>
<u>Amount repayable in one year or less, or on demand</u>				
Secured	11,207	8,519	3,624	3,569
Unsecured	-	-	-	-
	<u>11,207</u>	<u>8,519</u>	<u>3,624</u>	<u>3,569</u>
<u>Amount repayable after one year</u>				
Secured	99,473	97,239	31,432	32,931
Unsecured	-	-	-	-
	<u>99,473</u>	<u>97,239</u>	<u>31,432</u>	<u>32,931</u>

Details of any collateral

As at 30 June 2024, a bank loan amounting to S\$23,476,000 (2023: S\$24,412,000) was outstanding to a local bank. The loan was obtained by the Company for general working capital purposes after the acquisition of the property at 11 Tai Seng Drive, Singapore, which was funded by internal sources of funds on completion. The bank loan was secured by a mortgage over the property. The Company incurred an interest of approximately 4.60% to 4.65% (2023: 4.62% to 4.80%) per annum based on a fixed interest spread and cost of fund.

As at 30 June 2024, a bank loan amounting to S\$56,447,000 (2023: S\$57,784,000) was outstanding by a wholly owned subsidiary, Nanofilm Renewable Energy Technology (Shanghai) Co., Ltd. to a local financial institution for working capital purposes. The bank loan was secured by a mortgage over the Shanghai Plant 1 and 2 and corporate guarantee of the Company and a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. The bank loan incurred interest at 2.79% (2023: 2.79%) per annum.

As at 30 June 2024, a bank loan amounting to S\$7,697,000 (2023: Nil) was outstanding by a wholly owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd., to a local financial institution for working capital purposes. The bank loan was secured by a mortgage over the Shanghai Plant 1 and 2 and corporate guarantee of the Company. The bank loan incurred interest at 2.60% (2023: Nil) per annum.

As at 30 June 2024, bank loans amounting to S\$1,455,000 (2023: Nil) were outstanding by a wholly owned subsidiary, Axyntec to local financial institutions for capital expenditures purposes. The bank loans were secured by mortgage over machineries of Axyntec. The bank loans incurred interest at a range from 2.27% to 2.95% per annum.

Lease liabilities of the Group and the Company amounting to S\$21,605,000 (2023: S\$23,562,000) and S\$11,580,000 (2023: S\$12,088,000) respectively are secured by the leased properties and plant and machinery under the leasing arrangements.

E. Notes to the unaudited condensed interim consolidated financial statements

17 Trade and Other Payables

	Group		Company	
	30/06/2024 S\$'000	31/12/2023 S\$'000	30/06/2024 S\$'000	31/12/2023 S\$'000
Trade payables:				
- Subsidiaries	-	-	533	1,257
- Third parties	8,703	14,368	526	1,982
	<u>8,703</u>	<u>14,368</u>	<u>1,059</u>	<u>3,239</u>
Other payables:				
- Accrued operating expenses	7,971	9,295	1,452	1,659
- Advances received from government	547	434	19	19
- VAT and other taxes payable	773	461	3	-
- Sundry creditors	12,902	10,478	75	531
- Due to subsidiaries	-	-	8,882	6,283
	<u>22,193</u>	<u>20,668</u>	<u>10,431</u>	<u>8,492</u>
Total current trade and other payables	<u>30,896</u>	<u>35,036</u>	<u>11,490</u>	<u>11,731</u>
Other payables:				
- Put option liability	53,100	53,100	-	-
Total non-current other payables	<u>53,100</u>	<u>53,100</u>	<u>-</u>	<u>-</u>

Trade payables are interest-free and are normally settled on 30 to 90 days' terms. The trade amounts due to subsidiaries are unsecured, interest-free and repayable on normal credit terms.

Other payables due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

Included in sundry creditors are payables to vendors of property, plant and equipment of S\$4,050,000 (2023: S\$5,202,000).

The non-current other payables of S\$53,100,000 as at 30 June 2024 and 31 December 2023 was attributed to a financial liability to acquire non-controlling interest. Arising from the investment in Sydrogen Energy Pte. Ltd., the financial liability relates to a put option agreement with Venezia Investments Pte. Ltd. (an indirect wholly owned subsidiary of Temasek Holdings (Private) Ltd) for the Company to acquire its 35% equity interest in Sydrogen Energy Pte. Ltd. in the event of a put option event based on the terms of the agreement. The measurement of the fair value of the financial liability is derived from valuation techniques that include inputs for the liability that are not based on observable market data (level 3 fair value measurements).

18 Dividends

	Group and Company	
	1H2024 S\$'000	1H2023 S\$'000
Ordinary dividends declared and payable:		
One-tier tax exempt final dividend of a total of S\$0.0033 per share paid on 20 May 2024 in respect of the financial year ended 31 December 2023	2,148	-
One-tier tax exempt final dividend of a total of S\$0.011 per share paid on 18 May 2023 in respect of the financial year ended 31 December 2022	-	7,137
	<u>2,148</u>	<u>7,137</u>

E. Notes to the unaudited condensed interim consolidated financial statements

19 Commitments and Contingencies

Capital commitment

Capital expenditure contracted for as at the reporting date but not recognised in the unaudited condensed interim financial statements is as follows:

	Group		Company	
	30/06/2024 S\$'000	31/12/2023 S\$'000	30/06/2024 S\$'000	31/12/2023 S\$'000
Property, plant and equipment	3,260	4,253	633	1,628

20 Related Party Transactions

In addition to the related party information disclosed elsewhere in the unaudited condensed interim financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	Group	
	1H2024 S\$'000	1H2023 S\$'000
<u>Transactions with related parties</u>		
Sales	16,092	11,785
Purchases	9,185	9,311
Lease payments	52	75

21 Other Financial Assets

	Group	
	30/06/2024 S\$'000	31/12/2023 S\$'000
<u>Equity Investments – at fair value through other comprehensive income</u>		
Investment in unquoted equity (non-current)	1,367	1,367
	1,367	1,367
<u>Debt investment – at fair value through profit or loss</u>		
Structured deposit with a financial institution (current)	6,531	-
Total	6,531	-

The investment in unquoted equity represents investments that the Group intends to hold for the long-term for strategic purposes. No strategic investments were disposed of during 1H2024, and there was no transfer of any cumulative gain or loss within equity relating to these investments. No dividend was recognised from this investment during 1H2024. The carrying value approximates its fair value and is derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (level 3 fair value measurements).

The structured deposit is a capital protected deposit with a bank that represents investments that the Group intends to hold for the short-term and realised in July 2024. The carrying value of the investment approximates its fair value, with reference to observable commodity index at reporting period (level 2 fair value measurements).

E. Notes to the unaudited condensed interim consolidated financial statements

22 Fair Value

Fair value measurements recognised in the statement of financial position

The Group provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities at amortised cost, whose carrying amounts approximate fair values

The carrying amounts of the Group's and the Company's financial assets and financial liabilities with a maturity of less than one year approximate their fair values due to their short-term maturities.

Other than as disclosed, the fair values of the Group's and the Company's non-current financial assets and non-current financial liabilities are calculated based on discounted expected future principal and interest cash flows. The discount rate used is based on market rate for similar instruments as at the reporting date ("Level 2"). As at 30 June 2024 and 31 December 2023, the carrying amounts of these non-current assets and non-current liabilities approximate their fair values.

23 Subsequent events

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

Other Information Required by Listing Rule Appendix 7.2

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

The condensed consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

2A 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.

3 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 THE GROUP'S PERFORMANCE

Revenue

The Group derives revenue from its four BU segments: (i) Advanced Materials BU, (ii) Nanofabrication BU, and (iii) Industrial Equipment BU and (iv) Sydrogen BU.

The Group's revenue for 1H2024 was S\$82.6 million, registering an increase of S\$9.4 million (13.0%) from S\$73.2 million in 1H2023, attributed by higher revenue from the Advanced Materials BU, Nanofabrication BU and Sydrogen BU. The increase was partially offset by the decrease in revenue from the Industrial Equipment BU.

	1H2024 S\$'000	1H2023 S\$'000	Change %
Advanced Materials BU	71,051	59,271	19.9
Industrial Equipment BU	3,897	8,850	(56.0)
Nanofabrication BU	6,974	4,654	49.8
Sydrogen BU	724	377	92.0
Total	82,646	73,152	13.0

Revenue – Advanced Materials BU

Revenue from the Advanced Materials BU for 1H2024 was S\$71.1 million, an increase of S\$11.8 million (19.9%) from S\$59.3 million in 1H2023, attributable to higher revenue contributions from 3C product sub-segments, Automotive and the European business through Axyntec.

Revenue – Industrial Equipment BU

Revenue from the Industrial Equipment BU for 1H2024 was S\$3.9 million, a decrease of S\$5.0 million (-56.0%) from S\$8.9 million in 1H2023, attributable to lower sales of industrial equipment to third party customers, as customers were cautious with capital expenditure and the equipment sales cycle is typically longer.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S PERFORMANCE (cont'd)

Revenue (cont'd)

Revenue – Nanofabrication BU

Revenue from the Nanofabrication BU for 1H2024 was S\$7.0 million, an increase of S\$2.3 million (49.8%) from S\$4.7 million in 1H2023, attributable to higher sales in the consumer electronics sectors.

Revenue – Sydrogen BU

Revenue from the Sydrogen BU for 1H2024 was S\$0.7 million, an increase of S\$0.3 million (92.0%) from S\$0.4 million in 1H2023, primarily due to production ramp-up.

Gross profit

Gross profit for 1H2024 was S\$27.7 million, an increase of S\$4.3 million (18.0%) from S\$23.4 million for 1H2023. Gross profit margin was 33.5% for 1H2024, an increase from 32.0% for 1H2023, primarily due to better performance in AMBU and NFBU, but partially offset by a weaker performance in IEBU.

Other operating income

The breakdown for other operating income for 1H2024 and 1H2023 is as follows:

	1H2024 S\$'000	1H2023 S\$'000	Change %
Government grants and incentives	973	629	54.7
Sundry income	799	652	22.5
Scrap sales	44	119	(63.0)
Exchange gains, net	392	-	100.0
Gain on disposal of property, plant and equipment	7	43	(83.7)
Total	2,215	1,443	53.5

Other operating income was S\$2.2 million for 1H2024, an increase of S\$0.8 million (53.5%) from S\$1.4 million for 1H2023. This was primarily due to an increase of S\$0.3 million in government grants and incentives received from local government, an increase in sundry income of S\$0.1 million and an exchange gain of S\$0.4 million for 1H2024 in comparison to an exchange loss incurred in 1H2023.

Finance income

Finance income was S\$1.7 million for 1H2024, an increase of S\$0.5 million (44.5%) from S\$1.2 million for 1H2023. This was primarily due to interest income generated from higher interest rate from fixed deposits.

Research & development and engineering expenses

Research & development and engineering expenses were S\$7.0 million for 1H2024, a decrease of S\$0.3 million (-3.5%) from S\$7.3 million for 1H2023, primarily due to higher capitalisation rate as there is an increased number of development projects with good commercial potential.

Selling and distribution expenses

Selling and distribution expenses were S\$4.7 million for 1H2024, an increase of S\$1.0 million (27.7%) from S\$3.7 million for 1H2023. The increase is primarily driven by a rise in staffing expenses, which is part of the strategy to boost sales performance.

Administrative expenses

Administrative expenses were S\$21.2 million for 1H2024, a decrease of S\$0.7 million (-3.3%) from S\$21.9 million for 1H2023. This was primarily due to a decrease of S\$1.0 million in staff related costs from continuing process optimisation and a decrease of S\$0.2 million of exchange loss. The decrease was partially offset by an increase of S\$0.5 million in depreciation and amortisation expenses.

Finance costs

Finance costs were S\$1.9 million for 1H2024, an increase of S\$0.9 million (95.3%) from S\$1.0 million for 1H2023. This was primarily due to higher interest expenses incurred from long term bank loans drawdown by the Company's subsidiaries in China.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S PERFORMANCE (cont'd)

Income tax

Income tax for 1H2024 was S\$0.4 million, an increase of S\$0.3 million from S\$50,000 for 1H2023, primarily due to higher profit before tax by certain subsidiaries of the Group and tax expenses incurred for the newly acquired subsidiary, Axyntec, in Europe.

Loss after income tax

As a result of the above factors, the Group's net loss has decreased by S\$4.2 million (53.3%) and the Group has registered a reduced net loss of S\$3.7 million for 1H2024 as compared with a net loss of S\$7.9 million for 1H2023.

Profit after tax and minority interests (PATMI)

PATMI was a loss of -S\$3.7 million after excluding profit attributable to non-controlling interests of S\$0.1 million.

Adjusted EBITDA

The Group's adjusted EBITDA increased by S\$6.3 million (60.6%) to S\$16.7 million for 1H2024 from S\$10.4 million for 1H2023.

Advanced Material BU's adjusted EBITDA for 1H2024 was S\$15.0 million, an increase of S\$6.2 million (70.5%) from S\$8.8 million in 1H2023, mainly due to higher sales in 3C subsegments and revenue contribution from the Group's European business through Axyntec.

Industrial Equipment BU's adjusted EBITDA for 1H2024 was a loss of S\$0.1 million, from a profit S\$2.2 million in 1H2023, mainly due to a lack of equipment revenue recognition.

Nanofabrication BU's adjusted EBITDA for 1H2024 was S\$2.6 million, from a loss of S\$50,000 in 1H2023, mainly due to higher sales.

Syrogen BU's adjusted EBITDA for 1H2024 was a loss of S\$0.7 million, an increase of S\$0.1 million (15.3%) from a loss of S\$0.6 million in 1H2023, mainly due to continuing investment in strategic business initiatives.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Property, plant and equipment

Property, plant and equipment was at S\$302.4 million as at 30 June 2024, an increase of S\$2.8 million (0.9%) from S\$299.6 million as at 31 December 2023, primarily due to additions of S\$21.0 million in 1H2024 and partially offset by depreciation of S\$15.1 million charged to profit or loss, disposal/write off of property, plant and equipment of S\$1.1 million and through the acquisition of a subsidiary of S\$2.8 million.

In 1H2024, capital expenditure on plant and machinery increased by S\$2.8 million in China and S\$0.8 million in Vietnam. Building and renovation capital expenditure included S\$2.4 million for upgrade of existing building by China subsidiary and S\$0.9 million for upgrade of rented factory units in Singapore. Construction in-progress amounted to S\$9.1 million mainly for the construction of Plant 2 and plant and machinery for Vietnam, as well as the plant and machinery of S\$4.2 million for China. Capital expenditure for office and other equipment, tools and supplies and motor vehicles amounted to S\$0.8 million for 1H2024.

Intangible assets

Intangible assets were at S\$47.4 million as at 30 June 2024, an increase of S\$14.6 million (44.5%) from S\$32.8 million as at 31 December 2023. The increase is primarily due to provisional goodwill of S\$8.8 million recorded from the acquisition of Axyntec and addition of S\$9.3 million incurred for 1H2024. These are partially offset by amortisation of S\$3.6 million charged to profit or loss in 1H2024.

Inventories

Inventories were at S\$23.4 million as at 30 June 2024, an increase of S\$3.9 million (20.0%) from S\$19.5 million as at 31 December 2023, mainly due to build-up of inventories for orders fulfilment for Advanced Materials BU customers.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S FINANCIAL POSITION (cont'd)

Trade and other receivables and other current assets, and contract assets - Current

Trade receivables were at S\$57.9 million as at 30 June 2024, a decrease of S\$10.6 million (-15.5%) from S\$68.5 million as at 31 December 2023, primarily due to the decrease in sales from 1H2024 as compared to 2H2023.

Other receivables were at S\$3.4 million as at 30 June 2024, a decrease of S\$2.2 million (-39.3%) from S\$5.6 million as at 31 December 2023. The net decrease in other receivables was mainly due to the decrease in sundry debtors of S\$1.6 million primarily due to timing in recognition of government grant and incentives receivable and the decrease in GST/VAT receivables of S\$0.7 million.

Other current assets represented mainly prepayments and advances to suppliers which were at S\$6.9 million as at 30 June 2024, a decrease of S\$0.2 million (-2.8%) from S\$7.1 million as at 31 December 2023. The decrease in other current assets was mainly due to decrease of S\$0.6 million in prepayment, which is partially offset by the increase of S\$0.3 million in advances to suppliers for purchases of plant and equipment by the subsidiaries in China.

Contracts assets were S\$14.5 million as at 30 June 2024, an increase of S\$1.7 million (13.3%) from S\$12.8 million as at 31 December 2023 mainly due to work completed but not billed in 1H2024.

Other financial assets

Other financial assets were at S\$7.9 million as at 30 June 2024, an increase of S\$6.5 million from S\$1.4 million as at 31 December 2023, due to the increase in structured deposit with a bank of S\$6.5 million.

Bank loans

Bank loans were at S\$89.1 million as at 30 June 2024, an increase of S\$6.9 million (8.3%) from S\$82.2 million as at 31 December 2023. The increase in bank loans was due to a three-year term loan of S\$9.4 million obtained from Industrial and Commercial Bank of China by the Group's wholly-owned subsidiary, Nanofilm Vacuum Coating (Shanghai) Co., Ltd. and long term loans of S\$1.5 million due to local banks by the newly acquired Axyntec, offset with repayments of loans of S\$4.0 million in 1H2024.

Lease liabilities

Lease liabilities were at S\$21.6 million as at 30 June 2024, a decrease of S\$2.0 million (-8.5%) from S\$23.6 million as at 31 December 2023. The decrease was due to principal payment of lease liabilities of S\$2.2 million during the six months ended 30 June 2024.

Trade and other payables

Trade payables were at S\$8.7 million as at 30 June 2024, a decrease of S\$5.7 million (-39.6%) from S\$14.4 million as at 31 December 2023. The decrease was primarily due to the payment made to suppliers.

Other payables were at S\$22.2 million as at 30 June 2024, an increase of S\$1.5 million (7.2%) from S\$20.7 million as at 31 December 2023. The increase in other payables is mainly attributable to an increase in government advances of S\$0.1 million due for research and development, an increase in sundry creditors of S\$2.4 million due to higher outstanding payables on plant & machineries, and the increase in VAT and other tax payable of S\$0.3 million due to higher sales, offset against the decrease in accrued operating expenses of S\$1.3 million.

Provision for taxation

Provision for taxation was S\$0.2 million as at 30 June 2024, a decrease of S\$0.9 million (81.8%) from S\$1.1 million as at 31 December 2023. The decrease was mainly due to the income tax payments of S\$1.1 million offset against income tax expense of S\$0.4 million in 1H2024.

Other Information Required by Listing Rule Appendix 7.2

REVIEW OF THE GROUP'S CASH FLOWS

We generated positive net cash flows from operating activities for 1H2024 and 1H2023.

Net cash generated from operating activities amounted to S\$21.0 million for 1H2024, mainly attributable to the following:

- Operating cash flows before working capital changes of S\$16.5 million;
- Working capital changes of S\$5.4 million;
- Net interest received of S\$0.2 million;
- Income tax paid of S\$1.1 million; and

Net cash used in investing activities amounted to S\$43.2 million for 1H2024, primarily due to the renovation carried out at China and Singapore, construction-in-progress for Plant 2 in Vietnam, purchase of property, plant and equipment and office and other equipment amounting to S\$20.1 million, additions to intangible assets of S\$7.4 million for development costs, computer software and patents, additions to financial assets of S\$6.5 million, and acquisition of Axyntec of S\$9.2 million.

Net cash generated from financing activities amounted to S\$1.1 million for 1H2024, primarily due to proceeds from bank loans of S\$9.4 million. The cash inflows were offset by dividend payment of S\$2.1 million and repayment of bank loans and lease liabilities of S\$6.2 million.

As at 30 June 2024, cash and cash equivalents amounted to S\$134.2 million, a decrease of S\$21.0 million from S\$155.2 million as at 31 December 2023.

4 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 made previously.

Other Information Required by Listing Rule Appendix 7.2

5 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.

On the back of improved margins and improving business momentum, Nanofilm is cautiously optimistic about its performance in the second half of 2024.

3C Peak Season: With the upcoming 3C peak season, barring any unforeseen circumstances, Nanofilm anticipates higher revenue contributions from its 3C Business Segment. The delayed projects from the first half of 2024 are expected to ramp up in 2H 2024.

Improved Margins: The first half of 2024 saw improvements in EBITDA margins across Nanofilm's business units. AMBU's EBITDA margin increased from 14.8% to 21.1%, and NFBU's margin improved from -1% to 37.6%. Although IEBU faced challenges, with a margin decline to -2.2%, strategic steps are being taken to mitigate these issues.

Industrial and NFBU Growth: The integration of Axyntec is progressing well, setting the stage for synergistic growth in the industrial segment. Additionally, the ramp-up of the MLA project and the development of new projects using Nanofilm's proprietary nanofabrication manufacturing process are expected to drive further long-term growth in NFBU.

Operational Efficiency: Nanofilm continues to focus on improving operational and business processes, optimizing costs through strategic procurement, and streamlining administrative expenses. This ongoing effort is expected to enhance the overall cost structure and profitability.

Nanofilm's investment activities in 1H2024 focused on long-term assets in Vietnam to support its China +1 strategy and drive future growth, as well as expanding into the European market through the acquisition and integration of Axyntec.

Capital Expenditure and Cash Flow: Nanofilm expects full year capital expenditure to be lower, reflecting a focus on driving returns and utilization of the existing asset base. Healthy operating cash flow generation and a strong cash balance of S\$134 million, excluding the S\$6.5 million short-term capital protected deposit, provide a solid financial foundation for continued investment in growth initiatives.

Overall, barring any unforeseen circumstances, the Group anticipates higher revenues and profits in the second half of 2024 as compared to the first half of 2024, driven by the seasonal peak in 3C demand, improved margins, and continued business momentum across its business units.

Other Information Required by Listing Rule Appendix 7.2

6 Dividend Information

(a) Current Financial Period Reported on

The Directors have recommended the following interim tax exempt (one-tier) dividend to be paid to shareholders for the current financial period.

Name of dividend	Interim tax-exempt (one-tier) dividend
Date of Payment	6 September 2024
Dividend Type	Cash
Dividend Amount	S\$0.0033 per ordinary share
Total amount payable	S\$2.1 million

(b) Corresponding Period of the Immediately Preceding Financial Year and Tax Rate

The Company had paid the following interim tax exempt (one-tier) dividend to shareholders in the corresponding period of the immediately preceding financial year.

Name of dividend	Interim tax-exempt (one-tier) dividend
Date of Payment	8 September 2023
Dividend Type	Cash
Dividend Amount	S\$0.0033 per ordinary share
Total amount paid	S\$2.1 million

(c) The date the dividend is payable

6 September 2024

(d) 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.

The Share Transfer Books and Register of Members of the Company will be closed on 30 August 2024, 5.00 pm. Duly completed transfers in respect of ordinary shares received by the Company's Share Registrar up to 5.00 pm on 30 August 2024 will be registered to determine shareholders' entitlement to the Interim Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited which are credited with shares as at 5.00 pm on 30 August 2024 will be entitled to the Interim Dividend.

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

Not applicable.

Other Information Required by Listing Rule Appendix 7.2

- 8 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.**

Not applicable as the Company has not obtained a general mandate from shareholders for interested persons transactions ("IPTs").

However, in the spirit of disclosure and transparency, the IPTs entered into by the Group in the current financial period reported on were as follows: -

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000)
		1H2024 S\$'000
上海纳曦餐饮管理有限公司 ("Na Xi")	Note ⁽¹⁾	160

Note:

⁽¹⁾ Na Xi is an associate of the Company's director and controlling shareholder and regarded as interested persons under Chapter 9 of the Listing Manual of the SGX-ST.

- 9 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).**

Pursuant to Listing Rule 720(1), the Company has procured undertakings from all of its directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual.

Other Information Required by Listing Rule Appendix 7.2

10 Use of IPO Proceeds

Pursuant to the Listing of the Company, the Company received gross proceeds of S\$200.0 million (“IPO Gross Proceeds”). As at the date of this announcement, the IPO Gross Proceeds have been utilised as follows:

	Amount allocated (as disclosed in the Prospectus) S\$'000	Last announced balance as at 29 February 2024 S\$'000	Amount utilised from 1 March 2024 to 30 June 2024 S\$'000	Balance S\$'000
Capital expenditure on development and building of new machinery for Advanced Materials BU and purchase of new machinery to support Nanofabrication BU	90,000	32,419	3,204	29,217
R&D & engineering for entry into new end industries and new areas and/or products in existing business segments	50,000	-	-	-
Construction, refurbishment and renovation of new and existing production facilities				
- Renovation (including refurbishment, furniture and fittings) of Shanghai Plant 2	20,000	-	-	-
- Construction, refurbishment and renovation of new and existing production facilities	10,000	-	-	-
General corporate and working capital purposes	20,900	-	-	-
Payment of underwriting commissions and offering expenses	9,100	(505)	-	(505)
	200,000	31,914	3,204	28,710

Note:

The sum of the numbers listed may not add up to the total thereof due to rounding.

11 Additional information pursuant to Rule 706A of the Listing Manual

Pursuant to Rule 706A of the Listing Manual, the Company wishes to announce the following acquisitions of shares which have resulted in changes in the Company’s percentage shareholding in a subsidiary or associate company during the six-month period ended 30 June 2024 and up to the date of this announcement.

NTI-NFT Share Swap

As at 16 January 2024, NFT was 90% owned by the Company and 10% owned by MG Holdings. The Company and MG Holdings entered into the NFT SHA pursuant to which MG Holdings may elect to effect an exchange of the NFT Swap Shares with NTI Swap Shares, by serving a written notice on the Company. On 17 January 2024, the Company transferred 3,866,104 treasury shares in the Company to MG Holdings in settlement of the NTI Swap Shares and in exchange, MG Holdings transferred the NFT Swap Shares to the Company. Following completion of the Share Swap, NFT has become a wholly-owned subsidiary of the Company. The Group recognised a net decrease in non-controlling interest of S\$1,895,000 and a corresponding increase in other reserve by S\$5,809,000.

The consolidated net asset value of NFT as at 31 December 2022 was S\$15.8 million. The number of NTI Swap Shares transferred to MG Holdings as consideration for the NFT Swap Shares was computed in accordance with the NFT SHA, which takes into consideration the net profit after tax of NFT for FY2022, and the price earning ratio and market capitalization of the Company as at 31 December 2022. Please refer to the Company’s prospectus dated 23 October 2020, at pages 311 to 313 for more details.

Other Information Required by Listing Rule Appendix 7.2

12 Negative confirmation by the Board pursuant to Rule 705(5)

We, the undersigned, being two (2) directors of Nanofilm Technologies International Limited (the “Company”), do confirm on behalf of the board of directors of the Company (the “Board”), that to the best of the knowledge of the Board, nothing has come to the attention of the Board which may render the financial results for the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Dr Shi Xu
Executive Chairman

Gary Ho Hock Yong
Executive Director and Chief Executive Officer

13 August 2024