



NAM LEE PRESSED METAL INDUSTRIES LIMITED

(Company Registration No. 1975-00362-M)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF YEAR ENDED 31 MARCH 2022

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NAM LEE PRESSED METAL INDUSTRIES LIMITED

(Company Registration No. 1975-00362-M)

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Group		
	6 Months Ended		
	31-Mar-22	31-Mar-21	Change
	S\$'000	S\$'000	%
Revenue	111,980	94,517	18.5%
Cost of sales	(93,534)	(76,404)	22.4%
Gross profit	18,446	18,113	1.8%
Selling and distribution expenses	(1,268)	(1,095)	15.8%
Administrative expenses	(6,587)	(7,344)	(10.3%)
Other operating expenses	(1,463)	(2,310)	(36.7%)
Operating profit	9,128	7,364	24.0%
Interest income	15	28	(46.4%)
Finance costs	(759)	(491)	54.6%
Other income	4,107	3,265	25.8%
Profit before tax	12,491	10,166	22.9%
Income tax expenses	(2,670)	(2,214)	20.6%
Profit for the period	9,821	7,952	23.5%
Attributable to:			
Owners of the Company	9,821	7,952	23.5%
	9,821	7,952	23.5%

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit for the period	9,821	7,952	23.5%
Other comprehensive income:			
Foreign currency translation	(420)	(597)	(29.6%)
Fair value adjustment on quoted securities	-	(1)	(100.0%)
Other comprehensive income for the period, net of tax	(420)	(598)	(29.8%)
Total comprehensive income for the period	9,401	7,354	27.8%
Attributable to:			
Owners of the Company	9,401	7,354	27.8%
	9,401	7,354	27.8%

NM: Not meaningful

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31-Mar-22	30-Sep-21	31-Mar-22	30-Sep-21
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	63,269	63,770	25,778	25,852
Right-of-use assets	10,626	11,287	10,005	10,288
Quoted securities	2	2	2	2
Investment in subsidiaries	-	-	5,648	5,654
Deferred tax assets	346	456	-	-
Total non-current assets	74,243	75,515	41,433	41,796
Current assets				
Quoted securities	1,251	1,252	1,251	1,252
Inventories	76,674	69,699	12,786	12,304
Trade receivables	43,550	37,960	33,058	28,417
Contract assets	6,854	5,779	-	-
Other receivables and deposits	2,159	1,910	168	256
Prepayments	2,508	2,334	160	630
Amounts due from subsidiaries (non-trade)	-	-	86,498	75,936
Derivatives	3,067	1,716	3,067	1,716
Tax recoverable	506	924	-	-
Cash and fixed deposits	27,076	25,241	20,694	18,438
Total current assets	163,645	146,815	157,682	138,949
Total assets	237,888	222,330	199,115	180,745
Current Liabilities				
Trade payables	6,655	9,617	12,471	12,079
Other payables and accruals	18,789	21,141	9,239	11,121
Provision for warranty	820	686	-	-
Loans and borrowings	26,447	8,326	26,178	8,253
Obligation under hire purchase contracts	84	95	84	95
Lease liabilities	814	913	257	236
Income tax payables	2,353	2,516	2,054	2,372
Total current liabilities	55,962	43,294	50,283	34,156
Non-current liabilities				
Loans and borrowings	7,313	8,775	7,313	8,775
Obligation under hire purchase contracts	118	153	118	153
Lease liabilities	10,433	10,817	10,352	10,475
Deferred tax liabilities	1,352	1,141	395	388
Total non-current liabilities	19,216	20,886	18,178	19,791
Total liabilities	75,178	64,180	68,461	53,947
Net assets	162,710	158,150	130,654	126,798
Equity attributable to owners of the Company				
Share capital	57,582	57,582	57,582	57,582
Treasury shares	(532)	(532)	(532)	(532)
Retained earnings	114,735	109,755	73,608	69,752
Capital reserve	104	104	-	-
Foreign currency translation reserve	(9,175)	(8,755)	-	-
Fair value adjustment reserve	(4)	(4)	(4)	(4)
Total equity	162,710	158,150	130,654	126,798

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital	Treasury shares	Retained earnings	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
Balance as at 1 October 2021	57,582	(532)	109,755	104	(8,755)	(4)	158,150
Total comprehensive income for the period, net of tax	-	-	9,821	-	(420)	-	9,401
Dividends on ordinary shares	-	-	(4,841)	-	-	-	(4,841)
Balance as at 31 March 2022	57,582	(532)	114,735	104	(9,175)	(4)	162,710
Balance as at 1 October 2020	57,582	(532)	97,670	104	(8,302)	(3)	146,519
Total comprehensive income for the period, net of tax	-	-	7,952	-	(597)	(1)	7,354
Dividends on ordinary shares	-	-	(3,631)	-	-	-	(3,631)
Balance as at 31 March 2021	57,582	(532)	101,991	104	(8,899)	(4)	150,242

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (cont'd)

	Share capital	Treasury shares	Retained earnings	Fair value adjustment reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Company</u>					
Balance as at 1 October 2021	57,582	(532)	69,752	(4)	126,798
Total comprehensive income for the period, net of tax	-	-	8,697	-	8,697
Dividends on ordinary shares	-	-	(4,841)	-	(4,841)
Balance as at 31 March 2022	57,582	(532)	73,608	(4)	130,654
Balance as at 1 October 2020	57,582	(532)	59,389	(3)	116,436
Total comprehensive income for the period, net of tax	-	-	7,473	(1)	7,472
Dividends on ordinary shares	-	-	(3,631)	-	(3,631)
Balance as at 31 March 2021	57,582	(532)	63,231	(4)	120,277

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 Months Ended	
	31-Mar-22	31-Mar-21
	S\$'000	S\$'000
Operating activities		
Profit before tax	12,491	10,166
Adjustments for:		
Depreciation of property, plant and equipment	2,466	2,253
Depreciation of right-of-use assets	578	783
Gain on disposal of property, plant and equipment, net	-	(1)
Property, plant and equipment written off	12	34
Fair value gain on derivatives	(3,327)	(2,411)
Finance costs	759	491
Interest income from fixed deposits	(1)	(3)
Interest income from quoted securities	(14)	(25)
Provision for warranty, net	134	50
Amortisation of bond premium	1	3
Provision for onerous contract	-	537
Write back of inventory - net realizable value	-	(201)
Foreign currency translation adjustment	2	137
Operating cash flows before changes in working capital	13,101	11,813
Increase in inventories	(6,975)	(7,044)
Increase in receivables and contract assets	(7,088)	(7,209)
(Decrease) / Increase in payables	(5,487)	1,031
Increase in derivatives	1,976	1,217
Cash flows used in operations	(4,473)	(192)
Income taxes paid	(2,090)	(1,137)
Interest received	1	3
Interest paid	(586)	(124)
Net cash flows used in operating activities	(7,148)	(1,450)
Investing activities		
Purchase of property, plant and equipment	(2,354)	(2,371)
Proceeds on disposal of property, plant and equipment	65	117
Proceeds from quoted security	-	4,000
Interest income from quoted securities	14	25
Net cash flows (used in) / from investing activities	(2,275)	1,771
Financing activities		
Decrease in fixed deposit - pledged	-	3
Repayment of finance lease obligations	(46)	(45)
Payment of principal portion of lease liabilities	(411)	(979)
Net proceed from loans and borrowings	16,659	-
Dividends paid on ordinary shares	(4,841)	(3,631)
Net cash flows from / (used in) financing activities	11,361	(4,652)
Net increase / (decrease) in cash and cash equivalents	1,938	(4,331)
Cash and cash equivalents at the beginning of the period	25,052	19,395
Effect of exchange rate changes on cash and cash equivalents	(101)	(149)
Cash and cash equivalents at the end of the period	26,889	14,915

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Nam Lee Pressed Metal Industries Limited (the "Company") is a limited liability company, which is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed interim consolidated financial statements as at and for first half year ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the "Group").

The registered office and principal place of business of the Company is located at 4 Gul Way, Singapore 629192.

The principal activities of the Company include the design, fabrication, supply and installation of steel and aluminium products such as gates, door frames, railings, laundry racks, letter boxes, sliding windows, sliding doors, curtain wall and cladding system for building and infrastructure projects and the supply of aluminium industrial products for container refrigeration units.

The principal activities of the subsidiaries are manufacture of steel and aluminium industrial products (such as aluminium sliding windows, grilles, gates, drying racks, hopper, other metal and metal fabricated products) and fabrication, installation and supply of building materials and products.

2. Basis of Preparation

The condensed interim consolidated financial statements for the first half year ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore ("ASC"). The condensed interim consolidated 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 audited consolidated financial statements for the year ended 30 September 2021.

The accounting policies adopted are consistent with those adopted by the Group and the Company in its most recently audited consolidated financial statements for the year ended 30 September 2021, which were prepared in accordance with SFRS(I)s. The Group has adopted all the applicable new and revised SFRS(I)s and SFRS(I) Interpretations that are mandatory for the accounting periods beginning on or after 1 Oct 2021 as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore Dollars ("SGD" or "S\$") and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

2.1. Adoption of new and amended standards and interpretation

The accounting policies adopted are consistent with those of the previous financial year except in the current financial period, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 October 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.2. Use of judgements and estimates

The preparation of the Group's condensed interim consolidated 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the condensed interim consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of Preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the condensed interim consolidated 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.

(i) 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 various 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.

The carrying amount of trade receivables as at 31 March 2022 was \$43,550,000 (30 September 2021: \$37,960,000) respectively.

(ii) Impairment of investment in subsidiaries

The Group assesses at the end of each reporting period whether there is any objective evidence that an investment in subsidiary is impaired. Factors such as the subsidiary being in a shortfall position compared to the cost of investment or in a recurring loss-making position are objective evidence of impairment. If any indication exists, the Group makes an estimate of the subsidiary's recoverable amount.

A subsidiary's recoverable amount is the higher of its carrying amount and its value in use. Where the carrying amount of an investment in subsidiary exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the terminal growth rate used for extrapolation purposes.

The carrying amount of the Company's investment in subsidiaries at the end of the reporting period was \$5,648,000 (30 September 2021: \$5,654,000).

3. Seasonal operations

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

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment analysis

Business segment

	Aluminium		Mild Steel		Stainless Steel		Others		Adjustments		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1 October to 31 March												
Revenue												
Sales to external customers	100,268	82,652	7,732	10,364	391	215	3,589	1,286	-	-	111,980	94,517
Results												
Depreciation	(2,728)	(2,514)	(174)	(387)	(47)	(65)	(95)	(70)	-	-	(3,044)	(3,036)
Segment result	15,883	11,582	(2,448)	(983)	41	110	(1,021)	(933) (A)	36	390	12,491	10,166
Balance sheet												
Additions to non-current assets	2,181	2,487	100	801	28	59	56	106	-	-	2,365	3,453
Segment assets	191,278	155,681	23,381	28,476	5,714	6,739	17,169	9,315 (B)	346	888	237,888	201,099
Segment liabilities	21,380	19,524	3,084	1,990	144	201	1,656	2,219 (C)	48,914	26,923	75,178	50,857

Other segment information

	6 Months Ended	
	31-Mar-22	31-Mar-21
	S\$'000	S\$'000
(A) Unallocated (expenses)/income		
Interest income	15	28
Interest expense	(759)	(491)
Unallocated income	780	853
	36	390

	As At	
	31-Mar-22	31-Mar-21
	S\$'000	S\$'000
(B) Unallocated assets		
Deferred tax assets	346	888
(C) Unallocated liabilities		
Deferred tax liabilities	1,352	993
Income tax payables	2,353	2,105
Loans and borrowings	33,760	11,700
Obligations under hire purchase contracts	202	293
Lease liabilities	11,247	11,832
	48,914	26,923

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment analysis (cont'd)

Geographical segment

	Singapore		Malaysia		Consolidated	
	2022	2021	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1 October to 31 March						
Segment revenue						
Sales to external customers	108,585	92,467	3,395	2,050	111,980	94,517
Other segment information						
Non-current assets	38,274	37,667	35,621	36,551	73,895	74,218

5. Profit before tax

Profit before tax is arrived at after charging / (crediting) the following:

	Group	
	6 Months Ended	
	31-Mar-22	31-Mar-21
	S\$'000	S\$'000
Depreciation of property, plant and equipment	2,466	2,253
Depreciation of right-of-use assets	578	783
Gain on disposal of property, plant and equipment, net	-	(1)
Property, plant and equipment written off	12	34
Fair value gain on derivatives	(3,327)	(2,411)
Finance costs	759	491
Interest income from fixed deposits	(1)	(3)
Interest income from quoted securities	(14)	(25)
Provision for warranty, net	134	50
Amortisation of bond premium	1	3
Provision for onerous contract	-	537
Write back of inventory - net realizable value	-	(201)
Foreign currency exchange loss, net	703	1,358
Covid-19 support and relief measures	(257)	(747)

6. Income tax expenses

The major components of income tax expense in the condensed interim consolidated income statement are:

	Group	
	6 Months Ended	
	31-Mar-22	31-Mar-21
	S\$'000	S\$'000
<u>Consolidated interim income statement:</u>		
Current income tax		
- Current year	(2,331)	(2,198)
- Under provision in respect of prior years	(9)	-
	(2,340)	(2,198)
Deferred income tax		
- Origination and reversal of temporary differences	(294)	(16)
- Under provision in respect of prior years	(36)	-
	(330)	(16)
Income tax expense recognised in profit or loss	(2,670)	(2,214)

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

7. Earnings per share

	Group	
	6 Months Ended	
	31-Mar-22	31-Mar-21
Earnings per ordinary share (EPS) for the period: -		
(i) Based on weighted average number of ordinary shares (in cents)	4.06	3.29
- Weighted average number of shares	242,056,382	242,056,382
(ii) On a fully diluted basis (in cents)	4.06	3.29
- Adjusted weighted average number of shares	242,056,382	242,056,382

8. Property, plant and equipment

During the financial period ended 31 March 2022, the Group acquired assets amounting to S\$2,354,000 (31 March 2021: S\$2,371,000) and disposed and written off of assets with net book value of S\$77,000 (31 March 2021: S\$150,000).

9. Right-of-use assets

Group	Group			Company		
	Leasehold buildings	Office equipment	Total	Leasehold buildings	Office equipment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 October 2020	11,488	175	11,663	10,792	58	10,850
Additions	1,099	15	1,114	-	-	-
Depreciation expense	(1,410)	(47)	(1,457)	(544)	(18)	(562)
Derecognition of right-of-use assets	(27)	(2)	(29)	-	-	-
Exchange differences	(4)	-	(4)	-	-	-
At 30 September 2021	11,146	141	11,287	10,248	40	10,288
Additions	11	-	11	-	-	-
Depreciation expense	(554)	(24)	(578)	(274)	(9)	(283)
Derecognition of right-of-use assets	(93)	-	(93)	-	-	-
Exchange differences	(1)	-	(1)	-	-	-
At 31 March 2022	10,509	117	10,626	9,974	31	10,005

10. Cash and fixed deposits

Cash and cash equivalents at the end of the period does not include fixed deposits pledged to a licensed bank for bank guarantee facilities.

	Group		Company	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed deposits	187	184	-	-
Cash at bank and on hand	26,889	14,915	20,694	9,546
	27,076	15,099	20,694	9,546
Less: fixed deposit pledged	(187)	(184)	-	-
Total cash and cash equivalents	26,889	14,915	20,694	9,546

11. Aggregate amount of group's borrowings and debt securities

	Group		Company	
	As At		As At	
	31-Mar-22	30-Sep-21	31-Mar-22	30-Sep-21
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand:-				
Secured	3,009	3,020	3,009	3,020
Unsecured	24,336	6,314	23,510	5,564
Sub-Total	27,345	9,334	26,519	8,584
Amount repayable after one year				
Secured	7,431	8,928	7,431	8,928
Unsecured	10,433	10,817	10,352	10,475
Sub-Total	17,864	19,745	17,783	19,403
Total borrowings and debt securities	45,209	29,079	44,302	27,987

Details of any collateral

The Group's borrowings are secured by a property and certain motor vehicles under term loan and finance lease.

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

12. Share capital

	Number of shares	Percentage (%)	Share Capital S\$'000
<u>Ordinary shares</u>			
Balance as at 30 September 2021 and 31 March 2022	243,744,082	100.00%	57,582
<u>Treasury shares</u>			
Balance as at 30 September 2021 and 31 March 2022	(1,687,700)	0.69%	(532)
Issued ordinary shares net of treasury shares	242,056,382	99.31%	57,050

There were no sales, transfers, cancellation and/or use of treasury shares during the period.

13. Net asset value

	Group		Company	
	As At		As At	
	31-Mar-22	30-Sep-21	31-Mar-22	30-Sep-21
Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial period reported on (in cents)	67.22	65.34	53.98	52.38

14. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these condensed interim consolidated financial statements. The balances are unsecured, non-interest bearing and repayable on demand.

Compensation of key management personnel

	Group	
	6 Months Ended	
	31-Mar-22	31-Mar-21
	S\$'000	S\$'000
Salaries, bonus and other related expenses	2,631	2,528
Contributions to defined contribution plans	77	71
Total compensation paid to key management personnel	2,708	2,599
Comprise amount paid to:		
- Directors of the Company	493	509
- Advisors of the Company	1,218	1,188
- Other key management personnel	997	902
	2,708	2,599

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

Commitments for purchase of property, plant and equipment amounted to S\$7,228,000 as at 31 March 2022.

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

16. Financial assets and financial liabilities

	Group		Company	
	As At		As At	
	31-Mar-22	30-Sep-21	31-Mar-22	30-Sep-21
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Trade receivables	43,550	37,960	33,058	28,417
Other receivables and deposits	2,159	1,910	168	256
Amounts due from subsidiaries (non-trade)	-	-	86,498	75,936
Cash and fixed deposits	27,076	25,241	20,694	18,438
Derivatives	3,067	1,716	3,067	1,716
Quoted securities	1,252	1,252	1,252	1,252
	77,104	68,079	144,737	126,015
Less: Goods and services tax receivables	(1,574)	(1,345)	(898)	(1,164)
Total undiscounted financial assets	75,530	66,734	143,839	124,851
Financial liabilities				
Trade payables	6,655	9,617	12,471	12,079
Other payables and accruals	18,189	20,536	9,239	11,121
Loans and borrowings	34,289	17,574	34,019	17,501
Obligations under hire purchase contracts	214	266	214	266
Lease liabilities	20,151	21,054	19,488	19,983
Total undiscounted financial liabilities	79,498	69,047	75,431	60,950
Total net undiscounted financial assets	(3,968)	(2,313)	68,408	63,901

17. Financial assets and financial liabilities

(a) Fair value hierarchy

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

Level 1 - Quoted prices (unadjusted) in active markets 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 (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Significant unobservable inputs for the asset or liability.

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

(b) Fair value of financial instruments that are carried at fair value

	Group and Company As At					
	31-Mar-22			30-Sep-21		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Recurring fair value measurements</u>						
Financial assets:						
Quoted securities	1,253	-	1,253	1,254	-	1,254
Derivatives - Commodity swap	-	3,067	3,067	-	1,716	1,716

18. Subsequent events

There were no known subsequent events which have led to adjustments to these condensed interim consolidated financial statements.

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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

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

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

INCOME STATEMENT / STATEMENT OF COMPREHENSIVE INCOME

In the financial period ended 31 March 2022 ("1H2022"), the Group achieved profit after tax of S\$9.8 million, an improvement of more than S\$1.8 million earned for the financial period ended 31 March 2021 ("1H2021").

Group revenue increased by S\$17.5 million or 18.5% from S\$94.5 million for 1H2021 to S\$112 million for 1H2022. The increase was mainly due to more construction projects in progress and higher demand for container refrigeration units.

Gross profit increased slightly from S\$18.1 million in 1H2021 to S\$18.4 million in 1H2022 while gross profit margin decreased from 19.2% in 1H2021 to 16.5% in 1H2022, mainly due to higher labour cost and factory overhead incurred in conjunction with more construction projects in progress.

Selling and distribution expenses increased from S\$1.1 million in 1H2021 to S\$1.3 million in 1H2022 with higher level of activities.

Administrative expenses decreased from S\$7.3 million in 1H2021 to S\$6.6 million in 1H2022 mainly due to lower Covid-19 safe management expenses and depreciation.

Other operating expenses decreased from S\$2.3 million in 1H2021 to S\$1.5 million in 1H2022 mainly due to lower foreign currency exchange loss.

With the additional borrowings in 1H2022, financing cost increased to S\$0.8 million in 1H2022 from S\$0.5 million in 1H2021.

Other income of S\$4.1 million in 1H2022 increased from S\$3.3 million in 1H2021. While fair value gain on derivative contracts on materials increased by S\$0.9 million, rental income increased by S\$0.2 million and Covid-19 support and reliefs reduced by S\$0.5 million. These derivative contracts are to hedge changes in price of raw materials with volume based on requirements for secured contracts with customers.

The Group's effective tax rate was 21.4% for 1H2022 and includes tax on profits in Singapore and Malaysia at the corporate tax rates of 17% and 24% respectively.

STATEMENT OF FINANCIAL POSITION

Assets and liabilities with significant fluctuations are explained as follows:

Property, plant and equipment decreased slightly to S\$63.3 million as at 31 March 2022, from S\$63.8 million as at 30 September 2021, the net result of acquisitions of S\$2.4 million, depreciation of S\$2.5 million and exchange translation movements.

Inventories increased to S\$76.7 million as at 31 March 2022 compared with S\$69.7 million as at 30 September 2021. Trade receivables and contract assets increased to S\$50.4 million as at 31 March 2022 compared with S\$43.7 million as at 30 September 2021. Borrowing increased by S\$16.7 million due to utilisation of trust receipts to repay supplier invoices. Trade payables, other payables and accruals decreased in aggregate by S\$5.4 million to S\$25.4 million as at 31 March 2022 compared with S\$30.8 million as at 30 September 2021.

The net increases in the above components of working capital correspond with the higher level of production and billings in 1H2022 and holding of inventories to meet future production needs.

STATEMENT OF CASH FLOW

Net cash flows used in operating activities for 1H2022 was S\$7.1 million as increase in working capital was higher than the cash flow from the operations. Interest and income tax paid amounted to S\$2.6 million.

Net cash flows used in investing activities for 1H2022 was S\$2.3 million, which was mainly for purchase of plant and equipment.

Net cash flows generated from financing activities for 1H2022 was S\$11.4 million. S\$16.7 million of funds from borrowings were partially offset by dividend paid to shareholders and repayment of finance lease obligations and lease liabilities.

NAM LEE PRESSED METAL INDUSTRIES LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by our auditors.

- 3 Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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

Not applicable.

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

The Group achieved higher revenue from the demand for container refrigeration units and recovery of construction projects resulting in higher profitability in 1H2022.

With the announced Budget 2022, we are concerned about the higher costs from the progressive wage model, impending goods and service tax hike, inflation and higher minimum qualifying salaries for Employment and S pass applicants.

The geopolitical risks from the Ukraine crisis and China's expansion of COVID lockdown are also concerning, specifically with regards to the risks of cost escalation for energy, commodities and transportation globally.

The Group expects these factors to increase its operating costs going forward. However, we expect the demand for container refrigeration units and construction projects to be maintained and absorb some of the increase in operating costs.

The Group will remain vigilant about challenges and uncertainties that may arise and mitigate to the extent possible.

Barring unforeseen circumstances and any further significant adverse developments in the coronavirus pandemic, we expect to remain profitable in the next 12 months.

- 6 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.**

There were no interested person transactions that required obtaining a general mandate from shareholders under Rule 920(1)(a)(ii).

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

The Group has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

NAM LEE PRESSED METAL INDUSTRIES LIMITED

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

8 Dividend

(a) Current financial period reported on

No

(b) Corresponding period of the immediately preceding financial year

No

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) Date payable

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable

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

No dividend has been declared or recommended for the current reporting period on the grounds of prudence.

9 Negative confirmation pursuant to Rule 705(5)

We, Yong Han Keong Eric and Yong Li Yuen Joanna, being two directors of Nam Lee Pressed Metal Industries Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first half financial results for the period ended 31 March 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Eric Yong Han Keong
Managing Director
11-May-2022