

SUNRIGHT LIMITED AND ITS SUBSIDIARIES

(Company Reg. No. 197800523M)

Condensed Interim Financial Statements

For the Second Half Year and Full Year ended 31 July 2023

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

		The Group					
		2nd Half Year ended 31 July 2023	2nd Half Year ended 31 July 2022	Increase/ (decrease) %	Full Year ended 31 July 2023	Full Year ended 31 July 2022	Increase/ (decrease) %
Note		S\$'000	S\$'000		S\$'000	S\$'000	
	Revenue	44,513	48,947	(9%)	88,308	100,718	(12%)
	Other items of income:						
	Interest income	962	645	49%	1,782	1,307	36%
	Dividend income	63	54	17%	128	125	2%
	Other income	800	1,438	(44%)	2,774	2,429	14%
	Items of expenses:						
	Raw materials and consumables used	(7,949)	(12,115)	(34%)	(17,180)	(23,966)	(28%)
	Changes in inventories of finished goods and work-in-progress	208	695	(70%)	301	2,333	(87%)
	Employee benefits expense	(18,991)	(20,105)	(6%)	(38,865)	(41,320)	(6%)
	Depreciation of property, plant and equipment	(6,883)	(8,156)	(16%)	(13,560)	(18,137)	(25%)
	Finance costs	(464)	(199)	NM	(782)	(344)	NM
	Other expenses	(13,727)	(14,348)	(4%)	(26,097)	(25,949)	1%
	Loss before tax	(1,468)	(3,144)	(53%)	(3,191)	(2,804)	14%
	Income tax expense	(422)	(140)	NM	(405)	(897)	(55%)
	Loss, net of tax	(1,890)	(3,284)	(42%)	(3,596)	(3,701)	(3%)
	Other comprehensive income:						
	Item that will not be reclassified to profit or loss						
	Remeasurement (loss)/gain arising from net defined benefit liabilities, net of tax	(14)	39	NM	(14)	39	NM
	Item that may be reclassified subsequently to profit or loss						
	Foreign currency translation loss	(4,343)	(4,893)	(11%)	(5,497)	(3,602)	53%
	Other comprehensive loss for the year, net of tax	(4,357)	(4,854)	(10%)	(5,511)	(3,563)	55%
	Total comprehensive loss for the year	(6,247)	(8,138)	(23%)	(9,107)	(7,264)	25%
	(Loss)/profit attributable to:						
	Owners of the Company	(1,760)	(2,473)	(29%)	(3,108)	(3,976)	(22%)
	Non-controlling interests	(130)	(811)	(84%)	(488)	275	NM
		(1,890)	(3,284)	(42%)	(3,596)	(3,701)	(3%)
	Total comprehensive loss attributable to:						
	Owners of the Company	(3,833)	(4,868)	(21%)	(5,707)	(5,735)	(0%)
	Non-controlling interests	(2,414)	(3,270)	(26%)	(3,400)	(1,529)	NM
		(6,247)	(8,138)	(23%)	(9,107)	(7,264)	25%
	Loss per share attributable to owners of the Company (cents)						
	- Basic	(1.4)	(2.0)	(29%)	(2.5)	(3.2)	(22%)

NM : Not meaningful

B. Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		31 July 2023	31 July 2022	31 July 2023	31 July 2022
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	56,562	56,597	185	195
Investment in subsidiaries		-	-	12,112	12,112
Deferred tax assets		1,624	1,378	-	-
Other receivables		458	497	-	-
Total non-current assets		58,644	58,472	12,297	12,307
Current assets					
Investment securities		3,519	4,204	338	360
Inventories		2,605	3,893	-	-
Prepayments		1,685	1,762	146	118
Tax recoverables		1,796	2,032	-	-
Trade and other receivables		19,209	19,944	1,636	1,294
Loans to a subsidiary		-	-	-	144
Cash and short-term deposits		88,674	78,304	20,047	20,180
Total current assets		117,488	110,139	22,167	22,096
Total assets		176,132	168,611	34,464	34,403
EQUITY AND LIABILITIES					
Equity					
Share capital	13	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)		29,062	32,184	(3,260)	(3,498)
Other reserves		7,485	10,070	155	155
Total equity attributable to owners of the Company		72,274	77,981	32,622	32,384
Non-controlling interests		54,309	58,111	-	-
Total equity		126,583	136,092	32,622	32,384
Liabilities					
Non-current liabilities					
Loans and borrowings	12	19,043	8,019	401	531
Defined benefit liabilities ¹		781	1,471	-	-
Deferred tax liabilities		1,848	1,642	-	-
Total non-current liabilities		21,672	11,132	401	531
Current liabilities					
Trade and other payables		14,283	16,021	1,033	1,038
Contract liabilities		7	123	-	-
Loans and borrowings	12	12,648	5,099	258	353
Defined benefit liabilities ¹		753	-	-	-
Provisions		22	36	-	-
Income tax payable		164	108	150	97
Total current liabilities		27,877	21,387	1,441	1,488
Total liabilities		49,549	32,519	1,842	2,019
Total equity and liabilities		176,132	168,611	34,464	34,403

¹ Represent the defined benefit obligations for eligible employee retirement.

C. Condensed Interim Statements of Changes in Equity

Group	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
FY2023								
As at 1 August 2022	136,092	77,981	35,727	32,184	(1,287)	10,497	860	58,111
Loss for the year	(3,596)	(3,108)	-	(3,108)	-	-	-	(488)
Other comprehensive loss for the year, net of tax	(5,511)	(2,599)	-	(14)	(2,585)	-	-	(2,912)
Total comprehensive loss for the year	(9,107)	(5,707)	-	(3,122)	(2,585)	-	-	(3,400)
Dividends paid to non-controlling interests	(402)	-	-	-	-	-	-	(402)
As at 31 July 2023	126,583	72,274	35,727	29,062	(3,872)	10,497	860	54,309
FY2022								
As at 1 August 2021	144,257	84,084	35,727	36,489	511	10,497	860	60,173
(Loss)/profit for the year	(3,701)	(3,976)	-	(3,976)	-	-	-	275
Other comprehensive (loss)/income for the year, net of tax	(3,563)	(1,759)	-	39	(1,798)	-	-	(1,804)
Total comprehensive loss for the year	(7,264)	(5,735)	-	(3,937)	(1,798)	-	-	(1,529)
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
Dividends paid to non-controlling interests	(533)	-	-	-	-	-	-	(533)
As at 31 July 2022	136,092	77,981	35,727	32,184	(1,287)	10,497	860	58,111

Company	Total equity	Share capital	Accumulated losses	Capital reserve
	S\$'000	S\$'000	S\$'000	S\$'000
FY2023				
As at 1 August 2022	32,384	35,727	(3,498)	155
Profit for the year	238	-	238	-
Total comprehensive income for the year	238	-	238	-
As at 31 July 2023	32,622	35,727	(3,260)	155
FY2022				
As at 1 August 2021	32,682	35,727	(3,200)	155
Profit for the year	70	-	70	-
Total comprehensive income for the year	70	-	70	-
Dividends on ordinary shares	(368)	-	(368)	-
As at 31 July 2022	32,384	35,727	(3,498)	155

D. Condensed Interim Consolidated Cash Flow Statement

		The Group	
		Full Year ended 31 July 2023	Full Year ended 31 July 2022
Note		S\$'000	S\$'000
Cash flows from operating activities:			
	Loss before tax	(3,191)	(2,804)
	Adjustments for:		
	Net gain on disposal of property, plant and equipment	(489)	(783)
6	Depreciation of property, plant and equipment	13,560	18,137
6	Net write-down of inventories	540	849
6	Net impairment loss/(reversal of impairment) on trade receivables	11	(35)
	Dividend income	(128)	(125)
6	Net fair value gain on investment securities	(528)	(438)
	Finance costs	782	344
	Interest income	(1,782)	(1,307)
	Net unrealised exchange loss/(gain)	145	(54)
	Operating cash flows before changes in working capital	8,920	13,784
	Decrease/(increase) in inventories	748	(115)
	Decrease in prepayments and receivables	3,695	1,671
	Decrease in payables and contract liabilities	(6,112)	(5,005)
	Cash flows from operations	7,251	10,335
	Net income taxes paid	(260)	(1,085)
	Interest paid	(698)	(300)
	Interest received	1,623	581
	Net cash flows from operating activities	7,916	9,531
	Cash flows from investing activities:		
	(Increase)/decrease in short-term deposits with maturity more than three months	(7,755)	30,113
	Dividend income	128	125
	Purchase of property, plant and equipment	(14,082)	(29,141)
	Proceeds from disposal of property, plant and equipment	763	773
	Purchase of investment securities	(1,219)	(148)
	Proceeds from disposal of investment securities	2,241	1,145
	Net cash flows (used in)/from investing activities	(19,924)	2,867
	Cash flows from financing activities:		
	Proceeds from bank loans	25,857	7,248
	Repayment of bank loans	(6,148)	(4,024)
	Repayment of principle portion of lease liabilities	(2,041)	(1,915)
	Dividends paid on ordinary shares	-	(368)
9	Dividends paid to non-controlling interests	(402)	(533)
	Net cash flows from financing activities	17,266	408
	Net increase in cash and cash equivalents	5,258	12,806
	Effect of exchange rate changes on cash and cash equivalents	(2,643)	(2,262)
	Cash and cash equivalents at beginning of the year	41,982	31,438
	Cash and cash equivalents at end of the year	44,597	41,982

D. Condensed Interim Consolidated Cash Flow Statement

Cash and cash equivalents comprised the following:

	The Group	
	31 July	31 July
	2023	2022
	S\$'000	S\$'000
Cash at banks and on hand	11,138	13,295
Bank deposits	77,536	65,009
Cash and short-term deposits	88,674	78,304
Less: Bank deposits with maturity more than three months	(44,077)	(36,322)
Cash and cash equivalents	<u>44,597</u>	<u>41,982</u>

E. Notes to the Condensed Interim Financial Statements

1. Corporate information

Sunright Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the second half year ended 31 July 2023 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company are that of investment holding and provision of management services.

The principal activities of the Group are in the business of manufacturing burn-in/test equipment, assembly of electronic and electrical components, provision of semiconductor burn-in and testing services, and research and development of burn-in and test related activities.

2. Basis of Preparation

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

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 Dollars which is the Company's functional currency and all values are rounded to the nearest thousand (\$'000) unless otherwise stated.

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period². The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

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

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

² Refer to Annual Report FY2022, Notes to the Financial Statements (Note 2.3).

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

- a) Burn-in, testing and electronic manufacturing services segment is in the business of burn-in and test related activities and assembly activities.
- b) "Others" segment involves Group-level corporate services, treasury and investments functions, business of trading in and distribution of high-technology electronic products (which does not meet any of the quantitative thresholds for disclosure under SFRS(I) 8 Operating Segments), and consolidation adjustments which are not directly attributable to particular business segment above.

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

4.1 Business segment

	Burn-in, testing and electronic manufacturing services		Others		Consolidated	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
2nd Half Year ended 31 July						
Revenue:						
External customers	44,513	48,947	-	-	44,513	48,947
Results:						
Segment (loss)/profit	(2,026)	(3,645)	60	55	(1,966)	(3,590)
Interest income					962	645
Finance costs					(464)	(199)
Loss before tax					(1,468)	(3,144)
Income tax expense					(422)	(140)
Loss for the period					(1,890)	(3,284)
Other information:						
Depreciation of property, plant and equipment	6,793	8,041	90	115	6,883	8,156
Additions to property, plant and equipment	1,279	26,116	141	11	1,420	26,127

4. Segment and revenue information (cont'd)

4.1 Business segment (cont'd)

	Burn-in, testing and electronic manufacturing services		Others		Consolidated	
	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000	2023 S\$'000	2022 S\$'000
Full Year ended 31 July						
Revenue:						
External customers	88,308	100,718	-	-	88,308	100,718
Results:						
Segment (loss)/profit	(4,252)	(3,819)	61	52	(4,191)	(3,767)
Interest income					1,782	1,307
Finance costs					(782)	(344)
Loss before tax					(3,191)	(2,804)
Income tax expense					(405)	(897)
Loss for the year					(3,596)	(3,701)
Other information:						
Depreciation of property, plant and equipment	13,392	17,861	168	276	13,560	18,137
Additions to property, plant and equipment	16,038	32,212	159	50	16,197	32,262

4.2 Disaggregation of Revenue

	The Group			
	2nd Half Year ended 31 July 2023	2nd Half Year ended 31 July 2022	Full Year ended 31 July 2023	Full Year ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Burn-in, testing and electronic manufacturing services				
Major type of goods and services				
Sale of goods	8,937	13,409	19,332	25,137
Rendering of services	35,576	35,538	68,976	75,581
Total Revenue	44,513	48,947	88,308	100,718
Primary geographical markets				
Singapore	3,573	635	4,757	1,653
Malaysia	27,389	31,202	56,604	65,028
China	8,633	11,871	17,810	23,592
Other Asian markets*	803	1,468	1,832	2,717
United States	2,881	2,463	5,136	4,597
Others	1,234	1,308	2,169	3,131
Total Revenue	44,513	48,947	88,308	100,718

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

4. Segment and revenue information (cont'd)

4.3 A breakdown of sales

	The Group		
	Financial Year ended 31 July 2023	Financial Year ended 31 July 2022	Increase/ (decrease)
	S\$'000	S\$'000	%
(a) Revenue reported for first half year	43,795	51,771	(15%)
(b) Loss for the year reported for first half year	(1,706)	(417)	NM
(c) Revenue reported for second half year	44,513	48,947	(9%)
(d) Loss for the year reported for second half year	(1,890)	(3,284)	(42%)

5. Financial assets and liabilities

Set out below is an overview of the financial assets and liabilities of the Group and the Company as at 31 July 2023 and 31 July 2022.

	The Group		The Company	
	31 July 2023	31 July 2022	31 July 2023	31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
Trade and other receivables:				
- Trade receivables, net	18,003	17,304	1,452	1,023
- Sundry deposits	684	680	1	1
- Sundry receivables	974	2,457	135	52
- Derivatives	6	-	-	-
- Amounts due from subsidiaries (non-trade)	-	-	48	218
Total trade and other receivables	19,667	20,441	1,636	1,294
Less: Derivatives	(6)	-	-	-
Loans to a subsidiary	-	-	-	144
Cash and short-term deposits	88,674	78,304	20,047	20,180
Financial assets, at amortised costs	108,335	98,745	21,683	21,618
Derivatives, at fair value through profit or loss	6	-	-	-
Investment securities, at fair value through profit or loss	3,519	4,204	338	360
Total financial assets	111,860	102,949	22,021	21,978
Financial Liabilities				
Trade and other payables:				
- Trade payables	(4,793)	(5,865)	-	-
- Accrued operating expenses	(5,290)	(5,300)	(1,014)	(1,008)
- Sundry payables	(4,200)	(4,847)	(9)	(21)
- Derivatives	-	(9)	-	-
- Amounts due to subsidiaries (non-trade)	-	-	(10)	(9)
Total trade and other payables	(14,283)	(16,021)	(1,033)	(1,038)
Less: Derivatives	-	9	-	-
Loans and borrowings	(31,691)	(13,118)	(659)	(884)
Financial liabilities, at amortised costs	(45,974)	(29,130)	(1,692)	(1,922)
Derivatives, at fair value through profit or loss	-	(9)	-	-
Total financial liabilities	(45,974)	(29,139)	(1,692)	(1,922)

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

	The Group			
	2nd Half Year ended 31 July 2023	2nd Half Year ended 31 July 2022	Full Year ended 31 July 2023	Full Year ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Net write-down of inventories	(560)	(887)	(540)	(849)
Net reversal of impairment/(impairment loss) on trade receivables	6	(25)	(11)	35
Net exchange (loss)/gain	(30)	132	(305)	124
Net fair value gain/(loss) on investment securities	77	(377)	528	438
Net (loss)/gain on disposal of property, plant and equipment	(4)	783	489	783
COVID-19 related government reliefs	98	-	98	97

6.2 Related party transactions

There are no related party transactions during the current financial year.

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

Commitments for purchases of property, plant and equipment amounted to \$4,401,000 as at 31 July 2023.

8. Income tax

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

	The Group			
	2nd Half Year ended 31 July 2023	2nd Half Year ended 31 July 2022	Full Year ended 31 July 2023	Full Year ended 31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current income tax:</i>				
Current income tax expense/(credit)	609	(187)	474	359
Under/(over) provision in respect of previous years	1	(23)	(9)	(33)
	<u>610</u>	<u>(210)</u>	<u>465</u>	<u>326</u>
<i>Deferred tax:</i>				
Origination and reversal of temporary differences	(177)	356	(49)	577
Over provision in respect of previous years	(11)	(6)	(11)	(6)
	<u>(188)</u>	<u>350</u>	<u>(60)</u>	<u>571</u>
Income tax expense	<u>422</u>	<u>140</u>	<u>405</u>	<u>897</u>

9. Dividends

	<u>The Group and The Company</u>	
	Financial Year 2023	Financial Year 2022
	S\$'000	S\$'000
Recognised and paid during the financial year:		
Final ordinary tax exempt (one-tier) dividend for 2022 at nil cent (2021: 0.3 cent) per share	-	368

10. Net asset value

	<u>The Group</u>		<u>The Company</u>	
	31 July 2023	31 July 2022	31 July 2023	31 July 2022
Net asset value per ordinary share attributable to the owners of the Company (cents)	58.9	63.5	26.6	26.4

11. Property, plant and equipment

For the second half year ended 31 July 2023, the Group acquired property, plant and equipment amounting to \$1,420,000 (2022: \$26,127,000) and disposed off assets amounting to \$4,000³ (2022: \$14,000).

12. Loans and borrowings

	<u>The Group</u>		<u>The Company</u>	
	31 July 2023	31 July 2022	31 July 2023	31 July 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable within one year or on demand				
Secured	1,994	1,802	45	2
Unsecured	10,654	3,297	213	351
	<u>12,648</u>	<u>5,099</u>	<u>258</u>	<u>353</u>
Amount repayable after one year				
Secured	2,075	2,553	86	3
Unsecured	16,968	5,466	315	528
	<u>19,043</u>	<u>8,019</u>	<u>401</u>	<u>531</u>
Total loans and borrowings	<u>31,691</u>	<u>13,118</u>	<u>659</u>	<u>884</u>

Obligations under leases are secured on certain assets of the companies within the Group.

Bank loans of \$532,000 are secured by a charge on a building which has been fully depreciated.

³ Exclude the translation effect of assets disposed in the first half year ended 31 January 2023.

13. Share capital

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

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

The Company did not have any outstanding convertibles as at 31 July 2023 and 31 July 2022.

There were neither treasury shares nor subsidiary holdings as at 31 July 2023 and 31 July 2022.

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

	The Group and the Company			
	31 July 2023		31 July 2022	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
<i>Issued and fully paid ordinary shares:</i>				
Balance at beginning and end of the year	122,806	35,727	122,806	35,727

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

Not applicable. The Company did not hold any treasury shares as at 31 July 2023 and 31 July 2022.

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

Not applicable. The Company did not have any subsidiary holdings as at 31 July 2023 and 31 July 2022.

14. Loss per share

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

Basic loss per ordinary share are calculated by dividing loss net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current financial year.

	<u>The Group</u>	
	<u>31 July 2023</u>	<u>31 July 2022</u>
Loss attributable to owners of the Company (\$'000)	(3,108)	(3,976)
Weighted average number of ordinary shares ('000)	122,806	122,806
Loss per ordinary share (cents)	<u>(2.5)</u>	<u>(3.2)</u>

The Group has no potential ordinary shares in issue at the end of the reporting date and therefore diluted loss per share has not been presented.

15. Subsequent events

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

F. Other Information required by Listing Rule Appendix 7.2

1. Review

The condensed interim statements of financial position of the Group and the Company as at 31 July 2023 and the related condensed interim statements of changes in equity of the Group and the Company, the condensed interim consolidated statement of profit or loss and other comprehensive income, and condensed interim consolidated cash flow statement of the Group for the second half year and/or full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

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

(i) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of performance

Second half year ended 31 July 2023 (2HFY2023) vs second half year ended 31 July 2022 (2HFY2022)

Weak consumer demand, particularly in the personal computer and smartphones markets resulted in a decrease in equipment deliveries. The Group's revenue declined by \$4.4 million or 9%, from \$48.9 million in 2HFY2022, to \$44.5 million in 2HFY2023.

Interest income increased by \$0.3 million or 49% to \$1.0 million, following higher interest rates on placement of fixed deposits.

Other income decreased by \$0.6 million or 44% to \$0.8 million, mainly attributable to absence of gain on disposal of property, plant and equipment ("PPE") of \$0.8 million.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, of \$7.7 million, were lower by \$3.7 million or 32%. This was in line with lower equipment deliveries and reduced electronic manufacturing service ("EMS") activities.

Employee benefits expense decreased by \$1.1 million or 6% to \$19.0 million, in alignment with operational requirements, coupled with lower severance compensation as a result of a scaled-down EMS in last financial year.

Depreciation reduced by \$1.3 million or 16%, to \$6.9 million, as certain machinery and test equipment became fully depreciated.

Finance costs increased by \$0.3 million to \$0.5 million, following additional borrowings to fund capital expenditure.

Other expenses were lower by \$0.6 million or 4%, to \$13.7 million, mainly attributable to lower repairs and maintenance costs by \$0.6 million, lower net write-down of inventories by \$0.3 million, absence of fair value loss on investment securities of \$0.4 million and lower portfolio fees for investment securities by \$0.2 million; partially offset by an increase in utility costs of \$1.0 million.

Consequently, the Group reported a loss before tax of \$1.5 million in 2HFY2023, down from the loss of \$3.1 million reported in 2HFY2022.

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

Review of performance (cont'd)

Financial year ended 31 July 2023 (FY2023) vs 31 July 2022 (FY2022)

The Group recorded revenue of \$88.3 million in FY2023, reflecting a decrease of \$12.4 million or 12% as compared to \$100.7 million in FY2022. This was mainly caused by lower demand for equipment and services, including absence of EMS which was scaled down in the last financial year.

Interest income increased by \$0.5 million or 36% to \$1.8 million, following higher interest rates on placement of fixed deposits.

Other income increased by \$0.3 million or 14% to \$2.8 million, largely due to \$0.4 million compensation received for an order cancellation, which was partially lowered by absence of net exchange gain of \$0.1 million.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, were lower by \$4.8 million or 22%, from \$21.6 million to \$16.9 million, in line with reduced EMS activities and lower equipment deliveries.

Employee benefits expense decreased by \$2.5 million or 6% to \$38.9 million, in alignment with operational requirements, coupled with the translation effects arising from weakening of Ringgit Malaysia against Singapore Dollars.

Depreciation was lower by \$4.6 million or 25%, to \$13.6 million, as certain machinery and test equipment became fully depreciated.

Finance costs increased by \$0.4 million to \$0.8 million, following additional borrowings to fund capital expenditure.

Consequently, the Group reported a loss before tax of \$3.2 million in FY2023, from a loss of \$2.8 million reported in FY2022.

Review of financial position

The Group recorded PPE of \$56.6 million as at 31 July 2023, which was comparable with \$56.6 million as at 31 July 2022. The net additions of \$16.0 million during FY2023 was offset by depreciation charge of \$13.6 million and the translation effect of \$2.4 million.

Deferred tax assets increased by \$0.2 million or 18%, from \$1.4 million to \$1.6 million, as a result of higher deductible temporary differences arising from unutilised tax benefits.

Investment securities reduced by \$0.7 million or 16%, from \$4.2 million to \$3.5 million, mainly due to net disposal of \$1.0 million, offset by fair value gain of \$0.5 million.

Inventories decreased by \$1.3 million or 33%, from \$3.9 million to \$2.6 million, as a result of the write-down of inventories of \$0.5 million and a decrease in work-in-progress by \$0.6 million.

Tax recoverables decreased by \$0.2 million or 12%, from \$2.0 million to \$1.8 million, primarily due to tax refund received during the current financial year.

Cash and short-term deposits increased by \$10.4 million or 13%, from \$78.3 million to \$88.7 million, which represented the net cash inflows from both operating and financing activities.

Trade and other payables reduced by \$1.7 million or 11%, from \$16.0 million to \$14.3 million, mainly due to lower trade purchases, and lower sundry payables resulting from the settlement of value-added tax.

Total loans and borrowings increased by \$18.6 million, from \$13.1 million to \$31.7 million, primarily due to net additions in bank loans of \$19.7 million.

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

Review of performance (cont'd)

Deferred tax liabilities increased by \$0.2 million or 13%, from \$1.6 million to \$1.8 million, as a result of higher taxable temporary differences arising from the utilisation of capital allowances.

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

There is no material variance from our half year financial statement announcement for the period ended 31 January 2023 commentary under Section F, paragraph 4.

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

The global economic growth is projected to decline, from an estimated 3.5% in 2022 to 3% in both 2023 and 2024. The International Monetary Fund has cautioned possible downside risks from elevated inflation, the effects of war in Ukraine, extreme weather-related events and a slowdown in recovery of the China economy.

The worldwide semiconductor revenue is forecasted to contract by 12.3% to USD525.9 billion in 2023, primarily due to the oversupply of memory chips and weak demand from consumer and computer markets. However, the industry is expected to rebound with a forecast growth of 20.4% to reach revenue of USD633 billion in 2024.

Whilst the Group is cautious over the challenges posed by macro-economic developments which may impact production costs and the recovery in the general consumer and computer businesses, we have made good progress to uplift production capacity for automotive devices for the newly invested burn-in/test equipment and machinery.

The Group looks forward to operationalise the expanded capacity and remains watchful over the softened demand for equipment and cost pressures.

5. Dividend Information

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The directors do not recommend a final dividend for FY2023 in view of the losses.

6. Interested person transactions

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

No IPT mandate had been obtained.

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

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

8. Review of performance of the Group – turnover and earnings

Please refer to paragraph 2 within Section F.

9. Confirmation pursuant to Rule 704(13) of the Listing Manual

The Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or substantial shareholder of the Company.

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

Not applicable for announcement of full year financial statements.

BY ORDER OF THE BOARD

**Adeline Lim Kim Swan
Company Secretary
Date: 29 September 2023**