

## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

The following historical combined financial information for the Financial Period Under Review have been extracted from the Accountants' Report as set out in Section 14 of this Prospectus.

The historical combined financial information below should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" in Section 12.2 of this Prospectus and our historical combined financial statements and the accompanying notes as set out in the Accountants' Report included in Section 14 of this Prospectus. Our historical combined financial statements have been prepared in accordance with MFRS and IFRS. Our audited combined financial statements for the Financial Period Under Review were not subject to any audit qualifications, modification and disclaimer.

#### 12.1.1 Combined statements of comprehensive income

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	124,425	148,410	170,202	93,015	102,876
Cost of sales	(87,871)	(105,024)	(124,501)	(68,088)	(74,603)
<b>GP</b>	<b>36,554</b>	<b>43,386</b>	<b>45,701</b>	<b>24,927</b>	<b>28,273</b>
Other income	1,770	809	1,120	1,138	588
Administrative expenses	(12,996)	(13,093)	(14,759)	(7,136)	(10,723)
Sales and marketing expenses	(8,539)	(8,672)	(8,757)	(4,673)	(5,380)
<b>Profit from operations</b>	<b>16,789</b>	<b>22,430</b>	<b>23,305</b>	<b>14,256</b>	<b>12,758</b>
Finance cost	(68)	(76)	(47)	(21)	(21)
<b>PBT</b>	<b>16,721</b>	<b>22,354</b>	<b>23,258</b>	<b>14,235</b>	<b>12,737</b>
Income tax expense	(3,219)	(4,982)	(5,275)	(3,016)	(2,694)
<b>Profit for the financial year/period</b>	<b>13,502</b>	<b>17,372</b>	<b>17,983</b>	<b>11,219</b>	<b>10,043</b>
<b>Other comprehensive (loss)/income, net of tax:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign operations	(180)	134	41	229	43
Other comprehensive (loss)/income for the financial year/period	(180)	134	41	229	43
<b>Total comprehensive income for the financial year/period</b>	<b>13,322</b>	<b>17,506</b>	<b>18,024</b>	<b>11,448</b>	<b>10,086</b>

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**12. FINANCIAL INFORMATION (Cont'd)**

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to: -</b>					
Owners of the Group	11,926	15,920	17,307	10,517	8,554
Non-controlling interests	1,576	1,452	676	702	1,489
	<b>13,502</b>	<b>17,372</b>	<b>17,983</b>	<b>11,219</b>	<b>10,043</b>
<b>Total comprehensive income attributable to: -</b>					
Owners of the Group	11,779	16,126	17,340	10,734	8,571
Non-controlling interests	1,543	1,380	684	714	1,515
	<b>13,322</b>	<b>17,506</b>	<b>18,024</b>	<b>11,448</b>	<b>10,086</b>
EBIT <sup>(1)</sup>	16,499	22,070	23,076	14,114	12,507
EBITDA <sup>(1)</sup>	18,792	24,216	25,138	15,242	13,687
GP margin (%) <sup>(2)</sup>	29.4	29.2	26.9	26.8	27.5
PBT margin (%) <sup>(3)</sup>	13.4	15.1	13.7	15.3	12.4
PAT margin (%) <sup>(3)</sup>	10.9	11.7	10.6	12.1	9.8
Effective tax rate (%) <sup>(4)</sup>	19.3	22.3	22.7	21.2	21.2
Basic and diluted EPS (RM) <sup>(5)</sup>	2.86	3.81	4.14	2.52	1.99

**Notes:**

- (1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	13,502	17,372	17,983	11,219	10,043
Less:					
Interest income	(290)	(360)	(229)	(142)	(251)
Add:					
Finance costs	68	76	47	21	21
Taxation	3,219	4,982	5,275	3,016	2,694
<b>EBIT</b>	<b>16,499</b>	<b>22,070</b>	<b>23,076</b>	<b>14,114</b>	<b>12,507</b>
Add:					
Depreciation	2,293	2,146	2,062	1,128	1,180
<b>EBITDA</b>	<b>18,792</b>	<b>24,216</b>	<b>25,138</b>	<b>15,242</b>	<b>13,687</b>

- (2) GP margin is calculated based on GP over revenue.
- (3) PBT or PAT margin is calculated based on PBT or PAT over revenue.
- (4) Effective tax rate is calculated based on tax expenses divided by PBT.
- (5) Basic and diluted EPS is calculated based on PAT for the respective financial years/period attributable to owners of the Group and the weighted average number of ordinary shares outstanding during the financial years/period. There are no potential dilutive securities in issue during the respective Financial Period Under Review.

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**12. FINANCIAL INFORMATION (Cont'd)****12.1.2 Combined statements of financial position**

	Audited			
	As at 31 December			As at 31 July
	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000
<b>Non-current assets</b>				
Property, plant and equipment	5,844	4,178	4,359	4,091
Deferred tax assets	-	-	178	190
Trade and other receivables	-	369	34	-
<b>Total non-current assets</b>	<b>5,844</b>	<b>4,547</b>	<b>4,571</b>	<b>4,281</b>
<b>Current assets</b>				
Inventories	10,262	14,385	16,174	22,695
Current tax assets	525	759	1,137	1,560
Trade and other receivables	44,192	53,436	40,162	47,298
Contract assets	211	-	284	-
Cash and short-term deposits	39,484	43,271	36,826	42,564
<b>Total current assets</b>	<b>94,674</b>	<b>111,851</b>	<b>94,583</b>	<b>114,117</b>
<b>Total assets</b>	<b>100,518</b>	<b>116,398</b>	<b>99,154</b>	<b>118,398</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to owners of the Group</b>				
Invested equity	3,535	3,535	3,625	3,655
Exchange reserve	421	627	660	677
Retained earnings	49,595	47,310	46,770	54,802
	53,551	51,472	51,055	59,134
Non-controlling interests	6,212	6,482	3,340	4,294
<b>Total equity</b>	<b>59,763</b>	<b>57,954</b>	<b>54,395</b>	<b>63,428</b>
<b>Non-current liabilities</b>				
Lease liabilities	536	243	310	516
Provisions	363	417	551	645
Deferred tax liabilities	175	219	183	48
<b>Total non-current liabilities</b>	<b>1,074</b>	<b>879</b>	<b>1,044</b>	<b>1,209</b>
<b>Current liabilities</b>				
Lease liabilities	631	451	422	302
Current tax liabilities	1,139	2,804	2,800	3,142
Trade and other payables	36,493	51,983	39,390	49,516
Contract liabilities	1,418	2,327	1,103	801
<b>Total current liabilities</b>	<b>39,681</b>	<b>57,565</b>	<b>43,715</b>	<b>53,761</b>
<b>Total liabilities</b>	<b>40,755</b>	<b>58,444</b>	<b>44,759</b>	<b>54,970</b>
<b>Total equity and liabilities</b>	<b>100,518</b>	<b>116,398</b>	<b>99,154</b>	<b>118,398</b>

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**12. FINANCIAL INFORMATION (Cont'd)****12.1.3 Historical combined statements of cash flows**

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>				
Profit before tax	16,721	22,354	23,258	12,737
Adjustments for:				
Depreciation of property, plant and equipment	2,293	2,146	2,062	1,180
(Gain)/loss on disposal of property, plant and equipment	(590)	(72)	(79)	1
Unrealised loss/(gain) on foreign exchange	85	580	(403)	(93)
Impairment loss on trade receivables	10	4	(8)	111
Finance cost	68	76	47	21
Finance income	(290)	(360)	(229)	(251)
Bad debts written off	-	-	115	-
Inventories written off	-	32	29	-
Reversal of inventories written off	-	-	(100)	-
Property, plant and equipment written off	-	-	-	8
<b>Operating profit before changes in working capital</b>	<b>18,297</b>	<b>24,760</b>	<b>24,692</b>	<b>13,714</b>
Changes in working capital:				
Inventories	(1,724)	(4,188)	(1,664)	(6,317)
Trade and other receivables	(3,587)	(14,671)	794	(7,139)
Contract assets	(220)	217	(280)	292
Trade and other payables	438	15,351	(3,652)	9,840
Contract liabilities	951	897	(1,251)	(309)
<b>Net cash generated from operations</b>	<b>14,155</b>	<b>22,366</b>	<b>18,639</b>	<b>10,081</b>
Income tax paid	(3,169)	(3,534)	(5,885)	(2,901)
Interest received	290	360	229	251
<b>Net cash from operating activities</b>	<b>11,276</b>	<b>19,192</b>	<b>12,983</b>	<b>7,431</b>
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	(3,493)	(275)	(1,643)	(450)
Proceeds from disposal of property, plant and equipment	2,064	73	185	5
Proceeds from acquisition of equity interest by non-controlling interests	-	-	-	270
Change in pledged deposits	9,007	(1,471)	155	(236)
<b>Net cash from/(used in) investing activities</b>	<b>7,578</b>	<b>(1,673)</b>	<b>(1,303)</b>	<b>(411)</b>
<b>Cash flow from financing activities</b>				
Repayment of lease liabilities	(691)	(726)	(634)	(368)
Net changes in amount owing by a related company	(9,133)	4,180	13,140	-
Net changes in amount owing to directors	(2,169)	(614)	(7,384)	-
Net changes in amount owing to shareholders	-	900	(1,710)	-
Dividends paid	(1,500)	(19,315)	(21,583)	(1,324)
Interest paid	(68)	(76)	(47)	(21)
<b>Net cash used in financing activities</b>	<b>(13,561)</b>	<b>(15,651)</b>	<b>(18,218)</b>	<b>(1,713)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,293</b>	<b>1,868</b>	<b>(6,538)</b>	<b>5,307</b>
Cash and cash equivalents at the beginning of the financial year/period	29,505	34,531	36,847	30,557
Effects of exchange rate changes	(267)	448	248	195
<b>Cash and cash equivalents at the end of the financial year/period</b>	<b>34,531</b>	<b>36,847</b>	<b>30,557</b>	<b>36,059</b>

## 12. FINANCIAL INFORMATION (*Cont'd*)

### 12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and segmental analysis of our Group's financial performance and results of operations for the Financial Period Under Review should be read with the Accountants' Report included in Section 14 of this Prospectus.

The discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements reflecting our current views with respect to future events and our financial performance. Our actual results may differ significantly from those anticipated in the forward looking statements as a result of a number of factors, including, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

#### 12.2.1 Overview of our operations

##### (a) Principal activities

We are principally involved in the provision of imaging, analytical and test solutions used primarily for quality inspection, sample analysis and R&D. We conduct our operation from Malaysia, the PRC, Thailand and Singapore and our customers are manufacturers and industry players from a wide range of industries including semiconductor, E&E, academic, automotive, oil and gas, aviation, life sciences and healthcare.

Our business activities can be segmented as follows:

- (i) Provision of imaging, analytical and test solutions; and
- (ii) Provision of after-sales services.

Please refer to Section 7.2 of this Prospectus for our Group's detailed business overview.

##### (b) Revenue

Our revenue comprises the provision of imaging, analytical and test solutions and provision of after-sales services, and is derived from local and overseas markets. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Our Group recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

###### ***Provision of imaging, analytical and test solutions***

Revenue from provision of imaging, analytical and test solutions is recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

###### ***Provision of after-sales services***

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously.

## 12. FINANCIAL INFORMATION (Cont'd)

### (c) Cost of sales

Our cost of sales comprises cost of equipment and parts, staff related costs, transportation charges and others, details are as follows:

#### (i) Cost of equipment and service parts

Our cost of equipment and service parts comprise mainly cost of equipment we purchase from our suppliers and the cost of consumables for after-sales services which include filaments, solvents, valves and glass slides.

#### (ii) Staff related costs

Our staff related costs comprise mainly salaries and statutory contributions of our service and support team.

#### (iii) Transportation charges

Our transportation charges comprise mainly the freight inwards, transportation and handling charges for the purchase of equipment and consumables.

#### (iv) Others

Other operating costs comprise mainly duties and taxes, bank charges, and insurance expenses.

### (d) Other income

Other income comprises mainly gain on disposal of property, plant and equipment, interest income, government grant and subsidy, unrealised gain on foreign exchange, and rental income.

### (e) Sales and marketing expenses

Sales and marketing expenses comprise mainly staff-related costs, travelling expenses, and freight and courier charges.

### (f) Administrative expenses

Administrative expenses comprise mainly administrative staff-related costs, directors' remuneration, depreciation, and travelling expenses.

### (g) Finance costs

Finance costs comprise interest expenses on hire purchase and lease liabilities.

### (h) Subsequent events

Save as disclosed below, there were no other significant events subsequent to our audited combined financial statements for FPE 2023:

#### (i) Movement of equity interests in Crest Thailand

On 23 August 2023, the directors of Crest acquired 30,600 ordinary shares in Crest Thailand for a cash consideration of THB3,366,000. The effective ownership in Crest Thailand increased from 49.0% to 100.0% as a result of the additional shares acquired.

On 21 September 2023, Crest Thailand issued 62,449 preference shares at par value of THB100 with a premium of THB9.99 per preference share to a shareholder.

## 12. FINANCIAL INFORMATION (Cont'd)

### (ii) Dividend declared

On 21 August 2023, Crest Thailand declared a single-tier dividend of THB14.26 per ordinary share in respect of the financial year ended 31 December 2022, paid on 11 September 2023.

On 7 December 2023, Crest Systems declared a special final dividend of RM14.00 per ordinary share in respect of the financial year ended 31 December 2022, paid on 12 December 2023.

### (iii) Acquisitions of subsidiaries

On 17 January 2024, Crest entered into conditional agreements for the acquisitions of Crest Systems, Crest Analytic, Matrix Optics, Crest Lab, Matrix Innovations, Crest Nanosolutions, Matrix Biosciences, Crest Innovation, Crest Upstar, Crest Thailand, and Crest Suzhou. Please refer to Note 29 of the Accountants' Report for further details on these acquisitions.

### (i) Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Period Under Review. In addition, our audited combined financial statements for the Financial Period Under Review were not subject to any audit qualifications.

### (j) Significant factors affecting our business

Section 9 of this Prospectus details the risk factors relating to our business and the industry in which we operate in. Some of these risk factors have an impact on our revenue and financial performance. The main factors which affect revenues and profits include but are not limited to the following:

#### (i) We are reliant on our equipment principals

Our Group does not manufacture or develop the equipment, therefore, we rely partnerships with our equipment principals for the supply of equipment in order to meet the customers' demands. Should our principals cease the distribution of specific equipment or alter their business direction, our Group will need to seek alternative equipment principals.

Although we have established a long-standing relationship with our top 2 major suppliers, there is no assurance that there will be no disruption in supply from, or change in the relationship with our top 2 major suppliers moving forward. As at the LPD, we have not been informed of any potential changes in the business strategies of our product principals, nor have we encountered any disputes or disagreements with our suppliers which may materially affect our supply chain and business operations.

#### (ii) We are exposed to fluctuations in foreign exchange rates

We are exposed to fluctuations in foreign exchange rates as a portion of our sales and purchases are transacted in foreign currencies. As such, any significant changes in foreign exchange rates may affect our financial results. Please refer to Section 12.11 of this Prospectus for the breakdown of our revenue and purchases transacted in RM and the respective foreign currencies during the Financial Period Under Review.

The financial statements of our subsidiaries in Singapore are denominated in USD, whereas our subsidiaries in Thailand and the PRC are denominated in their respective local currencies, THB and RMB. Therefore, any future fluctuations in foreign currencies against the RM may have an impact on our Group's reported profits.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.2 Revenue****(a) Analysis of revenue by business segment**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<b>Provision of imaging, analytical and test solutions<sup>(1)</sup></b>	<b>91,752</b>	<b>73.7</b>	<b>115,920</b>	<b>78.1</b>	<b>142,239</b>	<b>83.6</b>
• Advanced imaging equipment	36,226	29.1	41,349	27.9	53,025	31.2
• Optical and portable equipment	27,894	22.4	30,046	20.2	38,544	22.7
• Advanced analytical and testing equipment	13,111	10.5	19,886	13.4	29,945	17.6
• Sample management equipment	4,584	3.7	12,603	8.5	10,631	6.2
• Other equipment	9,937	8.0	12,036	8.1	10,094	5.9
<b>Provision of after-sales services<sup>(2)</sup></b>	<b>32,673</b>	<b>26.3</b>	<b>32,490</b>	<b>21.9</b>	<b>27,963</b>	<b>16.4</b>
<b>Total</b>	<b>124,425</b>	<b>100.0</b>	<b>148,410</b>	<b>100.0</b>	<b>170,202</b>	<b>100.0</b>

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
<b>Provision of imaging, analytical and test solutions<sup>(1)</sup></b>	<b>77,087</b>	<b>82.9</b>	<b>86,778</b>	<b>84.4</b>
• Advanced imaging equipment	27,017	29.0	32,697	31.8
• Optical and portable equipment	20,537	22.1	22,967	22.3
• Advanced analytical and testing equipment	18,205	19.6	17,663	17.2
• Sample management equipment	6,033	6.5	7,284	7.1
• Other equipment	5,295	5.7	6,167	6.0
<b>Provision of after-sales services<sup>(2)</sup></b>	<b>15,928</b>	<b>17.1</b>	<b>16,098</b>	<b>15.6</b>
<b>Total</b>	<b>93,015</b>	<b>100.0</b>	<b>102,876</b>	<b>100.0</b>

**Notes:**

- (1) Includes revenue generated from equipment rental of 0.79%, 1.11%, 1.24%, 1.23% and 0.93% to our Group's total revenue in the FYE 2020, FYE 2021, FYE 2022, FPE 2022 and FPE 2023, respectively.
- (2) Includes revenue generated from the provision of lab services of 0.07%, 0.12%, 0.04%, 0.01% and 0.01% to our Group's total revenue in the FYE 2020, FYE 2021, FYE 2022, FPE 2022 and FPE 2023, respectively.

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**12. FINANCIAL INFORMATION (Cont'd)****(b) Analysis of revenue by geographical market**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<b>Malaysia</b>	61,697	49.6	67,862	45.7	79,933	47.0
<b>Overseas</b>						
- China	23,045	18.5	29,127	19.6	47,838	28.1
- Thailand	25,812	20.7	37,932	25.6	29,733	17.5
- Singapore	11,151	9.0	11,262	7.6	9,886	5.8
- Others <sup>(1)</sup>	2,720	2.2	2,227	1.5	2,812	1.6
	<u>62,728</u>	<u>50.4</u>	<u>80,548</u>	<u>54.3</u>	<u>90,269</u>	<u>53.0</u>
<b>Total</b>	<b><u>124,425</u></b>	<b><u>100.0</u></b>	<b><u>148,410</u></b>	<b><u>100.0</u></b>	<b><u>170,202</u></b>	<b><u>100.0</u></b>
	Unaudited		Audited			
	FPE 2022		FPE 2023			
	RM'000	%	RM'000	%		
<b>Malaysia</b>	53,582	57.6	39,051	38.0		
<b>Overseas</b>						
- China	10,433	11.2	22,597	22.0		
- Thailand	21,626	23.3	29,014	28.2		
- Singapore	5,722	6.1	7,634	7.4		
- Others <sup>(1)</sup>	1,652	1.8	4,580	4.4		
	<u>39,433</u>	<u>42.4</u>	<u>63,825</u>	<u>62.0</u>		
<b>Total</b>	<b><u>93,015</u></b>	<b><u>100.0</u></b>	<b><u>102,876</u></b>	<b><u>100.0</u></b>		

**Note:**

<sup>(1)</sup> Comprise mainly revenue contribution from our customers in Hong Kong, Vietnam, and Brunei.

**Comparison between FYE 2020 and FYE 2021**

Our revenue increased by RM24.0 million or 19.3%, to RM148.4 million for FYE 2021 (FYE 2020: RM124.4 million), mainly contributed by the higher revenue recorded for the provision of imaging, analytical and test solutions segment during FYE 2021.

Revenue contribution from Malaysia amounted to RM67.9 million or 45.7% of our total revenue for FYE 2021 (FYE 2020: RM61.7 million), mainly due to higher revenue from the sales of sample management equipment.

The overseas market contributed RM80.5 million or 54.3% of our total revenue for FYE 2021 (FYE 2020: RM62.7 million), mainly driven by Thailand (25.6%) and China (19.6%), which recorded higher revenue for the sales of advanced analytical and testing equipment, and advanced imaging equipment respectively.

***Provision of imaging, analytical and test solutions***

The provision of imaging, analytical and test solutions segment recorded an increase in revenue of RM24.1 million or 26.2%, to RM115.9 million for FYE 2021 (FYE 2020: RM91.8 million), mainly due to the following:

- i) higher revenue from the sales of advanced imaging equipment, which increased by RM5.1 million or 14.1%, to RM41.3 million for FYE 2021 (FYE 2020: RM36.2 million). This was primarily driven by higher sales of acoustic micro imaging equipment, which increased by RM12.0 million in FYE 2021, mainly due to higher sales to customers in Malaysia and China. Such an increase was narrowed by the lower sales of X-ray inspection equipment, which decreased by RM7.3 million in FYE 2021, mainly due to lower sales to customers in Malaysia;

## 12. FINANCIAL INFORMATION (Cont'd)

- ii) higher revenue from the sales of optical and portable equipment, which increased by RM2.1 million or 7.5%, to RM30.0 million for FYE 2021 (FYE 2020: RM27.9 million), mainly driven by the increase in sales of industrial microscope to customers in Malaysia and China;
- iii) higher revenue from the sales of advanced analytical and testing equipment, which increased by RM6.8 million or 51.9%, to RM19.9 million for FYE 2021 (FYE 2020: RM13.1 million). This was mainly driven by the increase in sales of X-ray diffraction equipment and bond testing equipment to customers in Thailand as well as higher sales of Raman spectroscopy equipment to customers in Malaysia. The sales of these equipment collectively increased by RM6.9 million for FYE 2021; and
- iv) higher revenue from the sales of sample management equipment, which increased by RM8.0 million or 173.9%, to RM12.6 million for FYE 2021 (FYE 2020: RM4.6 million), mainly driven by the increase in sales of fluid dispensing solutions, histology processing system, integrated wafer handler and inspector to customers in Malaysia. The sales of these equipment collectively increased by RM6.2 million for FYE 2022.

### ***Provision of after-sales services***

Revenue from the provision of after-sales services segment remains consistent at RM32.5 million for FYE 2021 (FYE 2020: RM32.7 million).

### **Comparison between FYE 2021 and FYE 2022**

Our revenue further improved by RM21.8 million or 14.7%, to RM170.2 million for FYE 2022 (FYE 2021: RM148.4 million), mainly contributed by the higher revenue recorded for the provision of imaging, analytical and test solutions segment. Such an increase was partially offset by the decrease in revenue from the provision of after-sales services.

Revenue contribution from Malaysia amounted to RM79.9 million or 47.0% of our total revenue for FYE 2022 (FYE 2021: RM67.9 million), mainly due to higher revenue from the sales of advanced analytical and testing equipment.

The overseas market contributed RM90.3 million or 53.0% of our total revenue for FYE 2022 (FYE 2021: RM80.5 million), mainly driven by China (28.1%), which recorded higher revenue from the sales of advanced imaging equipment.

### ***Provision of imaging, analytical and test solutions***

The provision of imaging, analytical and test solutions segment recorded an increase in revenue of RM26.3 million or 22.7%, to RM142.2 million for FYE 2022 (FYE 2021: RM115.9 million), mainly due to the following:

- i) higher revenue from the sales of advanced imaging equipment, which increased by RM11.7 million or 28.3%, to RM53.0 million for FYE 2022 (FYE 2021: RM41.3 million), mainly driven by the increase in sales of automatic X-ray inspection equipment, acoustic micro imaging equipment, and electron microscope to customers in Thailand, China, and Malaysia. The sales of these equipment collectively increased by RM12.6 million for FYE 2022;
- ii) higher revenue from the sales of optical and portable equipment, which increased by RM8.5 million or 28.3%, to RM38.5 million for FYE 2022 (FYE 2021: RM30.0 million), mainly driven by the increase in sales of industrial microscope, remote visual inspection equipment, life science and clinical microscope to customers in Malaysia and China. The sales of these equipment collectively increased by RM8.4 million for FYE 2022; and

## 12. FINANCIAL INFORMATION (Cont'd)

- iii) higher revenue from the sales of advanced analytical and testing equipment, which increased by RM10.0 million or 50.3%, to RM29.9 million for FYE 2022 (FYE 2021: RM19.9 million). This was mainly driven by higher sales of bond testing equipment, X-ray photoelectron spectroscope, nano probing equipment, and coplanarity tester to customers in China, Malaysia, and Thailand, which collectively increased by RM16.1 million for FYE 2022. Such increases were narrowed by the lower revenue from X-ray diffraction equipment and Raman spectroscopy equipment to customers in Malaysia and Thailand which collectively decreased by RM6.5 million for FYE 2022.

### ***Provision of after-sales services***

Revenue from the provision of after-sales services segment decreased by RM4.5 million or 13.8%, to RM28.0 million for FYE 2022 (FYE 2021: RM32.5 million). This was mainly due to the cessation of service contracts during September 2021.

### **Comparison between FPE 2022 and FPE 2023**

Our revenue increased by RM9.9 million or 10.6%, to RM102.9 million for FPE 2023 (FPE 2022: RM93.0 million), mainly contributed by the higher revenue recorded for the provision of imaging, analytical and test solutions segment during FPE 2023.

Revenue contribution from Malaysia amounted to RM39.1 million or 38.0% of our total revenue for FPE 2023 (FPE 2022: RM53.6 million), mainly due to lower revenue from the sales of advanced imaging equipment and advanced analytical and testing equipment.

The overseas market contributed to RM63.8 million or 62.0% of our total revenue for FPE 2023 (FPE 2022: RM39.4 million), mainly driven by China (22.0%) and Thailand (28.2%), which recorded higher revenue from the sales of advanced imaging equipment and advanced analytical and testing equipment.

### ***Provision of imaging, analytical and test solutions***

The provision of imaging, analytical and test solutions segment recorded an increase in revenue of RM9.7 million or 12.6%, to RM86.8 million for FPE 2023 (FPE 2022: RM77.1 million), mainly due to the following:

- i) higher revenue from the sales of advanced imaging equipment, which increased by RM5.7 million or 21.1%, to RM32.7 million for FPE 2023 (FPE 2022: RM27.0 million). This was mainly driven by the increase in sales of X-ray inspection equipment and acoustic micro imaging equipment to customers in China and Hong Kong. The sales of these equipment collectively increased by RM7.8 million for FPE 2023. Such an increase was narrowed by the lower sales of automatic X-ray inspection equipment, which decreased by RM1.8 million, due to lower sales to customers in Malaysia;
- ii) higher revenue from the sales of optical and portable equipment, which increased by RM2.5 million or 12.2%, to RM23.0 million for FPE 2023 (FPE 2022: RM20.5 million), mainly driven by the increase in sales of industrial microscope to customers in China; and
- iii) higher revenue from the sales of sample management equipment, which increased by RM1.3 million or 21.7%, to RM7.3 million for FPE 2023 (FPE 2022: RM6.0 million), mainly driven by higher sales of histology processing system to customers in Malaysia.

### ***Provision of after-sales services***

Revenue from the provision of after-sales services segment remains consistent at RM16.1 million for FPE 2023 (FPE 2022: RM15.9 million).

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.2.3 Cost of sales, GP and GP margin

#### Analysis of cost of sales by cost component

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
Cost of equipment and-service parts	78,665	89.5	96,253	91.6	116,644	93.7
Staff related costs	6,512	7.4	6,406	6.1	4,255	3.4
Transportation charges	1,273	1.5	1,096	1.1	1,778	1.4
Others <sup>(1)</sup>	1,421	1.6	1,269	1.2	1,824	1.5
<b>Total</b>	<b>87,871</b>	<b>100.0</b>	<b>105,024</b>	<b>100.0</b>	<b>124,501</b>	<b>100.0</b>

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
Cost of equipment and-service parts	63,442	93.2	70,311	94.2
Staff related costs	2,466	3.6	2,661	3.6
Transportation charges	1,068	1.6	871	1.2
Others <sup>(1)</sup>	1,112	1.6	760	1.0
<b>Total</b>	<b>68,088</b>	<b>100.0</b>	<b>74,603</b>	<b>100.0</b>

**Note:**

(1) Comprise mainly duties and taxes, bank charges, and insurance expenses.

#### Analysis of cost of sales by business segment

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%
<b>Provision of imaging, analytical and test solutions</b>	<b>68,375</b>	<b>77.8</b>	<b>84,003</b>	<b>80.0</b>	<b>106,029</b>	<b>85.2</b>
• Advanced imaging equipment	28,623	32.6	31,738	30.2	40,951	32.9
• Optical and portable equipment	19,003	21.6	19,861	18.9	27,365	22.0
• Advanced analytical and testing equipment	10,092	11.5	14,452	13.8	23,072	18.5
• Sample management equipment	3,633	4.1	9,406	9.0	7,494	6.0
• Other equipment	7,024	8.0	8,546	8.1	7,147	5.8
<b>Provision of after-sales services</b>	<b>19,496</b>	<b>22.2</b>	<b>21,021</b>	<b>20.0</b>	<b>18,472</b>	<b>14.8</b>
<b>Total</b>	<b>87,871</b>	<b>100.0</b>	<b>105,024</b>	<b>100.0</b>	<b>124,501</b>	<b>100.0</b>

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	RM'000	%	RM'000	%
<b>Provision of imaging, analytical and test solutions</b>	<b>57,044</b>	<b>83.8</b>	<b>64,429</b>	<b>86.4</b>
• Advanced imaging equipment	20,582	30.2	24,528	32.9
• Optical and portable equipment	14,537	21.4	17,104	22.9
• Advanced analytical and testing equipment	13,812	20.3	13,130	17.6
• Sample management equipment	4,359	6.4	5,295	7.1
• Other equipment	3,754	5.5	4,372	5.9
<b>Provision of after-sales services</b>	<b>11,044</b>	<b>16.2</b>	<b>10,174</b>	<b>13.6</b>
<b>Total</b>	<b>68,088</b>	<b>100.0</b>	<b>74,603</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)****Analysis of GP and GP margin by business segment**

	Audited					
	FYE 2020		FYE 2021		FYE 2022	
	GP RM'000	GP Margin %	GP RM'000	GP Margin %	GP RM'000	GP Margin %
<b>Provision of imaging, analytical and test solutions</b>	<b>23,377</b>	<b>25.5</b>	<b>31,917</b>	<b>27.5</b>	<b>36,210</b>	<b>25.5</b>
• Advanced imaging equipment	7,603	21.0	9,611	23.2	12,074	22.8
• Optical and portable equipment	8,891	31.9	10,185	33.9	11,179	29.0
• Advanced analytical and testing equipment	3,019	23.0	5,434	27.3	6,873	23.0
• Sample management equipment	951	20.7	3,197	25.4	3,137	29.5
• Other equipment	2,913	29.3	3,490	29.0	2,947	29.2
<b>Provision of after-sales services</b>	<b>13,177</b>	<b>40.3</b>	<b>11,469</b>	<b>35.3</b>	<b>9,491</b>	<b>33.9</b>
<b>Total</b>	<b>36,554</b>	<b>29.4</b>	<b>43,386</b>	<b>29.2</b>	<b>45,701</b>	<b>26.9</b>

  

	Unaudited		Audited	
	FPE 2022		FPE 2023	
	GP RM'000	GP Margin %	GP RM'000	GP Margin %
<b>Provision of imaging, analytical and test solutions</b>	<b>20,043</b>	<b>26.0</b>	<b>22,349</b>	<b>25.8</b>
• Advanced imaging equipment	6,435	23.8	8,169	25.0
• Optical and portable equipment	6,000	29.2	5,863	25.5
• Advanced analytical and testing equipment	4,393	24.1	4,533	25.7
• Sample management equipment	1,674	27.7	1,989	27.3
• Other equipment	1,541	29.1	1,795	29.1
<b>Provision of after-sales services</b>	<b>4,884</b>	<b>30.7</b>	<b>5,924</b>	<b>36.8</b>
<b>Total</b>	<b>24,927</b>	<b>26.8</b>	<b>28,273</b>	<b>27.5</b>

**Comparison between FYE 2020 and FYE 2021**

Our cost of sales increased by RM17.1 million or 19.5%, to RM105.0 million for FYE 2021 (FYE 2020: RM87.9 million). This was mainly contributed by the provision of imaging, analytical and test solutions segment, which was in line with the revenue growth in FYE 2021.

Our GP increased by RM6.8 million or 18.6% to RM43.4 million for FYE 2021 (FYE 2020: RM36.6 million). Our provision of imaging, analytical and test solutions segment was the main contributor to our GP, which recorded an increase of RM8.5 million or 36.3% to RM31.9 million for FYE 2021 (FYE 2020: RM23.4 million).

Our overall GP margin remains consistent at 29.2% for FYE 2021 (FYE 2020: 29.4%). This was contributed by the improved GP margin of our provision of imaging, analytical and test solutions segment, and partially offset by the lower GP margin of our provision of after-sales services segment.

**Provision of imaging, analytical and test solutions**

Our cost of sales for the provision of imaging, analytical and test solutions increased by RM15.6 million or 22.8%, to RM84.0 million for FYE 2021 (FYE 2020: RM68.4 million). Such an increase mainly resulted from the increase in cost of equipment, which was in tandem with the increase in revenue for this segment.

Our GP for this segment increased by RM8.5 million or 36.3%, to RM31.9 million for FYE 2021 (FYE 2020: RM23.4 million), resulting from the higher GP recorded for all the equipment under this segment. The GP margin for this segment improved to 27.5% for FYE 2021 (FYE 2020: 25.5%) mainly due to the following:

## 12. FINANCIAL INFORMATION (Cont'd)

- i) our GP margin for advanced imaging equipment improved from 21.0% for FYE 2020 to 23.2% for FYE 2021, primarily contributed by the higher GP margin from the sales of X-ray inspection equipment and acoustic micro imaging equipment;
- ii) our GP margin for optical and portable equipment improved from 31.9% for FYE 2020 to 33.9% for FYE 2021, primarily contributed by the higher GP margin from the sales of industrial microscope and remote visual inspection equipment;
- iii) our GP margin for advanced analytical and testing equipment improved from 23.0% for FYE 2020 to 27.3% for FYE 2021, primarily contributed by the higher GP margin from the sales of X-ray diffraction equipment; and
- iv) our GP margin for sample management equipment improved from 20.7% for FYE 2020 to 25.4% for FYE 2021 primarily contributed by the higher GP margin from the sales of integrated wafer handler and inspector and shielded isolator hot cell.

### ***Provision of after-sales services***

Our cost of sales for the provision of after-sales services increased by RM1.5 million or 7.7%, to RM21.0 million for FYE 2021 (FYE 2020: RM19.5 million), despite the decrease in our revenue for FYE 2021.

As such, our GP for this segment decreased by RM1.7 million or 12.9%, to RM11.5 million for FYE 2021 (FYE 2020: RM13.2 million) and we recorded a lower GP margin of 35.3% for FYE 2021 (FYE 2020: 40.3%). This was primarily due to the increased purchase prices of service parts in FYE 2021.

### **Comparison between FYE 2021 and FYE 2022**

Our cost of sales increased by RM19.5 million or 18.6%, to RM124.5 million for FYE 2022 (FYE 2021: RM105.0 million). This was mainly contributed by the provision of imaging, analytical and test solutions segment, which was in line with the revenue growth in FYE 2022.

Our GP increased by RM2.3 million or 5.3%, to RM45.7 million for FYE 2022 (FYE 2021: RM43.4 million). Our provision of imaging, analytical and test solutions segment was the main contributor to our GP, which recorded an increase of RM4.3 million or 13.4%, to RM36.2 million for FYE 2022 (FYE 2021: RM31.9 million).

Our overall GP margin decreased to 26.9% for FYE 2022 (FYE 2021: 29.2%). This was contributed by the lower GP margin of our provision of imaging, analytical and test solutions segment, and the provision of after-sales services segment.

### ***Provision of imaging, analytical and test solutions***

Our cost of sales for the provision of imaging, analytical and test solutions increased by RM22.0 million or 26.2%, to RM106.0 million for FYE 2022 (FYE 2021: RM84.0 million) which was in tandem with the increase in revenue for this segment for FYE 2022.

Our GP for this segment increased by RM4.3 million or 13.4%, to RM36.2 million for FYE 2022 (FYE 2021: RM31.9 million) and we recorded a lower GP margin of 25.5% for FYE 2022 (FYE 2021: 27.5%) mainly due to the following:

- i) our GP margin for optical and portable equipment decreased from 33.9% for FYE 2021 to 29.0% for FYE 2022, primarily contributed by the lower GP margin from the sales of industrial microscope, remote visual inspection equipment, and life science and clinical microscope; and
- ii) our GP margin for advanced analytical and testing equipment decreased from 27.3% for FYE 2021 to 23.0% for FYE 2022, primarily contributed by the lower GP margin from the sales of X-ray diffraction equipment.



## 12. FINANCIAL INFORMATION (Cont'd)

The above-mentioned decreases in GP margin were partially offset by the increase in GP margin from the sales of sample management equipment from 25.4% for FYE 2021 to 29.5% for FYE 2022, mainly contributed by the sales of micro cantilevers.

### ***Provision of after-sales services***

Our cost of sales for the provision of after-sales services decreased by RM2.5 million or 11.9%, to RM18.5 million for FYE 2022 (FYE 2021: RM21.0 million), which was lower than the decrease in revenue of 13.8%.

As such, our GP for this segment decreased by RM2.0 million or 17.4%, to RM9.5 million for FYE 2022 (FYE 2021: RM11.5 million) and we recorded a lower GP margin of 33.9% for FYE 2022 (FYE 2021: 35.3%). This was primarily attributable to the increased purchase prices of service parts due to weakening of RM against USD in FYE 2022.

### **Comparison between FPE 2022 and FPE 2023**

Our cost of sales increased by RM6.5 million or 9.5%, to RM74.6 million for FPE 2023 (FPE 2022: RM68.1 million). This was mainly contributed by the provision of imaging, analytical and test solutions segment, which was in line with the revenue growth in FPE 2023.

Our GP increased by RM3.4 million or 13.7%, to RM28.3 million for FPE 2023 (FPE 2022: RM24.9 million). Our provision of imaging, analytical and test solutions segment was the main contributor to our GP, which recorded an increase of RM2.3 million or 11.5%, to RM22.3 million for FPE 2023 (FPE 2022: RM20.0 million).

Our overall GP margin improved to 27.5% for FPE 2023 (FPE 2022: 26.8%), mainly due to the higher GP margin recorded for the provision of after-sales segment.

### ***Provision of imaging, analytical and test solutions***

Our cost of sales for the provision of imaging, analytical and test solutions increased by RM7.4 million or 13.0%, to RM64.4 million for FPE 2023 (FPE 2022: RM57.0 million), which was in tandem with the increase in revenue for this segment for FPE 2023.

Our GP for this segment increased by RM2.3 million or 11.5%, to RM22.3 million for FPE 2023 (FPE 2022: RM20.0 million) and we recorded a GP margin of 25.8% for FPE 2023 (FPE 2022: 26.0%), mainly due to the net effects of the following:

- i) our GP margin for optical and portable equipment decreased from 29.2% for FPE 2022 to 25.5% for FPE 2023, primarily contributed by the lower GP margin from the sales of industrial microscope; and
- ii) our GP margin for advanced analytical and testing equipment improved from 24.1% for FPE 2022 to 25.7% for FPE 2023, mainly contributed by the sales of bond testing equipment.

### ***Provision of after-sales services***

Our cost of sales for the provision of after-sales service decreased by RM0.8 million or 7.3%, to RM10.2 million for FPE 2023 (FPE 2022: RM11.0 million) despite the increase in revenue of RM0.2 million.

As such, our GP for this segment increased by RM1.0 million or 20.4%, to RM5.9 million (FPE 2022: RM4.9 million), and we recorded an improved GP margin of 36.8% for FPE 2023 (FPE 2022: 30.7%). This was mainly due to the lower purchase of service parts for this segment during FPE 2023.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.4 Other income**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Realised gain on foreign exchange	129	7.3	-	-	-	-
Unrealised gain on foreign exchange	-	-	-	-	403	36.0
Interest income <sup>(1)</sup>	290	16.4	360	44.5	229	20.4
Rental income <sup>(2)</sup>	168	9.5	168	20.8	221	19.7
Sponsorship <sup>(3)</sup>	-	-	-	-	26	2.3
Deposit forfeited <sup>(4)</sup>	158	8.9	-	-	-	-
Government grant and subsidy <sup>(5)</sup>	311	17.6	52	6.4	16	1.4
Gain on disposal of property, plant, and equipment	593	33.5	72	8.9	79	7.1
Reversal of inventories written off	-	-	-	-	100	8.9
Other income from registered provident fund	22	1.2	87	10.8	20	1.8
Others <sup>(6)</sup>	99	5.6	70	8.6	26	2.4
	<b>1,770</b>	<b>100.0</b>	<b>809</b>	<b>100.0</b>	<b>1,120</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Realised gain on foreign exchange	-	-	-	-
Unrealised gain on foreign exchange	776	68.2	93	15.8
Interest income <sup>(1)</sup>	142	12.5	251	42.7
Rental income <sup>(2)</sup>	162	14.2	59	10.0
Sponsorship <sup>(3)</sup>	13	1.1	119	20.2
Deposit forfeited <sup>(4)</sup>	-	-	-	-
Government grant and subsidy <sup>(5)</sup>	4	0.4	-	-
Gain on disposal of property, plant, and equipment	-	-	1	0.2
Reversal of inventories written off	-	-	-	-
Other income from registered provident fund	12	1.1	-	-
Others <sup>(6)</sup>	29	2.5	65	11.1
	<b>1,138</b>	<b>100.0</b>	<b>588</b>	<b>100.0</b>

**Notes:**

- (1) Comprises mainly interest received from our fixed deposits and current accounts.
- (2) Comprises income from rental of office.
- (3) Comprises income provided by principals for participation in promotional activities.
- (4) Comprises deposit forfeited in relation to cancellation of order.
- (5) Comprises mainly job support scheme in relation to COVID-19, childcare leave claims & wage credit scheme from the Singapore Government.
- (6) Comprises mainly rebates for the purchase of computer and software and rebates for telephone bills.

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**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2020 and FYE 2021**

Our other income decreased by RM1.0 million or 55.6%, to RM0.8 million for FYE 2021 (FYE 2020: RM1.8 million) mainly due to the following:

- (i) gain on disposal of property, plant and equipment decreased by RM0.5 million for FYE 2021 as more units of demonstration equipment were disposed of in FYE 2020; and
- (ii) government grant and subsidy decreased by RM0.3 million due to lower subsidies for job support scheme payout from Singapore Government.

**Comparison between FYE 2021 and FYE 2022**

Our other income increased by RM0.3 million or 37.5%, to RM1.1 million for FYE 2022 (FYE 2021: RM0.8 million). This was mainly due to the unrealised gain on foreign exchange of RM0.4 million in FYE 2022, primarily attributable to the strengthening of USD against RM.

The above increase was narrowed by the lower interest income recorded in FYE 2022, which decreased by RM0.1 million.

**Comparison between FPE 2022 and FPE 2023**

Our other income decreased by RM0.5 million or 45.5%, to RM0.6 million for FPE 2023 (FPE 2022: RM1.1 million). This was mainly due to the lower unrealised gain on foreign exchange, which decreased by RM0.7 million, primarily resulting from the outstanding payables denominated in USD, impacted by the strengthening of USD against RM.

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**12. FINANCIAL INFORMATION (Cont'd)****12.2.5 Administrative expenses**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff-related costs	4,788	36.8	4,680	35.8	5,294	35.9
Directors' remuneration	1,640	12.6	1,752	13.4	1,616	10.9
Depreciation	2,293	17.7	2,146	16.4	2,062	14.0
Travelling expenses	1,595	12.3	1,242	9.5	1,998	13.5
Utilities	432	3.3	383	2.9	364	2.5
Realised loss on foreign exchange	-	-	248	1.9	515	3.5
Unrealised loss on foreign exchange	85	0.7	580	4.4	-	-
Upkeep expenses <sup>(1)</sup>	375	2.9	274	2.1	426	2.9
Rental expenses	554	4.3	554	4.2	523	3.5
Professional fee	188	1.4	275	2.1	537	3.6
Bad debts	-	-	-	-	115	0.8
Others <sup>(2)</sup>	1,046	8.0	959	7.3	1,309	8.9
	<b>12,996</b>	<b>100.0</b>	<b>13,093</b>	<b>100.0</b>	<b>14,759</b>	<b>100.0</b>

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff-related costs	2,658	37.3	3,943	36.8
Directors' remuneration	911	12.8	870	8.1
Depreciation	1,128	15.8	1,180	11.0
Travelling expenses	923	12.9	1,323	12.3
Utilities	226	3.2	211	2.0
Realised loss on foreign exchange	77	1.1	645	6.0
Unrealised loss on foreign exchange	-	-	-	-
Upkeep expenses <sup>(1)</sup>	283	4.0	255	2.4
Rental expenses	307	4.2	367	3.4
Professional fee	107	1.5	1,002	9.3
Bad debts	-	-	-	-
Others <sup>(2)</sup>	516	7.2	927	8.7
	<b>7,136</b>	<b>100.0</b>	<b>10,723</b>	<b>100.0</b>

**Notes:**

- (1) Comprises upkeep expenses incurred for motor vehicle, office, and demonstration units.
- (2) Comprises mainly office expenses and motor vehicle expenses.

**Comparison between FYE 2020 and FYE 2021**

Our administrative expenses increased by RM0.1 million or 0.8% to RM13.1 million (FYE 2020: RM13.0 million) mainly due to the following:

- (i) increase of RM0.5 million in unrealised loss on foreign exchange due to outstanding payables denominated in USD, impacted by the strengthening of USD against RM; and
- (ii) increase of RM0.2 million in realised loss on foreign exchange due to strengthening of USD against RM.

The abovementioned increases were partially offset by the following:

- (i) decrease of RM0.4 million in travelling expenses due to decrease in business travels following the travel restrictions imposed by governments due to COVID-19; and
- (ii) decrease of RM0.2 million in depreciation expenses.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FYE 2021 and FYE 2022**

Our administrative expenses increased by RM1.7 million or 13.0%, to RM14.8 million for FYE 2022 (FYE 2021: RM13.1 million), mainly attributable to the following:

- (i) increase of RM0.6 million in staff costs, mainly due to higher staff salaries resulting from salary adjustments and bonuses paid during FYE 2022; and
- (ii) increase of RM0.8 million in travelling expenses resulting from the increase in business travels following the relaxation of travel restrictions imposed by governments.

**Comparison between FPE 2022 and FPE 2023**

Our administrative expenses increased by RM3.6 million or 50.7% to RM10.7 million for FPE 2023 (FPE 2022: RM7.1 million), mainly attributable to the following:

- (i) increase of RM1.3 million in staff costs, mainly due to salary adjustments and increase in accrued bonuses;
- (ii) increase of RM0.9 million in professional fee, mainly due to professional fees incurred for the Listing; and
- (iii) increase of RM0.6 million in realised loss on foreign exchange due to strengthening of USD against RM.

**12.2.6 Sales and marketing expenses**

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Staff-related costs	7,587	88.9	7,820	90.2	7,898	90.2
Travelling expenses	350	4.1	307	3.5	333	3.8
Freight and courier charges	497	5.8	473	5.5	350	4.0
Others <sup>(1)</sup>	105	1.2	72	0.8	176	2.0
	<b>8,539</b>	<b>100.0</b>	<b>8,672</b>	<b>100.0</b>	<b>8,757</b>	<b>100.0</b>
	<b>Unaudited</b>		<b>Audited</b>			
	<b>FPE 2022</b>		<b>FPE 2023</b>			
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>		
Staff-related costs	4,157	89.0	4,764	88.6		
Travelling expenses	179	3.8	231	4.3		
Freight and courier charges	169	3.6	158	2.9		
Others <sup>(1)</sup>	168	3.6	227	4.2		
	<b>4,673</b>	<b>100.0</b>	<b>5,380</b>	<b>100.0</b>		

**Notes:**

- (1) Mainly comprises exhibition costs and entertainment expenses.

**Comparison between FYE 2020 and FYE 2021**

Our sales and marketing expenses for FYE 2021 did not fluctuate significantly from FYE 2020.

**Comparison between FYE 2021 and FYE 2022**

Our sales and marketing expenses for FYE 2022 did not fluctuate significantly from FYE 2021.

**12. FINANCIAL INFORMATION (Cont'd)****Comparison between FPE 2022 and FPE 2023**

Our sales and marketing expenses increased by RM0.7 million or 14.9%, to RM5.4 million for FPE 2023 (FPE 2022: RM4.7 million), mainly due to higher salaries resulting from the salary adjustments and increase in accrued bonuses.

**12.2.6 Finance costs**

Our finance costs relate to the interest expenses on hire purchase and lease liabilities. For the Financial Period Under Review, our finance cost was marginal and amounted to less than 0.06% of our total revenue for the respective financial year/period. Our finance cost is made up of lease liabilities as follows:

	<b>Audited</b>					
	<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FYE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Interest expense on lease liabilities	68	100.0	76	100.0	47	100.0

  

	<b>Unaudited</b>		<b>Audited</b>	
	<b>FPE 2022</b>		<b>FPE 2023</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Interest expense on lease liabilities	21	100.0	21	100.0

**12.2.7 PBT and PBT margin**

	<b>Audited</b>			<b>Unaudited</b>	<b>Audited</b>
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2022</b>	<b>FPE 2023</b>
PBT (RM'000)	16,721	22,354	23,258	14,235	12,737
PBT margin (%)	13.4	15.1	13.7	15.3	12.4

**Comparison between FYE 2020 and FYE 2021**

We recorded an increase in PBT of RM5.6 million for FYE 2021. Our PBT margin also improved from 13.4% for FYE 2020 to 15.1% for FYE 2021. The increase in PBT and PBT margin was mainly due to higher revenue recorded for FYE 2021 and our administrative expenses and sales and marketing expenses which were relatively consistent.

**Comparison between FYE 2021 and FYE 2022**

We recorded an increase in PBT of RM0.9 million for FYE 2022, which was in tandem with the increase in our GP as explained in Section 12.2.3 above. However, our PBT margin decreased from 15.1% for FYE 2021 to 13.7% for FYE 2022, mainly due to the lower GP margin recorded as explained in Section 12.2.3 above.

**Comparison between FPE 2022 and FPE 2023**

We recorded a decrease in PBT of RM1.5 million for FPE 2023. Our PBT margin also decreased from 15.3% for FPE 2022 to 12.4% for FPE 2023, mainly due to the higher administrative expenses as explained in Section 12.2.5 above.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.2.8 Tax expenses

	Audited			Unaudited	Audited
	FYE 2020	FYE 2021	FYE 2022	FPE 2022	FPE 2023
Taxation (RM'000)	3,219	4,982	5,275	3,016	2,694
Effective tax rate (%)	19.3	22.3	22.7	21.2	21.2
Statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

Tax expenses comprise the current financial year's income tax payable, deferred tax and any under or overprovision of tax expenses in the previous financial year. The applicable statutory tax rate for the Financial Period Under Review is 24.0%.

Certain subsidiaries of our Group are subject to statutory tax rates in the respective countries as follows:

- i) Malaysia – The income tax rate applicable to small-medium enterprises with paid-up capital of RM2,500,000 and below, and annual sales less than RM50,000,000 is subject to the statutory income tax rate of 17.0% on chargeable income up to RM600,000. For chargeable income exceeding RM600,000, the statutory income tax rate of 24.0% applies.
- ii) Singapore – The income tax rate is imposed at a flat rate of 17.0% with a partial tax exemption of 75.0% on the first SGD10,000 of normal chargeable income and a further 50.0% on the next SGD190,000 of normal chargeable income from YA 2020 onwards.
- iii) China – The standard enterprise income tax rate is 25.0%. Small and low-profit entities were subject to a statutory income tax rate of 2.5% on chargeable income up to RMB1.0 million and 5.0% on chargeable income above RMB1.0 million up to RMB3.0 million. For chargeable income exceeding RMB3.0 million, statutory income tax rate of 25.0% applies.
- iv) Thailand – The income tax rate is imposed at a flat rate of 20.0%. Companies with paid-in capital not exceeding THB5.0 million and annual turnover not exceeding THB30.0 million at the end of the accounting period were tax-exempted for chargeable income not exceeding THB0.3 million and 15% on chargeable income above THB0.3 million up to THB3.0 million. For chargeable income exceeding THB3.0 million, statutory income tax rate of 20.0% applies.

#### **Comparison between FYE 2020 and FYE 2021**

Our tax expenses increased by RM1.8 million or 56.3%, to RM5.0 million for FYE 2021 (FYE 2020: RM3.2 million), mainly due to the higher PBT recorded for FYE 2021.

Our effective tax rate of 22.3% for FYE 2021 was lower than the Malaysian statutory tax rate of 24.0%, mainly due to the net effects of the following:

- i) most subsidiaries of our Group are entitled to lower tax rates of 17.0%;
- ii) partial income tax exemption for Crest (Suzhou); and
- iii) Singapore subsidiaries benefit from a statutory stepped income exemption of 75.0% on the first SGD10,000 of normal chargeable income and a further 50.0% on the next SGD190,000 of normal chargeable income.

## 12. FINANCIAL INFORMATION (Cont'd)

### Comparison between FYE 2021 and FYE 2022

Our tax expenses increased by RM0.3 million or 6.0%, to RM5.3 million for FYE 2022 (FYE 2021: RM5.0 million), mainly attributable to higher PBT recorded for FYE 2022.

Our effective tax rate of 22.7% for FYE 2022 was lower than the Malaysian statutory tax rate of 24.0%, mainly due to the net effects of the following:

- i) most subsidiaries of our Group are entitled to lower tax rates of 17.0%;
- ii) partial income tax exemption for Crest (Suzhou);
- iii) Singapore subsidiaries benefit from a statutory stepped income exemption of 75.0% on the first SGD10,000 of normal chargeable income and a further 50.0% on the next SGD190,000 of normal chargeable income; and
- iv) Crest Thailand recorded losses before tax for FYE 2021.

### Comparison between FPE 2022 and FPE 2023

Our tax expenses decreased by RM0.3 million or 10.0%, to RM2.7 million for FPE 2023 (FPE 2022: RM3.0 million), mainly attributable to the lower PBT recorded for FPE 2023.

Our effective tax rate of 21.2% for FPE 2023 was lower than the Malaysian statutory tax rate of 24.0%, mainly due to the net effects of the following:

- i) most subsidiaries of our Group are entitled to lower tax rates of 17.0%; and
- ii) utilisation of unabsorbed tax losses carried forward for Crest Thailand.

## 12.3 LIQUIDITY AND CAPITAL RESOURCES

### 12.3.1 Working capital

We finance our operations with cash generated from operations, trade facilities from financial institutions, existing cash and short term deposits.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

Our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

- (a) Our cash and cash equivalent of RM48.1 million as at LPD;
- (b) Our expected future cash flows from operations; and
- (c) Our pro forma gearing level of less than 0.1 times, based on our pro forma statements of financial position as at 31 July 2023 after the Acquisitions, IPO and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. We carefully consider our cash position and ability to obtain financing before making significant capital commitments.

**12. FINANCIAL INFORMATION (Cont'd)****12.3.2 Review of cash flows**

The summary of our Group's historical audited combined statements of cashflows for the Financial Period Under Review is tabulated below:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	11,276	19,192	12,983	7,431
Net cash from/(used in) investing activities	7,578	(1,673)	(1,303)	(411)
Net cash used in financing activities	(13,561)	(15,651)	(18,218)	(1,713)
Net increase/(decrease) in cash and cash equivalents	5,293	1,868	(6,538)	5,307
Cash and cash equivalents at the beginning of the financial year/period	29,505	34,531	36,847	30,557
Effect of exchange rate changes on the balance of cash held in foreign currencies	(267)	448	248	195
<b>Cash and cash equivalents at the end of the financial year/period</b>	<b>34,531</b>	<b>36,847</b>	<b>30,557</b>	<b>36,059</b>

**FYE 2020****Net cash for operating activities**

For FYE 2020, we recorded operating cash flow before working capital changes of RM18.3 million. Our net operating cash flow was RM11.3 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM1.7 million, mainly due to equipment pending installation as at 31 December 2020 being recognised as inventories;
- (b) increase in trade and other receivables of RM3.6 million, mainly due to higher billings to customers in the last quarter of FYE 2020;
- (c) income tax paid of RM3.2 million; and
- (d) interest received of RM0.3 million.

**Net cash for investing activities**

For FYE 2020, our Group recorded a net cash inflow of RM7.6 million from investing activities, mainly due to the decrease in pledged deposits of RM9.0 million and proceeds from the disposal of property, plant and equipment of RM2.1 million, which mainly comprises demonstration equipment.

The above cash inflow was partially offset by the cash payment for the purchase of plant and equipment amounting to RM3.5 million, which mainly comprises machine equipment and demonstration equipment.

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**12. FINANCIAL INFORMATION (Cont'd)****Net cash for financing activities**

For FYE 2020, our Group recorded a net cash outflow of RM13.6 million from financing activities, mainly due to:

- (a) advances of RM9.1 million to a related company, i.e., ALY;
- (b) repayment of RM2.2 million to directors; and
- (c) dividends of RM1.4 million and RM0.1 million paid to common controlling shareholders and non-controlling interest, respectively.

**FYE 2021****Net cash for operating activities**

For FYE 2021, we recorded operating cash flow before working capital changes of RM24.8 million. Our net operating cash flow was RM19.2 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM4.2 million, mainly due to equipment pending installation as at 31 December 2021 being recognised as inventories;
- (b) increase in trade and other receivables of RM14.7 million, primarily resulting from higher billings to customers in the last quarter of FYE 2021.
- (c) increase in trade and other payables of RM15.4 million, mainly due to the net effects of the following:
  - increase in trade payables of RM12.2 million, mainly due to higher purchases made in the last quarter of FYE 2021; and
  - increase in other payables of RM3.2 million, mainly due to higher deposits received from customers for the purchase of equipment.
- (d) income tax paid of RM3.5 million; and
- (e) interest received of RM0.4 million.

**Net cash for investing activities**

For FYE 2021, our Group recorded a net cash outflow of RM1.7 million from investing activities, mainly attributable to deposits pledged of RM1.5 million for banking facilities and the cash payments for purchasing plant and equipment amounting to RM0.3 million. These cash outflows were narrowed by the cash inflow from disposal proceeds of property, plant and equipment of RM0.1 million.



## 12. FINANCIAL INFORMATION (Cont'd)

### Net cash for financing activities

For FYE 2021, our Group recorded a net cash outflow of RM15.7 million from financing activities, mainly attributable to the following:

- (a) dividends of RM18.2 million and RM1.1 million paid to common controlling shareholders and non-controlling interest, respectively;
- (b) repayment of RM4.2 million from a related company, i.e., ALY
- (c) advances from shareholders of RM0.9 million;
- (d) repayment of lease liabilities amounting to RM0.7 million;
- (e) repayment of RM0.6 million to directors; and
- (f) interest paid of RM0.1 million.

### FYE 2022

### Net cash for operating activities

For FYE 2022, we recorded operating cash flow before working capital changes of RM24.7 million. Our net operating cash flow was RM13.0 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM1.7 million, mainly due to equipment pending deliveries to customers;
- (b) decrease in trade and other receivables of RM0.8 million, mainly due to lower deposits paid for the purchase of equipment;
- (c) decrease in trade and other payables of RM3.7 million, mainly due to lower deposits received from customers for the purchase of equipment;
- (d) income tax paid of RM5.9 million; and
- (e) interest received of RM0.2 million.

### Net cash for investing activities

For FYE 2022, our Group recorded a net cash outflow of RM1.3 million from investing activities, mainly due to purchase of property, plant and equipment amounting to RM1.6 million, primarily comprised machine equipment and demonstration equipment.

### Net cash for financing activities

For FYE 2022, our Group recorded a net cash outflow of RM18.2 million from financing activities, mainly due to:

- (a) dividends of RM20.2 million and RM1.4 million paid to common controlling shareholders and non-controlling interests, respectively;
- (b) repayment of RM7.4 million to directors; and
- (c) repayment of RM1.7 million to shareholders.

The above cash outflows were partially offset by the full repayment of RM13.1 million from a related company, i.e., ALY during FYE 2022.

**12. FINANCIAL INFORMATION (Cont'd)****FPE 2023****Net cash for operating activities**

For FPE 2023, we recorded operating cash flow before working capital changes of RM13.7 million. Our net operating cash flow was RM7.4 million after adjusting for the following major changes in working capital:

- (a) increase in inventories of RM6.3 million, mainly due to equipment pending installation as at 31 July 2023 being recognised as inventories and equipment pending deliveries to customers;
- (b) increase in trade and other receivables of RM7.1 million, mainly due to increase in advance payment to supplier for purchase of equipment;
- (c) increase in trade and other payables of RM9.8 million, mainly due to higher purchases made in the last quarter of FPE 2023;
- (d) income tax paid of RM2.9 million; and
- (e) interest received of RM0.3 million.

**Net cash for investing activities**

For FPE 2023, our Group recorded a net cash outflow of RM0.4 million from investing activities, mainly due to the purchase of property, plant and equipment amounting to RM0.5 million.

**Net cash for financing activities**

For FPE 2023, our Group recorded a net cash outflow of RM1.7 million from financing activities, mainly due to:

- (a) dividends of RM1.1 million and RM0.2 million paid to common controlling shareholders and non-controlling interests, respectively; and
- (b) repayment of lease liabilities amounting to RM0.4 million.

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.4 BORROWINGS

All of our borrowings as at 31 July 2023 are secured, interest-bearing and denominated in THB. Our total outstanding borrowings (excluding lease liabilities arising from right-of-use assets of RM0.6 million) as at 31 July 2023 stood at RM0.2 million, details of which are set out below:

Purpose		Security	Tenure	Effective interest rate	Audited As at 31 July 2023
				%	RM'000
<b>Interest bearing short-term borrowings, payable within 1 year:</b>					
Hire purchase	To finance purchase of motor vehicle	Secured by our Group's motor vehicles under the hire purchase arrangements	5 years	2.6	52
<b>Interest bearing long-term borrowings, payable after 1 year:</b>					
Hire purchase	To finance purchase of motor vehicle	Secured by our Group's motor vehicles under the hire purchase arrangements	5 years	2.6	141
<b>Total borrowings</b>					<b>193</b>
<b>Gearing (times)</b>					
After Acquisitions but before IPO and utilisation of proceeds <sup>(1)</sup>					*
After Acquisitions and utilisation of proceeds <sup>(2)</sup>					*

#### Notes:

\* Represents less than 0.1

(1) Computed based on our pro forma equity attributable to the owners of the Company of RM46.7 million in the pro forma statements of financial position after the Acquisitions, but before IPO and utilisation of proceeds.

(2) Computed based on our pro forma equity attributable to the owners of the Company of RM77.3 million in the pro forma statements of financial position after the Acquisitions, IPO and utilisation of proceeds.

Separately, we have also recognised the following lease liabilities on the right-of-use assets, which are denominated in RM:

	Purpose	Tenure	As at 31 July 2023
			RM'000
Lease liabilities payable within 1 year	Rental of offices	3 years	250
Lease liabilities payable after 1 year	Rental of offices	3 years	375
			<b>625</b>

As at LPD, save for our hire purchase of motor vehicle denominated in THB, we do not have any borrowings which are non-interest bearing and/or in foreign currency.

We have not defaulted on payments of principal sums and/or interests in respect of any of our borrowings throughout the Financial Period Under Review, and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During the Financial Period Under Review, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

## 12. FINANCIAL INFORMATION

### 12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

From an accounting perspective, financial instruments may include fixed deposits with licensed banks, trade and other receivables, and other payables as shown in our combined statements of financial position. These financial instruments are used in our ordinary course of business.

From time to time, we use hedging instruments to manage our foreign exchange exposure from overseas purchases to mitigate the adverse effect on our financial performance. As at LPD, we have outstanding foreign exchange contracts with a nominal value of SGD0.9 million and JPY8.9 million (equivalent to RM3.4 million based on the exchange rate of SGD1: RM 3.4795 and JPY100: RM3.2539 as at LPD).

### 12.6 MATERIAL CAPITAL COMMITMENTS

As at LPD, save as disclosed below, we do not have any other material capital commitments:

	<u>RM'000</u>
Hire purchase of a motor vehicle	<u>521</u>

### 12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding, which might materially or adversely affect our position or business as at LPD.

As at LPD, save as disclosed below, we do not have any contingent liabilities, which upon becoming enforceable, may have a material effect on our business, financial results or position:

	<u>RM'000</u>
Secured performance guarantee given to customers for sales of equipment and spare parts	<u>2,183</u>

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.8 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the Financial Period Under Review are as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
Trade receivables turnover (days) <sup>(1)</sup>	58	70	73	71
Trade payables turnover (days) <sup>(2)</sup>	65	82	85	95
Inventory turnover (days) <sup>(3)</sup>	39	43	45	55
Current ratio (times) <sup>(4)</sup>	2.4	1.9	2.2	2.1
Gearing ratio (times) <sup>(5)</sup>	*	*	*	*

#### Notes:

\* Represents less than 0.1.

(1) Computed based on the average trade receivables and net of allowances for impairment loss as at year/period end over revenue for the year/period, multiplied by 365/212 days for each financial year/period.

(2) Computed based on the average trade payables as at year/period-end over cost of sales for the respective years/period, multiplied by 365/212 days for each financial year/period.

(3) Computed based on average inventory as at year/period-end over cost of sales for the respective years, multiplied by 365/212 days for each financial year/period.

(4) Computed based on current assets over current liabilities as at the end of each financial year/period.

(5) Computed based on total interest-bearing borrowings (excluding lease liabilities for right-of-use assets) over total equity for each financial year/period.

#### 12.8.1 Trade receivables turnover

Our trade receivables' turnover period (in days) for the Financial Period Under Review is stated as below:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	17,073	22,440	34,147	34,378
Closing trade receivables	22,440	34,147	34,378	34,335
Average trade receivables	19,757	28,294	34,263	34,357
Revenue	124,425	148,410	170,202	102,876
Trade receivables turnover period (days)	58	70	73	71

The normal credit period granted by our Group with respect to our trade receivables is between 60 and 90 days from the date of our invoice. Our trade receivables turnover period for FYE 2020, 2021, 2022 and FPE 2023 was 58, 70, 73, and 71 days respectively.

Our trade receivables turnover period for FYE 2021 increased to 70 days (FYE 2020: 58 days), mainly due to higher billings to customers resulting from more orders received from the customers in the last quarter of FYE 2021. Our trade receivables turnover period for FYE 2022 increased to 73 days, mainly due to delayed payments pending the replacement of equipment parts and the completion of user training for customers. Our trade receivables turnover period for FPE 2023 was relatively consistent at 71 days for FPE 2023.

Our Group established policies on credit control involving comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

**12. FINANCIAL INFORMATION (Cont'd)**

As our Group did not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. Our Group uses ageing analysis to monitor the credit quality of the trade receivables.

The ageing analysis of our trade receivables as at 31 July 2023 is as follows:

	Trade receivables as at 31 July 2023		Collection from 1 August 2023 to LPD	Balance trade receivables as at LPD
	RM'000	Percentage of trade receivables	RM'000	RM'000
	(a)	(a)/total of (a)	(b)	(c) = (a)-(b)
Neither past due nor impaired	16,628	48.4	16,012	616
Past due but not impaired:				
- less than 30 days	4,481	13.1	4,004	477
- 31 to 60 days	4,000	11.6	3,775	225
- over 60 days	9,226	26.9	7,872	1,354
	17,707	51.6	15,651	2,056
	<b>34,335</b>	<b>100.0</b>	<b>31,663</b>	<b>2,672</b>

As at LPD, RM31.7 million or 92.2% of our trade receivables as at 31 July 2023 have been collected. The remaining balance of RM2.7 million have yet to be collected as at LPD, of which RM2.1 million have exceeded the credit period as it is pending the replacement of parts and completion of user training for customers.

We are of the view that we are able to collect the majority of the outstanding amount as it is our business practice to continue trade with these customers upon receiving all our outstanding payments.

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## 12. FINANCIAL INFORMATION (Cont'd)

### 12.8.2 Trade payables turnover

Our trade payables' turnover period (in days) for the Financial Period Under Review is as follows:

	Audited			
	FYE 2020	FYE 2021	FYE 2022	FPE 2023
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	13,909	17,578	29,761	28,240
Closing trade payables	17,578	29,761	28,240	38,684
Average trade payables	15,744	23,670	29,001	33,462
Cost of sales	87,871	105,024	124,501	74,603
Trade payables turnover period (days)	65	82	85	95

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to our Group for trade purchases range from 30 to 90 days. Our trade payables turnover period for FYE 2020, 2021, 2022 and FPE 2023 was 65 days, 82 days, 85 days and 95 days, respectively.

Our trade payables turnover period for FYE 2020, 2021 and 2022 were within the normal credit terms granted by our suppliers. Our trade payables turnover period for FPE 2023 increased to 95 days (FYE 2022: 85 days) mainly due to higher purchases made in the last quarter of FPE 2023.

The ageing analysis of our trade payables as at 31 July 2023 is as follows:

	Trade payables as at 31 July 2023		Payment from 1 August 2023 to LPD	Balance trade payables as at LPD
	RM'000	Percentage of trade payables (a)/total of (a)	RM'000	RM'000 (c) = (a)-(b)
	(a)		(b)	
Within credit period	27,701	71.6	26,329	1,372
Exceeding credit period:				
- 1 to 30 days	1,655	4.3	1,655	-
- 31 to 60 days	1,251	3.2	517	734
- More than 60 days	8,077	20.9	7,979	98
	10,983	28.4	10,151	832
	<b>38,684</b>	<b>100.0</b>	<b>36,480</b>	<b>2,204</b>

As at 31 July 2023, our total trade payables stood at RM38.7 million, with RM11.0 million or 28.4% of our trade payables exceeding the normal credit period.

As at LPD, we have outstanding trade payables of RM2.2 million, representing 5.7% of our trade payables as at 31 July 2023. Of this, RM0.8 million have exceeded the credit period as the supplier has agreed to extend the credit period until the completion of customisation of equipment.

As at LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us.

**12. FINANCIAL INFORMATION (Cont'd)****12.8.3 Inventory turnover**

Our inventory turnover period (in days) for the Financial Period Under Review is set out below:

	<b>Audited</b>			
	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Opening inventories	8,517	10,262	14,385	16,174
Closing inventories	10,262	14,385	16,174	22,695
Average inventories	9,390	12,324	15,280	19,435
Cost of sales	87,871	105,024	124,501	74,603
Inventory turnover period (days)	39	43	45	55

Our inventories consist of trading goods which are equipment spare parts we purchased from our suppliers and finished goods which are equipment that are pending delivery or installation. Our inventory turnover for FYE 2020, 2021, 2022 and FPE 2023 was 39 days, 43 days, 45 days and 55 days respectively.

Our inventory turnover period for FYE 2021 increased to 43 days (FYE 2020: 39 days), mainly due to equipment pending installation as at 31 December 2021 being recognised as inventories. Our inventory turnover period for FYE 2022 was relatively consistent at 45 days for FYE 2022 (FYE 2021: 43 days). Our inventory turnover period for FPE 2023 increased to 55 days (FYE 2022: 45 days), mainly due to equipment pending installation as at 31 July 2023 being recognised as inventories and equipment pending deliveries to customers, which are pending customers' site readiness for installation.

**12.8.4 Current ratio**

Our current ratio throughout the Financial Period Under Review is as follows:

	<b>Audited</b>			<b>Audited</b>
	<b>As at 31 December</b>			<b>As at 31 July</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current assets	94,674	111,851	94,583	114,117
Current liabilities	39,681	57,565	43,715	53,761
<b>Net current assets</b>	<b>54,993</b>	<b>54,286</b>	<b>50,868</b>	<b>60,356</b>
Current ratio (times)	2.4	1.9	2.2	2.1

Our current ratio ranges from 1.9 times to 2.4 times for the Financial Period Under Review. This indicates that our Group can meet our current obligations as our current assets, such as inventories and trade receivables, which can be readily converted into cash, together with our fixed deposits and bank balances, are enough to meet immediate current liabilities.

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**12. FINANCIAL INFORMATION (Cont'd)****12.8.5 Gearing ratio**

Our gearing ratio throughout the Financial Period Under Review is as follows:

	<b>Audited</b>			<b>Audited</b>
	<b>As at 31 December</b>			<b>As at 31 July</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total borrowings <sup>(1)</sup>	1,167	694	732	818
Total equity	59,763	57,954	54,395	63,428
Gearing ratio (times)	*	*	*	*

**Note:**

\* Represents less than 0.1.

<sup>(1)</sup> Computed based on total interest-bearing borrowings over total equity as at the end of each financial year/period ended.

Our gearing ratio is less than 0.1 times throughout the Financial Period Under Review.

**12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES**

There were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the Financial Period Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of future changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 9 of this Prospectus.

**12.10 IMPACT OF INFLATION**

During the Financial Period Under Review, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

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**12. FINANCIAL INFORMATION (Cont'd)****12.11 IMPACT OF FOREIGN EXCHANGE RATES, INTEREST RATES AND/OR COMMODITY PRICES ON OUR OPERATIONS****(a) Impact of foreign exchange rates**

Our proportions of sales and purchases denominated in local and foreign currencies are as follows:

	FYE 2020		FYE 2021		FYE 2022		FPE 2022		FPE 2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:										
RM	52,757	42.4	63,398	42.7	66,081	38.8	40,768	43.8	30,841	30.0
USD	38,614	31.0	34,827	23.5	64,401	37.8	33,720	36.3	30,586	29.7
THB	19,018	15.3	27,365	18.4	15,540	9.1	9,786	10.5	19,212	18.7
CNY	11,300	9.1	19,512	13.2	19,392	11.4	6,674	7.2	17,590	17.1
EUR	1,501	1.2	27	*	1,991	1.2	55	0.1	2,144	2.1
SGD	1,081	0.9	3,268	2.2	1,351	0.8	643	0.6	2,223	2.1
JPY	154	0.1	13	*	1,443	0.9	1,366	1.5	280	0.3
BND	-	-	-	-	3	*	3	*	-	-
	<b>124,425</b>	<b>100.0</b>	<b>148,410</b>	<b>100.0</b>	<b>170,202</b>	<b>100.0</b>	<b>93,015</b>	<b>100.0</b>	<b>102,876</b>	<b>100.0</b>
Purchases denominated in:										
USD	46,661	57.9	55,722	56.3	66,123	55.7	36,739	56.7	27,753	39.8
RM	6,862	8.5	5,969	6.0	6,626	5.6	6,865	10.6	3,086	4.4
SGD	9,358	11.6	12,615	12.8	15,332	12.9	6,544	10.1	9,815	14.1
JPY	7,594	9.4	9,303	9.4	9,133	7.7	5,997	9.3	5,972	8.5
CNY	5,606	7.0	11,184	11.3	13,112	11.0	4,705	7.2	17,590	25.2
THB	1,069	1.3	1,891	1.9	3,317	2.8	2,507	3.9	1,651	2.4
EUR	1,889	2.3	1,373	1.4	2,340	2.0	614	0.9	3,412	4.9
CHF	769	1.0	530	0.5	2,451	2.1	575	0.9	333	0.5
GBP	784	1.0	401	0.4	287	0.2	248	0.4	174	0.2
	<b>80,592</b>	<b>100.0</b>	<b>98,988</b>	<b>100.0</b>	<b>118,721</b>	<b>100.0</b>	<b>64,794</b>	<b>100.0</b>	<b>69,786</b>	<b>100.0</b>

**Note:**

\* Representing less than 0.1%.

We are exposed to fluctuations in foreign exchange rates as our sales and purchases are denominated in the currencies stated above. Any significant change in foreign exchange rates may affect our financial results.

The effects of a 10.0% strengthening or weakening of the RM relative to the respective currencies on the unhedged financial assets/liabilities of the Group are summarized in sensitivity analysis below:

	Audited			
	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2023 RM'000
USD/RM				
Strengthen by 10%	33	413	312	764
Weaken by 10%	(33)	(413)	(312)	(764)
SGD/RM				
Strengthen by 10%	63	134	208	56
Weaken by 10%	(63)	(134)	(208)	(56)
THB/RM				
Strengthen by 10%	2	8	21	1
Weaken by 10%	(2)	(8)	(21)	(1)
EUR/RM				
Strengthen by 10%	-	50	-	47
Weaken by 10%	-	(50)	-	(47)
JPY/RM				
Strengthen by 10%	-	18	1	6
Weaken by 10%	-	(18)	(1)	(6)

## 12. FINANCIAL INFORMATION (Cont'd)

For the Financial Period Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	<u>FYE 2020</u> <u>RM'000</u>	<u>FYE 2021</u> <u>RM'000</u>	<u>FYE 2022</u> <u>RM'000</u>	<u>FPE 2022</u> <u>RM'000</u>	<u>FPE 2023</u> <u>RM'000</u>
Realised gain/(loss) on foreign exchange	129	(248)	(515)	(77)	(645)
Unrealised gain/(loss) on foreign exchange	(85)	(580)	403	776	93
<b>Net gain/(loss)</b>	<b>44</b>	<b>(828)</b>	<b>(112)</b>	<b>699</b>	<b>(552)</b>

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level. Our Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

From time to time, we use hedging instruments to manage our foreign exchange exposure from overseas purchases to mitigate the adverse effect on our financial performance. For the Financial Period Under Review, the derivatives gains or losses arising from foreign exchange forward contracts were not material and were offset against realized gains or losses on foreign exchange account.

As at LPD, we have outstanding foreign exchange contracts with a nominal value of SGD0.9 million and JPY8.9 million (equivalent to RM3.4 million based on the exchange rate of SGD1: RM3.4795 and JPY100: RM3.2539 as at 1 January 2024).

### (b) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

Our financial results for the Financial Period Under Review were not materially affected by fluctuations in interest rates as the borrowings of our Group comprise of the hire purchase facilities which are fixed rate in nature. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

### 12.12 ORDER BOOK

We do not enter into long-term contracts with our customers. Due to the nature of our business, we do not maintain an order book.

### 12.13 DIRECTORS' DECLARATION ON OUR FINANCIAL PERFORMANCE

Our Board is of the opinion that:

- (a) Our revenue will remain sustainable with an upward growth trend, in line with the anticipated growth in the provision of imaging, analytical and test solutions, and the provision of after-sales services as set out in the IMR Report;
- (b) Our liquidity will improve further subsequent to the Public Issue given the additional funds to be raised for our Group to carry out our business strategies as stated in Section 7.20 of this Prospectus; and
- (c) Our capital resources will strengthen, taking into account the amount to be raised from the Public Issue as well as internally generated funds. We may consider debt or equity funding for our capital expansion should the need arise.

## 12. FINANCIAL INFORMATION (Cont'd)

In addition to the above, our Board confirms that there are no circumstances which would result in a significant decline in our revenue and GP margin or know of any factors that are likely to have a material impact on our liquidity, revenue, or profitability.

### 12.14 TREND INFORMATION

As at LPD, our financial performance, position and operations are not affected by any of the following:

- (a) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in Sections 7, 8, 9 and 12.2 of this Prospectus;
- (b) Material commitments for capital expenditure disclosed in Section 12.6 of this Prospectus;
- (c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 12.2 and 9 of this Prospectus;
- (d) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue and/or profit as disclosed in Section 12.2 of this Prospectus, business and industry overview, as set out in Sections 7 and 8 of this Prospectus, and business strategies and future plans as set out in Section 7.20 of this Prospectus;
- (e) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, save as disclosed in Sections 12 and 9 of this Prospectus; and
- (f) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, save as disclosed in Sections 7, 9 and 12 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given our competitive strengths as set out in Section 7.6 of this Prospectus, the outlook of the provision of imaging, analytical and test solutions, and the provision of after-sales services industry in Malaysia as set out in the IMR Report in Section 8 of this Prospectus and our commitment to implement the business strategies and future plans as set out in Section 7.20 of this Prospectus.

### 12.15 DIVIDEND POLICY

It is our Group's intention to target a dividend payout ratio of not less than 30% of our annual PAT attributable to the shareholders of our Group. Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (a) the level of cash and level of indebtedness;
- (b) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (c) our expected results of operations and future level of operations;
- (d) our projected levels of capital expenditure and other investment plans; and
- (e) the prior consent from our lenders, if any.

**12. FINANCIAL INFORMATION (Cont'd)**

Subject to the Act, our Company, in a general meeting, may from time to time approve dividends or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (a) our Company is, or would after the payment be unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than its liabilities.

For the Financial Period Under Review and up to LPD, our Group declared and paid the following dividends to shareholders of the respective subsidiaries:

	<b>FYE 2020</b>	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FPE 2023</b>	<b>1 August 2023 up to the LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT attributable to owners of our Company	11,926	15,920	17,307	8,554	<sup>(2)</sup> N/A
<b>Dividends declared to:</b>					
- common controlling shareholders	1,425	18,205	21,328	1,060	14,055
- non-controlling interests	75	1,110	255	264	58
	<u>1,500</u>	<u>19,315</u>	<u>21,583</u>	<u>1,324</u>	<sup>(3)</sup> 14,113
<b>Dividends paid to:</b>					
- common controlling shareholders	1,425	18,205	21,328	1,060	14,055
- non-controlling interests	75	1,110	255	264	58
	<u>1,500</u>	<u>19,315</u>	<u>21,583</u>	<u>1,324</u>	<sup>(3)</sup> 14,113
Dividend payout rate (%) <sup>(1)</sup>	11.9	114.4	123.2	12.4	<sup>(2)</sup> N/A

**Notes:**

- (1) Computed based on dividends declared to common controlling shareholders over PAT attributable to owners of our Company for each financial year/period.
- (2) Not applicable as the Company did not prepare any financial statements from 1 August 2023 up to the LPD.
- (3) The following dividends were declared subsequent to 1 August 2023:
  - (i) On 21 August 2023, Crest Thailand declared a dividend of THB14.2602 per ordinary share equivalent to RM1.8816 per ordinary share amounting to THB855,611 equivalent to RM112,893, which was paid on 11 September 2023.
  - (ii) On 7 December 2023, Crest Systems declared a special dividend of RM14.00 per ordinary share amounting to RM14,000,000, which was paid on 12 December 2023.
  - (iii) As at LPD, there is no outstanding dividends declared but remained unpaid.

The dividends above were funded by internal funds sourced from the cash and bank balances of the respective subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

As at LPD, there is no outstanding dividends declared but remained unpaid. Further, the Group intends to declare a final dividend in respect of FYE 2023 based on the Group's dividend policy of at least 30% of the PAT for FYE 2023, upon the finalisation of the audited financial statements for FYE 2023. The timing of the payment is expected to be prior to the Listing of the Company. The dividends are to be paid out using internally generated funds.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.16 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 30 November 2023 and after adjusting for the effects of the Acquisitions and Public Issue including the utilisation of proceeds.

	<u>Unaudited</u>	<u>Pro Forma I</u>	<u>Pro Forma II</u>	<u>Pro Forma III</u>
	<b>As at 30 November 2023</b>	<b>After the Acquisitions</b>	<b>After Pro Forma I and the Public Issue and Offer for Sale</b>	<b>After Pro Forma II and Utilisation of Proceeds</b>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Capitalisation</b>				
Share capital	*	36,745	[●]	[●]
Preference shares	-	911	911	911
Reorganisation reserve	-	(32,751)	(32,751)	(32,751)
Translation reserve	-	833	833	833
Retained earnings	-	51,885	51,885	49,737
<b>Total capitalisation</b>	<b>*</b>	<b>57,623</b>	<b>[●]</b>	<b>[●]</b>
<b>Indebtedness</b>				
<b><u>Current</u></b>				
<b><i>Secured and unguaranteed</i></b>				
Lease liabilities <sup>(1)</sup>	-	34	34	34
<b><i>Unsecured and unguaranteed</i></b>				
Lease liabilities <sup>(2)</sup>	-	371	371	371
<b><u>Non-current</u></b>				
<b><i>Secured and unguaranteed</i></b>				
Lease liabilities <sup>(1)</sup>	-	116	116	116
<b><i>Unsecured and unguaranteed</i></b>				
Lease liabilities <sup>(2)</sup>	-	452	452	452
<b>Total indebtedness</b>	<b>-</b>	<b>973</b>	<b>973</b>	<b>973</b>
<b>Total indebtedness (excluding lease liabilities on right-of-use assets)</b>	<b>-</b>	<b>150</b>	<b>150</b>	<b>150</b>
<b>Total capitalisation and indebtedness</b>	<b>*</b>	<b>58,596</b>	<b>[●]</b>	<b>[●]</b>
<b>Gearing ratio (times)<sup>(3)</sup></b>	<b>-</b>	<b>Less than 0.01</b>	<b>Less than 0.01</b>	<b>Less than 0.01</b>

**Notes:**

\* Represents less than 1,000

(1) Lease liabilities comprise hire purchase.

(2) Lease liabilities comprise lease liabilities on right-of-use assets.

(3) Calculated based on total indebtedness (excluded lease liabilities on right-of-use assets) divided by total capitalisation.