



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

Condensed Interim Financial Statements
For 6 months and full year ended 30 June 2021

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

	Note	GROUP		Increase/ (Decrease) %	GROUP		Increase/ (Decrease) %
		6 mths ended 30 Jun 2021 \$'000	6 mths ended 30 Jun 2020 \$'000		12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000	
Revenue	4	106,071	68,909	53.9%	204,935	149,626	37.0%
Cost of sales		(82,205)	(53,425)	53.9%	(156,950)	(117,750)	33.3%
Gross profit		23,866	15,484	54.1%	47,985	31,876	50.5%
Other income		1,733	1,416	22.4%	3,458	2,395	44.4%
Impairment loss on trade receivables		(8)	(266)	(97.0%)	(190)	(266)	(28.6%)
Distribution and selling expenses		(2,041)	(1,310)	55.8%	(3,779)	(2,973)	27.1%
Administrative expenses		(10,363)	(8,362)	23.9%	(21,946)	(16,068)	36.6%
Profit from operations		13,187	6,962	89.4%	25,528	14,964	70.6%
Financial expenses		(118)	(67)	76.1%	(193)	(133)	45.1%
Share of loss in joint venture		(159)	-*	100.0%	(250)	-*	100.0%
Profit before tax	5	12,910	6,895	87.2%	25,085	14,831	69.1%
Income tax expense	6	(1,231)	(970)	26.9%	(3,815)	(2,640)	44.5%
Profit for the year		11,679	5,925	97.1%	21,270	12,191	74.5%
Other comprehensive income:							
Foreign currency translation		1,165	970	20.1%	1,950	402	385.1%
Total comprehensive income attributable to:							
Owners of the Company		12,844	6,895	86.3%	23,220	12,593	84.4%

**Earnings per share attributable to owners of the Company
(cents per share)**

- Basic	10.12	5.14	18.44	10.57
- Diluted	10.12	5.14	18.44	10.57

* figure less than \$1,000

B. Condensed Interim Statements of Financial Position

	Note	GROUP		COMPANY	
		30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Non-current assets					
Property, plant and equipment	9	77,662	56,524	508	416
Right-of-use assets		9,074	8,587	179	172
Deferred tax assets		351	288	-	-
Investment in subsidiaries		-	-	33,039	17,195
Investment in joint venture		1,431	-*	1,681	-*
		<u>88,518</u>	<u>65,399</u>	<u>35,407</u>	<u>17,783</u>
Current assets					
Inventories		39,496	24,286	1,728	1,199
Trade receivables		39,960	21,636	7,318	4,090
Other receivables and deposits		2,116	1,190	132	137
Prepayments		5,804	3,390	63	17
Due from subsidiaries (non-trade)		-	-	367	5,895
Due from subsidiaries (trade)		-	-	17	-
Cash and cash equivalents		43,891	51,188	6,773	8,100
		<u>131,267</u>	<u>101,690</u>	<u>16,398</u>	<u>19,438</u>
Current liabilities					
Trade payables		29,443	14,770	168	163
Other payables and accruals		24,111	15,207	3,941	2,618
Refund liabilities		2,446	1,377	1,556	1,018
Provision for defects		1,293	922	-	-
Due to subsidiaries (trade)		-	-	5,565	1,207
Loans and borrowings	10	2,002	54	657	54
Lease liabilities		1,557	838	92	99
Deferred government grant		-	133	-	133
Provision for tax		238	162	-	-
		<u>61,090</u>	<u>33,463</u>	<u>11,979</u>	<u>5,292</u>
Net current assets		<u>70,177</u>	<u>68,227</u>	<u>4,419</u>	<u>14,146</u>
Non-current liabilities					
Loans and borrowings	10	4,491	149	4,491	149
Lease liabilities		1,803	1,992	87	76
Deferred tax liabilities		4,430	3,508	7	7
Provision for restoration costs		190	186	-	-
		<u>10,914</u>	<u>5,835</u>	<u>4,585</u>	<u>232</u>
Net assets		<u>147,781</u>	<u>127,791</u>	<u>35,241</u>	<u>31,697</u>
Equity attributable to owners of the Company					
Share capital	12	13,145	13,145	13,145	13,145
Reserves		134,636	114,646	22,096	18,552
Total equity		<u>147,781</u>	<u>127,791</u>	<u>35,241</u>	<u>31,697</u>

* figure less than \$1,000

C. Condensed Interim Consolidated Statement of Cash Flows

	GROUP	
	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020
	\$'000	\$'000
Operating activities		
Profit before tax	25,085	14,831
Adjustments for:		
Depreciation of property, plant and equipment	9,709	9,067
Depreciation of right-of-use assets	1,289	895
Gain on disposal of property, plant and equipment	(53)	(18)
Interest expense	58	7
Interest expense - lease liabilities	136	126
Interest income	(334)	(332)
(Write-back)/write-down of inventories	(81)	889
Impairment loss on trade receivables	190	266
Provision for defects	1,042	307
Write-back of provision for defects	(709)	(167)
Share of loss in joint venture	250	-*
Unrealised exchange loss	587	243
Operating cash flows before changes in working capital	37,169	26,114
(Increase)/decrease in:		
Inventories	(15,170)	(274)
Trade receivables	(18,515)	6,375
Other receivables and deposits	(981)	414
Prepayments	(2,415)	(633)
Increase/(decrease) in:		
Trade payables	14,673	(6,455)
Other payables and accruals	9,974	(272)
Deferred government grant	(133)	133
Cash flows from operations	24,602	25,402
Income taxes (paid)/refund	(2,806)	95
Interest paid	(56)	(133)
Interest received	334	332
Net cash flows generated from operating activities	22,074	25,696
Investing activities		
Investment in joint venture	(1,681)	-*
Purchase of property, plant and equipment	(30,491)	(8,877)
Purchase of land use rights	-	(3,368)
Proceeds from disposal of property, plant and equipment	81	20
Net cash flows used in investing activities	(32,091)	(12,225)
Financing activities		
Dividend paid on ordinary shares	(3,230)	(3,807)
Repayment of principal obligations under lease liabilities	(1,375)	(854)
Proceed from loans and borrowings	6,344	-
Repayment of loans and borrowings	(54)	(54)
Net cash flows generated from/(used in) financing activities	1,685	(4,715)
Net (decrease)/increase in cash and cash equivalents	(8,332)	8,756
Cash and cash equivalents at beginning of financial year	51,188	42,277
Currency alignment on opening cash balances	1,035	155
Cash and cash equivalents at end of financial year	43,891	51,188

* figure less than \$1,000

D. Condensed Interim Statements of Changes in Equity

	Attributable to owners of the Company					
	Share capital	Foreign currency translation reserve	Reserve fund	Accumulated profits	Total reserves	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
As at 1 July 2019	13,145	(10,490)	5,556	110,794	105,860	119,005
Net profit for the year	-	-	-	12,191	12,191	12,191
Other comprehensive income for the year	-	402	-	-	402	402
Total comprehensive income for the year	-	402	-	12,191	12,593	12,593
Appropriation to/(from) reserve fund/ accumulated profits	-	-	617	(617)	-	-
Dividend on ordinary shares	-	-	-	(3,807)	(3,807)	(3,807)
At 30 June 2020 and 1 July 2020	13,145	(10,088)	6,173	118,561	114,646	127,791
Net profit for the year	-	-	-	21,270	21,270	21,270
Other comprehensive income for the year	-	1,950	-	-	1,950	1,950
Total comprehensive income for the year	-	1,950	-	21,270	23,220	23,220
Appropriation to/(from) reserve fund/ accumulated profits	-	-	824	(824)	-	-
Dividend on ordinary shares	-	-	-	(3,230)	(3,230)	(3,230)
At 30 June 2021	13,145	(8,138)	6,997	135,777	134,636	147,781

	Attributable to owners of the Company			
	Share capital	Accumulated profits	Total reserves	Total equity
	\$'000	\$'000	\$'000	\$'000
Company				
At 1 July 2019	13,145	18,095	18,095	31,240
Net profit for the year	-	4,264	4,264	4,264
Total comprehensive income for the year	-	4,264	4,264	4,264
Dividend on ordinary shares	-	(3,807)	(3,807)	(3,807)
At 30 June 2020 and 1 July 2020	13,145	18,552	18,552	31,697
Net profit for the year	-	6,774	6,774	6,774
Total comprehensive income for the year	-	6,774	6,774	6,774
Dividend on ordinary shares	-	(3,230)	(3,230)	(3,230)
At 30 June 2021	13,145	22,096	22,096	35,241

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Spindex Industries Limited (the “Company”) is a limited liability company, incorporated in Singapore and is listed on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the 6 months and 12 months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

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

2. Basis of preparation

2.1 Basis of preparation

The condensed interim consolidated financial statements for the 6 months and 12 months ended 30 June 2021 of the Group have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2020.

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

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s and the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3 Use of judgments and estimates

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

Management is of the opinion that there is no significant judgement made in applying accounting policies.

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2. Basis of preparation (cont'd)

2.3 Use of judgments and estimates (cont'd)

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3. Seasonal operations

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

4. Revenue and Segment Information

(a) *Disaggregation of revenue*

	Imaging and printing		Machinery and automotive systems		Others*		Total Revenue	
	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Primary geographical markets								
China	7,258	2,897	34,898	21,325	994	602	43,150	24,824
Singapore	38	52	726	1,443	442	471	1,206	1,966
ASEAN (excluding Singapore)	16,920	11,435	566	164	5,009	3,001	22,495	14,600
USA, Europe and others	76	37	12,117	9,066	27,027	18,416	39,220	27,519
	24,292	14,421	48,307	31,998	33,472	22,490	106,071	68,909
Timing of transfer of goods								
At a point in time	24,292	14,421	48,307	31,998	33,472	22,490	106,071	68,909

*Others – include domestic appliances, consumer electronics, data storage, telecommunications and others

4. Revenue and Segment Information (cont'd)

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

	Imaging and printing		Machinery and automotive systems		Others*		Total Revenue	
	12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000	12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000	12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000	12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000
Primary geographical markets								
China	14,501	7,146	67,264	45,075	1,758	1,204	83,523	53,425
Singapore	63	104	1,422	2,835	791	977	2,276	3,916
ASEAN (excluding Singapore)	33,369	25,095	852	280	10,567	6,884	44,788	32,259
USA, Europe and others	91	78	24,102	20,540	50,155	39,408	74,348	60,026
	48,024	32,423	93,640	68,730	63,271	48,473	204,935	149,626
Timing of transfer of goods								
At a point in time	48,024	32,423	93,640	68,730	63,271	48,473	204,935	149,626

*Others – include domestic appliances, consumer electronics, data storage, telecommunications and others

4. Revenue and Segment Information (cont'd)

(b) Business Segments

	Imaging and Printing		Machinery and automotive systems		Others*		Adjustments and eliminations		Group	
	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020	6 mths ended 30 Jun 2021	6 mths ended 30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
External customers	24,292	14,421	48,307	31,998	33,472	22,490	-	-	106,071	68,909
Inter-segment	1,410	371	9,178	9,173	4,285	474	(14,873)	(10,018)	-	-
Total revenue	25,702	14,792	57,485	41,171	37,757	22,964	(14,873)	(10,018)	106,071	68,909
Segment profit	5,456	3,109	10,866	6,880	7,544	5,495	-	-	23,866	15,484
Distribution and selling expenses	(468)	(273)	(930)	(609)	(643)	(428)	-	-	(2,041)	(1,310)
Impairment loss on trade receivables	8	(74)	7	(92)	(23)	(100)	-	-	(8)	(266)
Unallocated other income									1,733	1,416
Unallocated expenses									(10,363)	(8,362)
Operating profit									13,187	6,962
Financial expenses									(118)	(67)
Share of loss in joint venture									(159)	- #
Income tax expense									(1,231)	(970)
Net profit									11,679	5,925
Assets										
Trade receivables	8,879	4,715	23,598	12,143	7,483	4,778	-	-	39,960	21,636
Unallocated assets	-	-	-	-	-	-	-	-	179,825	145,453
Total assets									219,785	167,089
Liabilities										
Provision for defects	303	200	590	424	400	298	-	-	1,293	922
Unallocated liabilities	-	-	-	-	-	-	-	-	70,711	38,376
Total liabilities									72,004	39,298
Other segment information										
Depreciation of plant and machinery	889	723	1,767	1,593	1,223	1,120			3,879	3,436
Unallocated depreciation of other assets									1,213	1,136
Depreciation expense for the financial period									5,092	4,572

* Others – include domestic appliances, consumer electronics, data storage, telecommunications and others

Figure less than \$1,000

4. Revenue and Segment Information (cont'd)

(c) Business Segments (cont'd)

	Imaging and Printing		Machinery and automotive systems		Others*		Adjustments and eliminations		Group	
	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
External customers	48,024	32,423	93,640	68,730	63,271	48,473	-	-	204,935	149,626
Inter-segment	2,216	681	19,645	18,956	4,615	1,035	(26,476)	(20,672)	-	-
Total revenue	50,240	33,104	113,285	87,686	67,886	49,508	(26,476)	(20,672)	204,935	149,626
Segment profit	11,245	6,764	21,926	14,339	14,814	10,773	-	-	47,985	31,876
Distribution and selling expenses	(886)	(644)	(1,727)	(1,366)	(1,166)	(963)	-	-	(3,779)	(2,973)
Impairment loss on trade receivables	(19)	(74)	(83)	(92)	(88)	(100)	-	-	(190)	(266)
Unallocated other income									3,458	2,395
Unallocated expenses									(21,946)	(16,068)
Operating profit									25,528	14,964
Financial expenses									(193)	(133)
Share of loss in joint venture									(250)	- #
Income tax expense									(3,815)	(2,640)
Net profit for the financial year									21,270	12,191
Assets										
Trade receivables	8,879	4,715	23,598	12,143	7,483	4,778	-	-	39,960	21,636
Unallocated assets	-	-	-	-	-	-	-	-	179,825	145,453
Total assets									219,785	167,089
Liabilities										
Provision for defects	303	200	590	424	400	298	-	-	1,293	922
Unallocated liabilities	-	-	-	-	-	-	-	-	70,711	38,376
Total liabilities									72,004	39,298
Other segment information										
Depreciation of plant and machinery	1,708	1,496	3,330	3,171	2,261	2,236	-	-	7,299	6,903
Unallocated depreciation of other assets	-	-	-	-	-	-	-	-	2,410	2,164
Depreciation expense for the financial year									9,709	9,067

* Others – include domestic appliances, consumer electronics, data storage, telecommunications and others

Figure less than \$1,000

4. Revenue and Segment Information (cont'd)

(c) *Geographical segments*

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

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

	Group					
	Revenue		Non-current assets		Capital expenditure	
	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
China	83,523	53,425	30,713	20,445	12,273	820
Singapore	2,276	3,916	2,118	588	219	11
ASEAN (excludes Singapore)	44,788	32,259	55,687	44,366	17,999	8,046
USA, Europe and others	74,348	60,026	-	-	-	-
	204,935	149,626	88,518	65,399	30,491	8,877

A breakdown of sales:

	Group		
	12 mths ended 30 Jun 2021	12 mths ended 30 Jun 2020	Increase/ (Decrease) %
	\$'000	\$'000	
	Sales reported for first half year	98,864	80,717
Operating profit after tax reported for first half year	9,591	6,266	53.1%
Sales reported for second half year	106,071	68,909	53.9%
Operating profit after tax reporting for second half year	11,679	5,925	97.1%

5. Profit before taxation

5.1 Significant items

	Group		Group	
	6 mths ended 30 Jun 2021 \$'000	6 mths ended 30 Jun 2020 \$'000	12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000
Sales of scrap	1,403	740	2,534	1,566
Interest income	138	206	334	332
Gain on disposal of property, plant and equipment	48	19	53	18
Government grants	49	447	241	447
Depreciation of property, plant and equipment	(5,092)	(4,572)	(9,709)	(9,067)
Depreciation of right-of-use assets	(745)	(248)	(1,289)	(895)
(Write-down)/ Write-back of inventories	(160)	(776)	81	(889)
Provision for defects	(589)	-	(1,042)	(307)
Write-back of provision for defects	555	282	709	167
Foreign exchange gain/(loss), net	419	510	(2,312)	793
Impairment loss on trade receivables	(8)	(266)	(190)	(266)

5.2 Related party transactions

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

6. Taxation

	Group		Group	
	6 mths ended 30 Jun 2021 \$'000	6 mths ended 30 Jun 2020 \$'000	12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000
Current income tax expense	1,268	1,025	2,920	1,719
Deferred income tax (credit)/expense relating to origination and reversal of temporary differences	(37)	(55)	895	921
	1,231	970	3,815	2,640

7. Dividends

	Group and Company	
	2021 \$'000	2020 \$'000
Ordinary dividends paid:		
Final exempt (one-tier) dividend of 2.80 (2020: 3.30) cents per ordinary share in respect of the previous financial year	3,230	3,807

8. Net Asset Value

	Group		Company	
	30 Jun 2021 (cents)	30 Jun 2020 (cents)	30 Jun 2021 (cents)	30 Jun 2020 (cents)
Net asset value per ordinary share	128.10	110.77	30.55	27.48

Net asset value per ordinary share was based on 115,365,000 ordinary shares in issue as at 30 June 2021 (30 June 2020 : 115,365,000).

9. Property, plant and equipment

The assets acquired and disposed by the Group during the 6 months ended and full year ended 30 June 2021 are as follows:

	Group		Group	
	6 mths ended 30 Jun 2021 \$'000	6 mths ended 30 Jun 2020 \$'000	12 mths ended 30 Jun 2021 \$'000	12 mths ended 30 Jun 2020 \$'000
Additions	20,465	2,604	30,491	8,877
Disposals	(1,390)	(854)	(1,827)	(914)

10. Loans and borrowings

	Group		Company	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Current:				
Obligations under finance lease	54	54	54	54
Bank loans	1,948	-	603	-
	2,002	54	657	54
Non-current:				
Obligations under finance lease	95	149	95	149
Bank loans	4,396	-	4,396	-
	4,491	149	4,491	149
Total loans and borrowings	6,493	203	5,148	203

- (a) A Temporary Bridging Loan of S\$5.0M which was granted by Enterprise Singapore through a bank, bears interest 2% per annum and repayable over a period of 5 years.
- (b) The Group has bank loans that bear interest ranging 1.00% to 1.05% (30 June 2020:Nil). The loans are repayable within the next 1 to 3 months. The borrowings are secured by a corporate guarantee from the Company.
- (c) Other loan amounting to S\$0.2M is secured by the motor vehicle under hire purchase arrangement.

11. Fair value measurement

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

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

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

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

	Group and Company			
	2021		2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Obligations under hire purchase arrangement	95	92	149	132

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

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

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

12. Share Capital

	Group and Company	
	30 Jun 2021 \$'000	30 Jun 2020 \$'000
Issued and fully paid At beginning and end of financial year		
- 115,365,000 ordinary shares	13,145	13,145

The total number of issued shares excluding treasury shares as at 30 June 2021 was 115,365,000 (30 June 2020: 115,365,000).

12. Share Capital (cont'd)

There were no sales, transfers, disposal, cancellation, and/or use of treasury shares for the financial year ended 30 June 2021.

There were no treasury shares as at 30 June 2021 and 30 June 2020.

The Company has no subsidiary holdings as at 30 June 2021.

13. Subsequent events

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

F. Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Spindex Industries Ltd and its subsidiaries as at 30 June 2021 and the related condensed profit or loss and other comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for 12-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

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

Revenue

The revenue growth achieved by the Group in H1 FY2021 continued into the second half. Despite generally uncertain and challenging market conditions under COVID-19 pandemic, the Group recorded a revenue of \$106.1 million in H2 FY2021 which was 54% higher than H2 FY2020. Together with higher revenue in the first half, group revenue grew 37% to \$204.9 million in FY2021.

The COVID-19 pandemic related factors which contributed to revenue growth in the first half continued to generate higher demand for our products in H2 FY2021. The change to a home based working arrangement as well as more time spent at home have contributed to new demand for office equipment, domestic appliances and hobby-related equipment. Actual as well as potential COVID-19 related disruptions to the global supply chain have continued to result in some forward stocking of components.

Revenue by Business Sector	H1 FY2021	H2 FY2021	H2 FY2020	Change
	\$'m	\$'m	\$'m	(2) vs (3)
	(1)	(2)	(3)	(%)
Machinery and Automotive Systems ("MA")	45.3	48.3	32.0	51%
Imaging & Printing ("IP")	23.7	24.3	14.4	69%
Others	29.9	33.5	22.5	49%
Total	98.9	106.1	68.9	54%

As with the first half year, growth in group revenue was broad-based across all the business sectors in the second half. Significantly higher orders were received from existing customers and this resulted in the overall improvement in revenue in H2 FY2021.

Both machinery tools and automotive systems under the MA business sector recorded strong revenue growth, and the MA business sector's revenue increased by 51% to \$48.3 million in H2 FY2021 as compared to H2 FY2020. With continuing demand for office equipment, revenue for the IP business sector rose 69% to \$24.3 million. The rest of the Group's business, categorised under "Others", recorded a revenue growth of 49% in H2 FY2021 as demand for domestic appliances remained firm.

Profitability

In H2 FY2021, the strong revenue growth translated to a 54% rise in gross profit to \$23.9 million as compared to H2 FY2020. The Group was able to maintain its gross profit margin at 22.5% in H2 FY2021 in spite of higher costs of raw materials, transportation and labour. Other operating income rose due to additional sale of scrap materials.

In the second half year, overall operating expenses increased to reflect the higher level of business activities and the improved profitability. Distribution expenses rose in line with the revenue growth. The higher general and administration expenses were mainly due to higher staff related costs. Finance costs

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

Profitability (cont'd)

remained negligible due to the very low level of borrowing and a small loss was recorded from the Group's share in a joint venture. The Group benefited from tax allowances on investment in machinery, and this lowered the effective tax rate of the Group to 9.5% in H2 FY2021. Due to the strong growth in revenue, the Group's net profit attributable to shareholders of the Company rose 97% to \$11.7 million in H2 FY2021 as compared to H2 FY2020. For the full FY2021 financial year, net profit grew 75% to \$21.3 million.

Cash Flow & Balance Sheet

For the twelve months ended 30 June 2021, the profitable operations of the Group generated a net cash inflow of \$22.1 million. Proceeds from bank borrowings added another \$6.3 million. The main cash outflow items under investing and financing activities were purchase of property, plant and equipment and payment of dividends of \$30.5 million and \$3.2 million respectively. As a results of the higher investment in fixed assets, the Group's cash and cash equivalents decreased from \$51.2 million as at 30 June 2020 to \$43.9 million as at 30 June 2021.

Due to the strong growth in revenue, inventories and trade receivables were both correspondingly higher as at 30 June 2021. Due to its strong financial position, the Group is able to invest for long term growth while at the same time maintain a healthy level of cash and cash equivalents of \$43.9 million. Total loans and borrowings increased to \$6.5 million including a temporary bridging loan of S\$5.0 million which the Group secured from Enterprise Singapore to provide additional financial buffer against market uncertainties. The Group continued to maintain a strong balance sheet with a comfortable net cash position as of 30 June 2021.

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

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

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

The global vaccination rollout is being tempered by new variants of the virus which has caused various forms of lockdowns. This has disrupted the Group's supply chain as a result of logistic delays and supplier closures. In addition, rising costs related to the Group's business operations such as government mandated restrictions on operations, commodities pricing will continue to pose further challenges. Ongoing geopolitical factors such as tariffs will also have an impact on customer demand. As such, business visibility remains limited and it is also premature to assume that containment of the virus will result in additional demand. The Group is monitoring the situation closely to mitigate any adverse impact.

The Group's strong financial position has enabled it to plan for the long term during this period of market volatility. Therefore, the Group has stepped up investment in new plants and additional machinery to renew and optimize its network of manufacturing facilities across Asia to better cater to business fluctuations. The Group will also selectively capitalise on business opportunities presented during these uncertain times.

5. Dividend information

(a) Current Financial Period Reported On

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

Name of dividend	Interim	Final
Dividend type	-	Cash
Dividend rate per ordinary share	-	4.50 cents
Tax rate	-	Tax exempt (one-tier)

(b) Corresponding Period of the Immediate Preceding Financial Year

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

Name of dividend	Interim	Final
Dividend type	-	Cash
Dividend rate per ordinary share	-	2.80 cents
Tax rate	-	Tax exempt (one-tier)

(c) Date payable

The proposed dividends, if approved at the 34th Annual General Meeting to be held on 27 October 2021, will be paid on 18 November 2021.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Spindex Industries Limited (the "Company") will be closed on 8 November 2021 for the purpose of determining members' entitlements to the proposed final dividends of 4.50 cents per ordinary share for the financial year ended 30 June 2021 (the "**Proposed Final Dividends**").

Duly completed registrable transfers in respect of shares in the Company received up to the close of business at 5.00 p.m. on 5 November 2021 by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, will be registered to determine members' entitlements to the Proposed Final Dividends. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 5 November 2021, will be entitled to the Proposed Final Dividends.

The Proposed Final Dividends, if approved at the forthcoming Annual General Meeting to be held on 27 October 2021, will be paid on 18 November 2021.

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

Not applicable.

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

The Group does not have an interested person transaction mandate.

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

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

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

Disclosure of person occupying a managerial positions in Spindex Industries Limited (the 'Company') or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) are as follows: -				
Name	Age	Family relationship with any director and/or Substantial Shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tan Choo Pie @ Tan Chang Chai	75	Father of Nicholas Tan Heok Ting and Granduncle of Foo Fang Haur	Executive Chairman of Spindex Industries Limited Since 1989	No Change
Foo Fang Haur	46	Grandnephew of Tan Choo Pie @ Tan Chang Chai and Nephew of Nicholas Tan Heok Ting	Business Development Manager of Spindex Industries (Hanoi) Co., Ltd. Since June 2005	No Change
Nicholas Tan Heok Ting	41	Son of Tan Choo Pie@ Tan Chang Chai and Uncle of Foo Fang Haur	Executive Director of Spindex Industries Limited since 1 May 2010. Managing Director with effect from 1 July 2013	No Change

BY ORDER OF THE BOARD

Tan Choo Pie @ Tan Chang Chai
Chairman
24 August 2021