



Spindex Industries Limited
(Incorporated in the Republic of Singapore)
(Registration No. 198701451M)

Condensed Interim Financial Statements
For 6 months and full year ended 30 June 2023

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

	Note	GROUP		Increase/ (Decrease) %	GROUP		Increase/ (Decrease) %
		6 mths ended 30 Jun 2023 \$'000	6 mths ended 30 Jun 2022 \$'000		12 mths ended 30 Jun 2023 \$'000	12 mths ended 30 Jun 2022 \$'000	
Revenue	4	89,294	97,532	(8.4)	183,449	206,009	(11.0)
Cost of sales		(73,140)	(77,327)	(5.4)	(151,358)	(164,745)	(8.1)
Gross profit		16,154	20,205	(20.0)	32,091	41,264	(22.2)
Other income		1,708	2,035	(16.1)	3,654	4,335	(15.7)
Reversal of impairment loss on trade receivables		-	-	NM	-	8	NM
Distribution and selling expenses		(1,509)	(1,945)	(22.4)	(3,211)	(3,811)	(15.7)
Administrative expenses		(9,140)	(9,258)	(1.3)	(17,346)	(19,494)	(11.0)
Profit from operations		7,213	11,037	(34.6)	15,188	22,302	(31.9)
Financial expenses		(177)	(236)	(25.0)	(384)	(403)	(4.7)
Share of profit/(loss) in joint venture		49	(56)	(187.5)	(17)	(120)	(85.8)
Profit before tax	5	7,085	10,745	(34.1)	14,787	21,779	(32.1)
Income tax expense	6	(2,322)	(2,443)	(5.0)	(3,964)	(4,621)	(14.2)
Profit for the year		4,763	8,302	(42.6)	10,823	17,158	(36.9)
Other comprehensive income:							
<u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u>							
Foreign currency translation		(5,097)	(2,159)	136.1	(13,783)	(646)	2,033.6
Total comprehensive income attributable to:							
Owners of the Company		(334)	6,143	(105.4)	(2,960)	16,512	(117.9)
Earnings per share attributable to owners of the Company (cents per share)							
- Basic		4.13	7.20		9.38	14.87	
- Diluted		4.13	7.20		9.38	14.87	

Note : NM = Not meaningful

B. Condensed Interim Statements of Financial Position

	Note	GROUP		COMPANY	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	9	77,810	91,668	264	373
Right-of-use assets		6,531	7,706	177	178
Deferred tax assets		-	394	-	-
Investment in subsidiaries		-	-	52,749	43,815
Investment in joint venture		1,294	1,311	1,681	1,681
		<u>85,635</u>	<u>101,079</u>	<u>54,871</u>	<u>46,047</u>
Current assets					
Inventories		29,690	41,521	2,251	3,230
Trade receivables		39,483	39,619	6,530	5,142
Other receivables and deposits		2,545	1,768	105	108
Prepayments		1,980	2,315	38	24
Due from subsidiaries (non-trade)		-	-	310	641
Due from subsidiaries (trade)		-	-	2	18
Cash and cash equivalents		46,423	45,639	3,438	14,176
		<u>120,121</u>	<u>130,862</u>	<u>12,674</u>	<u>23,339</u>
Current liabilities					
Trade payables		18,962	20,293	140	137
Other payables and accruals		20,783	25,617	2,853	3,664
Refund liabilities		2,183	2,267	1,569	1,610
Provision for defects		839	1,703	-	-
Due to subsidiaries (trade)		-	-	7,644	6,416
Loans and borrowings	10	1,290	11,507	1,290	11,507
Lease liabilities		870	1,367	92	92
Provision for tax		671	906	-	-
		<u>45,598</u>	<u>63,660</u>	<u>13,588</u>	<u>23,426</u>
Net current assets / (liabilities)		<u>74,523</u>	<u>67,202</u>	<u>(914)</u>	<u>(87)</u>
Non-current liabilities					
Loans and borrowings	10	1,922	3,212	1,922	3,212
Lease liabilities		661	741	87	87
Deferred tax liabilities		5,217	5,020	7	7
Provision for restoration costs		254	206	-	-
		<u>8,054</u>	<u>9,179</u>	<u>2,016</u>	<u>3,306</u>
Net assets		<u>152,104</u>	<u>159,102</u>	<u>51,941</u>	<u>42,654</u>
Equity attributable to owners of the Company					
Share capital	12	13,145	13,145	13,145	13,145
Reserves		138,959	145,957	38,796	29,509
Total equity		<u>152,104</u>	<u>159,102</u>	<u>51,941</u>	<u>42,654</u>

C. Condensed Interim Consolidated Statement of Cash Flows

	GROUP	
	12 mths ended 30 Jun 2023 \$'000	12 mths ended 30 Jun 2022 \$'000
Operating activities		
Profit before tax	14,787	21,779
Adjustments for:		
Depreciation of property, plant and equipment	11,460	11,605
Depreciation of right-of-use assets	1,379	1,821
Loss/(gain) on disposal of property, plant and equipment	21	(29)
Gain on early termination of lease	(36)	-
Interest expense	384	403
Interest income	(450)	(327)
(Write-back)/write-down of inventories	(63)	692
Reversal of impairment loss on trade receivables	-	(8)
(Write-back)/provision for defects	(753)	419
Share of loss in joint venture	17	120
Provision for retrenchment benefits	2,187	-
Unrealised exchange (gain)/loss	(696)	369
Operating cash flows before changes in working capital	28,237	36,844
(Increase)/decrease in:		
Inventories	9,317	(2,701)
Trade receivables	(2,720)	348
Other receivables and deposits	(632)	173
Prepayments	135	3,488
Increase/(decrease) in:		
Trade payables	475	(9,332)
Other payables and accruals	(1,116)	(3,970)
Cash flows from operations	33,696	24,850
Income taxes paid	(3,579)	(3,299)
Interest paid	(370)	(223)
Interest received	450	327
Net cash flows generated from operating activities	30,197	21,655
Investing activities		
Purchase of property, plant and equipment	(9,431)	(21,894)
Proceeds from disposal of property, plant and equipment	41	996
Net cash flows used in investing activities	(9,390)	(20,898)
Financing activities		
Dividend paid on ordinary shares	(4,038)	(5,191)
Repayment of principal obligations under lease liabilities	(1,179)	(1,706)
Interest paid on lease liabilities	(67)	(128)
Proceed from loans and borrowings	-	14,067
Repayment of loans and borrowings	(11,454)	(6,170)
Net cash flows (used in)/from financing activities	(16,738)	872
Net increase in cash and cash equivalents	4,069	1,629
Cash and cash equivalents at beginning of financial year	45,639	43,891
Currency alignment on opening cash balances	(3,285)	119
Cash and cash equivalents at end of financial year	46,423	45,639

D. Condensed Interim Statements of Changes in Equity

Group	Attributable to owners of the Company					Total equity \$'000
	Share capital \$'000	Foreign currency translation reserve \$'000	Reserve fund \$'000	Accumulated profits \$'000	Total reserves \$'000	
As at 1 July 2021	13,145	(8,138)	6,997	135,777	134,636	147,781
Net profit for the year	-	-	-	17,158	17,158	17,158
Other comprehensive income for the year	-	(646)	-	-	(646)	(646)
Total comprehensive income for the year	-	(646)	-	17,158	16,512	16,512
Dividend on ordinary shares	-	-	-	(5,191)	(5,191)	(5,191)
At 30 June 2022 and 1 July 2022	13,145	(8,784)	6,997	147,744	145,957	159,102
Net profit for the year	-	-	-	10,823	10,823	10,823
Other comprehensive income for the year	-	(13,783)	-	-	(13,783)	(13,783)
Total comprehensive income for the year	-	(13,783)	-	10,823	(2,960)	(2,960)
Dividend on ordinary shares	-	-	-	(4,038)	(4,038)	(4,038)
At 30 June 2023	13,145	(22,567)	6,997	154,529	138,959	152,104

Company	Attributable to owners of the Company			Total equity \$'000
	Share capital \$'000	Accumulated profits \$'000	Total reserves \$'000	
At 1 July 2021	13,145	22,096	22,096	35,241
Net profit for the year	-	12,604	12,604	12,604
Total comprehensive income for the year	-	12,604	12,604	12,604
Dividend on ordinary shares	-	(5,191)	(5,191)	(5,191)
At 30 June 2022 and 1 July 2022	13,145	29,509	29,509	42,654
Net profit for the year	-	13,325	13,325	13,325
Total comprehensive income for the year	-	13,325	13,325	13,325
Dividend on ordinary shares	-	(4,038)	(4,038)	(4,038)
At 30 June 2023	13,145	38,796	38,796	51,941

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Spindex Industries Limited (the "Company") is a limited liability company, incorporated in Singapore and is listed on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the 6 months and 12 months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are to carry on the business as importer, exporter and dealer of mechanical, electrical and electronic parts. The principal activities of the subsidiaries are manufacturing and trading of mechanical, electrical, electronic parts, precision machine parts and other engineering materials.

2. Basis of preparation

2.1 *Basis of preparation*

The condensed interim consolidated financial statements for the 6 months and 12 months ended 30 June 2023 of the Group have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee (ASC) under ACRA. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2022.

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$), which is the Company's functional currency, and all values in the tables are rounded to the nearest thousand (\$'000) except otherwise indicated.

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s and the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 *Use of judgements and estimates*

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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 financial year ended 30 June 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.

Management is of the opinion that there is no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period.

3. Seasonal operations

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

4. Revenue and Segment Information

(a) *Disaggregation of revenue*

	Imaging and printing		Machinery and automotive systems		Consumer product and others*		Total Revenue	
	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
China	409	464	26,947	28,332	1,030	738	28,386	29,534
Singapore	25	19	176	622	268	300	469	941
ASEAN (excluding Singapore)	12,976	17,280	673	618	4,687	6,420	18,336	24,318
USA, Europe and others	12	38	12,940	14,014	29,151	28,687	42,103	42,739
	13,422	17,801	40,736	43,586	35,136	36,145	89,294	97,532
Timing of transfer of goods								
At a point in time	13,422	17,801	40,736	43,586	35,136	36,145	89,294	97,532

*Others – include data storage, telecommunications and others

4. Revenue and Segment Information (cont'd)

(a) *Disaggregation of revenue (cont'd)*

	Imaging and printing		Machinery and automotive systems		Consumer product and others*		Total Revenue	
	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
China	651	2,664	55,788	65,878	1,987	1,477	58,426	70,019
Singapore	38	53	509	1,065	505	708	1,052	1,826
ASEAN (excluding Singapore)	31,053	35,123	1,383	1,295	10,668	12,685	43,104	49,103
USA, Europe and others	48	291	23,692	26,642	57,127	58,128	80,867	85,061
	31,790	38,131	81,372	94,880	70,287	72,998	183,449	206,009
Timing of transfer of goods								
At a point in time	31,790	38,131	81,372	94,880	70,287	72,998	183,449	206,009

*Others – include data storage, telecommunications and others

4. Revenue and Segment Information (cont'd)

(b) Business Segments

	Imaging and Printing		Machinery and automotive systems		Consumer product and others*		Adjustments and eliminations		Group	
	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022	6 mths ended 30 Jun 2023	6 mths ended 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
External customers	13,422	17,801	40,736	43,586	35,136	36,145	-	-	89,294	97,532
Inter-segment	454	350	9,690	11,297	7,903	5,643	(18,047)	(17,290)	-	-
Total revenue	13,876	18,151	50,426	54,883	43,039	41,788	(18,047)	(17,290)	89,294	97,532
Segment profit	2,452	3,685	7,356	9,080	6,346	7,440	-	-	16,154	20,205
Distribution and selling expenses	(224)	(356)	(689)	(872)	(596)	(717)	-	-	(1,509)	(1,945)
Unallocated other income									1,708	2,035
Unallocated expenses									(9,140)	(9,258)
Operating profit									7,213	11,037
Financial expenses									(177)	(236)
Share of profit/(loss) in joint venture									49	(56)
Income tax expense									(2,322)	(2,443)
Net profit									4,763	8,302
Assets										
Trade receivables	4,424	5,487	22,978	21,465	12,081	12,667	-	-	39,483	39,619
Unallocated assets	-	-	-	-	-	-	-	-	166,273	192,322
Total assets									205,756	231,941
Liabilities										
Provision for defects	145	315	372	784	322	604	-	-	839	1,703
Unallocated liabilities	-	-	-	-	-	-	-	-	52,813	71,136
Total liabilities									53,652	72,839
Other segment information										
Depreciation of plant and machinery	638	827	1,929	2,031	1,664	1,669	-	-	4,231	4,527
Unallocated depreciation of other assets	-	-	-	-	-	-	-	-	1,505	1,363
Depreciation expense for the financial period									5,736	5,890

* Others – include data storage, telecommunications and others

4. Revenue and Segment Information (cont'd)

(b) Business Segments (cont'd)

	Imaging and Printing		Machinery and automotive systems		Consumer product and others*		Adjustments and eliminations		Group	
	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
External customers	31,790	38,131	81,372	94,880	70,287	72,998	-	-	183,449	206,009
Inter-segment	812	1,284	18,096	23,715	14,208	10,410	(33,116)	(35,409)	-	-
Total revenue	32,602	39,415	99,468	118,595	84,495	83,408	(33,116)	(35,409)	183,449	206,009
Segment profit	5,561	7,631	14,237	19,038	12,293	14,595	-	-	32,091	41,264
Distribution and selling expenses	(556)	(705)	(1,424)	(1,755)	(1,231)	(1,351)	-	-	(3,211)	(3,811)
Reversal of impairment loss on trade receivables	-	-	-	8	-	-	-	-	-	8
Unallocated other income									3,654	4,335
Unallocated expenses									(17,346)	(19,494)
Operating profit									15,188	22,302
Financial expenses									(384)	(403)
Share of loss in joint venture									(17)	(120)
Income tax expense									(3,964)	(4,621)
Net profit for the financial year									10,823	17,158
Assets										
Trade receivables	4,424	5,487	22,978	21,465	12,081	12,667	-	-	39,483	39,619
Unallocated assets	-	-	-	-	-	-	-	-	166,273	192,322
Total assets									205,756	231,941
Liabilities										
Provision for defects	145	315	372	784	322	604	-	-	839	1,703
Unallocated liabilities	-	-	-	-	-	-	-	-	52,813	71,136
Total liabilities									53,652	72,839
Other segment information										
Depreciation of plant and machinery	1,492	1,651	3,819	4,110	3,298	3,162	-	-	8,609	8,923
Unallocated depreciation of other assets	-	-	-	-	-	-	-	-	2,851	2,682
Depreciation expense for the financial year									11,460	11,605

* Others – include data storage, telecommunications and others

4. Revenue and Segment Information (cont'd)

(c) *Geographical segments*

The Group's geographical segments are based on the location of the Group's customers. Non-current assets and additions to property, plant and equipment and right-of-use assets are based on the location of those assets.

Revenue, non-current assets and capital expenditure information based on the geographical location of customers and assets respectively are as follows:

	Group					
	Revenue		Non-current assets		Capital expenditure	
	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
China	58,426	70,019	41,376	47,726	2,926	22,963
Singapore	1,052	1,826	1,735	1,862	117	64
ASEAN (excludes Singapore)	43,104	49,103	42,524	51,491	2,012	4,347
USA, Europe and others	80,867	85,061	-	-	-	-
	183,449	206,009	85,635	101,079	5,055	27,374

A breakdown of sales:

	Group		Increase/ (Decrease) %
	12 mths ended 30 Jun 2023	12 mths ended 30 Jun 2022	
	\$'000	\$'000	
Sales reported for first half year	94,155	108,477	(13.2)
Operating profit after tax reported for first half year	6,060	8,856	(31.6)
Sales reported for second half year	89,294	97,532	(8.4)
Operating profit after tax reporting for second half year	4,763	8,302	(42.6)

5. Profit before tax

5.1 Significant items

	Group		Group	
	6 mths ended 30 Jun 2023 \$'000	6 mths ended 30 Jun 2022 \$'000	12 mths ended 30 Jun 2023 \$'000	12 mths ended 30 Jun 2022 \$'000
Sales of scrap	1,193	1,667	2,479	3,618
Interest income	273	181	450	327
Government grants	88	7	498	10
Depreciation of property, plant and equipment	(5,736)	(5,890)	(11,460)	(11,605)
Depreciation of right-of-use assets	(526)	(919)	(1,379)	(1,821)
Reversal of provision/(Provision) for inventory obsolescence	854	2	63	(692)
Write-back/(Provision) for defects	497	(481)	753	(419)
Foreign exchange gain, net	2,091	1,562	2,577	1,128

5.2 Related party transactions

There are no material related party transactions between the Group and the related parties apart from those disclosed elsewhere in the financial statements.

6. Income tax expense

	Group		Group	
	6 mths ended 30 Jun 2023 \$'000	6 mths ended 30 Jun 2022 \$'000	12 mths ended 30 Jun 2023 \$'000	12 mths ended 30 Jun 2022 \$'000
Current income tax expense	1,516	2,363	3,065	4,135
Deferred income tax expense relating to origination and reversal of temporary differences	806	80	899	486
	2,322	2,443	3,964	4,621

7. Dividends

	Group and Company	
	2023 \$'000	2022 \$'000
Ordinary dividends paid:		
Final exempt (one-tier) dividend of 3.50 cents (2022: 4.50 cents) per ordinary share in respect of the previous financial year	4,038	5,191

8. Net Asset Value

	Group		Company	
	30 Jun 2023 (cents)	30 Jun 2022 (cents)	30 Jun 2023 (cents)	30 Jun 2022 (cents)
Net asset value per ordinary share	131.85	137.91	45.02	36.97

Net asset value per ordinary share was based on 115,365,000 ordinary shares in issue as at 30 June 2023 (30 June 2022 : 115,365,000).

9. Property, plant and equipment

The assets acquired and disposed by the Group during the 6 months ended and full year ended 30 June 2023 are as follows:

	Group		Group	
	6 mths ended 30 Jun 2023 \$'000	6 mths ended 30 Jun 2022 \$'000	12 mths ended 30 Jun 2023 \$'000	12 mths ended 30 Jun 2022 \$'000
Additions	1,665	11,373	5,055	27,374
Disposals	(385)	(1,114)	(485)	(2,370)

The additions to property, plant and equipment of \$ 5,055,000 (2022: \$27,374,000) for the Group during financial year includes \$1,103,000 (2022: \$5,479,000) which remains unpaid as at year end.

10. Loans and borrowings

	Group		Company	
	30 Jun 2023 \$'000	30 Jun 2022 \$'000	30 Jun 2023 \$'000	30 Jun 2022 \$'000
Current:				
Obligations under hire purchase arrangement	40	54	40	54
Bank loans				
- 2.00% p.a. fixed rate SGD bank loan	1,250	1,225	1,250	1,225
- 2.33% p.a. fixed rate SGD bank loan	-	6,022	-	6,022
- 2.59% p.a. fixed rate USD bank loan	-	4,206	-	4,206
	1,290	11,507	1,290	11,507
Non-current:				
Obligations under hire purchase arrangement	-	40	-	40
Bank loans				
- 2.00% p.a. fixed rate SGD bank loan	1,922	3,172	1,922	3,172
	1,922	3,212	1,922	3,212
Total loans and borrowings	3,212	14,719	3,212	14,719

10. Loans and borrowings (cont'd)

2% p.a. fixed rate SGD bank loan

The loan pertains to a Temporary Bridging Loan of \$5,000,000 that was granted by Enterprise Singapore in FY2021. It bears fixed interest of 2% per annum and is repayable over a period of 5 years. This facility requires the Group to maintain a gearing ratio of not more than 125% and debt coverage ratio of not less than 120%.

Obligations under hire purchase arrangement

The hire purchase obligation is secured by a charge over the motor vehicle. The obligation is denominated in SGD and the implicit discount rate is 2.28% (2022:2.28%) per annum.

11. Fair value measurement

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

At the end of the reporting period, there are no financial instruments that are carried at fair value.

(c) Assets and liabilities not measured at fair value, for which fair value is disclosed

The fair value of non-current liabilities which are not carried at fair value in the balance sheet is presented in the following table. The fair value is estimated using discounted cash flow analysis using discount rate that reflects the issuer's borrowing rate at the end of the reporting period.

	Group and Company			
	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Obligations under hire purchase arrangement	-	-	40	40

11. Fair value measurement (cont'd)

(d) Assets and liabilities are measured at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables and payables, amounts due from/(to) subsidiaries, cash and cash equivalents and loans and borrowings (current).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

12. Share Capital

	Group and Company	
	30 Jun 2023	30 Jun 2022
	\$'000	\$'000
Issued and fully paid		
At beginning and end of financial year		
- 115,365,000 ordinary shares	13,145	13,145

The total number of issued shares excluding treasury shares as at 30 June 2023 was 115,365,000 (30 June 2022: 115,365,000).

There were no sales, transfers, disposal, cancellation, and/or use of treasury shares for the financial year ended 30 June 2023.

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

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 30 June 2022.

13. Subsequent events

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

F. Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Spindex Industries Ltd and its subsidiaries as at 30 June 2023 and the related 6 months and 12 months condensed profit or loss and other comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for 12 months period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

The Spindex Group is an integrated solution provider of precision-machined components and assemblies for use in machinery & automotive systems, imaging & printing equipment and consumer product & others.

Revenue

Rising interest rates and inflation in FY2023 have adversely affected demand and dampened business sentiments. The ongoing conflict in Ukraine has also added to the overall economic uncertainty.

As a result of the above factors, price and demand erosion have been more acute resulting in negative impacts to the Group's revenue in FY2023. The revenue decline of 13% in 1H FY2023 continued with another drop of 8% in 2H FY2023, bringing FY2023 group revenue down by 11% to \$183.4 million.

The slowdown in demand was broad-based across all business sectors and geographies. In FY2023, revenue from the MA business sector declined 14% due mainly to the depressed property industry and lower car sales in China. The demand for imaging & printing equipment was affected by the global slowdown in business activities in FY2023, with revenue from the IP business sector falling 17% to \$31.8 million. The consumer product and others is a broad business sector with a diversified group of consumer related products. Demand for some of these products, especially in the US market, has remained relatively steady and this has cushioned the sector's revenue decline to 4% at \$70.3 million in FY2023.

Revenue by Business Segment	H1 FY2023 S\$m (1)	H2 FY2023 S\$m (2)	H2 FY2022 S\$m (3)	Change (2 - 3) / (3) (%)
Machinery and Automotive Systems (MA)	40.6	40.7	43.6	-6.7%
Imaging & Printing (IP)	18.4	13.4	17.8	-24.7%
Consumer product and others (CP)	35.2	35.1	36.1	-2.8%
Total	94.2	89.2	97.5	-8.5%

Profitability

The inflationary environment had resulted in higher labour, energy and input costs in FY2023. Coupled with the gradual erosion in selling prices, gross margin declined from 20.0% in FY2022 to 17.5% in FY2023.

Due to lower revenue and prudent cost management, administrative, distribution and selling expenses declined in FY2023. Under administrative expenses were two items that have largely offset each other: the stronger US Dollar had contributed to a foreign exchange gain and this was offset by a provision for staff rationalisation to right size some of the Group's operations in China. Although interest rates have risen, financial expenses have remained stable as the Group actively repaid bank loans from operating cash flow. The continuing improvement in operations at the Vietnam joint venture lowered the share of losses.

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

Profitability (cont'd)

With a lower revenue and gross profit margin, the Group's profit before tax dropped 32% to \$14.8 million in FY2023. The decline in income tax expense of 14% is a smaller drop due to the changing profit mix of the different manufacturing facilities in the Group. In a year full of challenges, FY2023 net profit fell 37% to \$10.8 million.

Cash Flow & Balance Sheet

Notwithstanding lower profitability, the prudent management of inventories enabled the Group to continue generating net cash inflows from operating activities of \$30.2 million. With the completion of Phase 1 of the manufacturing facilities at Nantong, China, cash flow deployed for the purchase of plant, property and equipment dropped from \$21.9 million in FY2022 to \$9.4 million in FY2023. A larger amount of cash resources, amounting to \$11.5 million, was used to repay bank loans and borrowings. The Group generated a net increase in cash of \$4.1 million in FY2023. Cash and cash equivalents increased marginally to \$46.4 million at the end of the financial year and the Group continued to maintain a healthy balance sheet.

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

The result is in line with the sentiments expressed in the prospect statement disclosed in the previous results announcement.

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

The prevailing challenges of high interest rates, high inflation and the war in Ukraine are expected to continue in the current financial year. Business sentiments are likely to remain subdued with relatively weak demand. Under such circumstances, the Group remains cautious of its business prospects in FY2024.

The Group will continue to monitor the challenging business environment closely and manage its operations prudently. Continuous improvements will be made in the manufacturing processes to achieve better production efficiency. The Group is in a strong financial position to capitalise on the current market uncertainty and is open to selectively evaluate suitable business opportunities for investment.

5. Dividend information

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of dividend	Interim	Final
Dividend type	-	Cash
Dividend rate per ordinary share	-	0.50 cents
Tax rate	-	Tax exempt (one-tier)

(b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim	Final
Dividend type	-	Cash
Dividend rate per ordinary share	-	3.50 cents
Tax rate	-	Tax exempt (one-tier)

(c) Date payable

The proposed dividends, if approved at the 36th Annual General Meeting to be held on 25 October 2023, will be paid on 17 November 2023.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Spindex Industries Limited (the "Company") will be closed on 9 November 2023 for the purpose of determining members' entitlements to the proposed final dividends of 0.50 cents per ordinary share for the financial year ended 30 June 2023 (the "**Proposed Final Dividends**").

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. on 8 November 2023 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 will be registered to determine members' entitlements to the Proposed Final Dividends. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 8 November 2023, will be entitled to the Proposed Final Dividends.

The Proposed Final Dividends, if approved at the forthcoming Annual General Meeting to be held on 25 October 2023, will be paid on 17 November 2023.

6. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

7. 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.

The Group does not have an interested person transaction mandate.

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

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

9. Disclosure of persons occupying a managerial positions in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there were no such persons, the issuer must make an appropriate negative statement.

Disclosure of person occupying a managerial positions in Spindex Industries Limited (the 'Company') or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) are as follows: -				
Name	Age	Family relationship with any director and/or Substantial Shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tan Choo Pie @ Tan Chang Chai	77	Father of Nicholas Tan Heok Ting and Granduncle of Foo Fang Haur	Executive Chairman of Spindex Industries Limited Since 1989	No Change
Foo Fang Haur	48	Grandnephew of Tan Choo Pie @ Tan Chang Chai and Nephew of Nicholas Tan Heok Ting	Business Development Manager of Spindex Industries (Hanoi) Co., Ltd. Since June 2005	No Change
Nicholas Tan Heok Ting	43	Son of Tan Choo Pie@ Tan Chang Chai and Uncle of Foo Fang Haur	Executive Director of Spindex Industries Limited since 1 May 2010. Managing Director with effect from 1 July 2013	No Change

BY ORDER OF THE BOARD
Tan Choo Pie @ Tan Chang Chai
Chairman
25 August 2023