



NAM LEE PRESSED METAL INDUSTRIES LIMITED

(Company Registration No. 1975-00362-M)

UNAUDITED CONDENSED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR AND FULL YEAR ENDED 30 SEPTEMBER 2021

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NAM LEE PRESSED METAL INDUSTRIES LIMITED

(Company Registration No. 1975-00362-M)

NAM LEE PRESSED METAL
INDUSTRIES LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT

| | Notes | Group | | Group | | |
|-----------------------------------|-------|----------------|-----------|-----------------|-----------|---------|
| | | 6 Months Ended | | 12 Months Ended | | Change |
| | | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 | |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 | % |
| Revenue | 4 | 104,170 | 60,510 | 198,687 | 118,583 | 67.6% |
| Cost of sales | | (89,893) | (49,676) | (166,297) | (100,175) | 66.0% |
| Gross profit | | 14,277 | 10,834 | 32,390 | 18,408 | 76.0% |
| Selling and distribution expenses | | (1,532) | (969) | (2,627) | (2,019) | 30.1% |
| Administrative expenses | | (5,409) | (5,280) | (12,753) | (9,821) | 29.9% |
| Other operating expenses | | (371) | (127) | (2,681) | (2,642) | 1.5% |
| Operating profit | | 6,965 | 4,458 | 14,329 | 3,926 | 265.0% |
| Interest income | | 33 | 118 | 61 | 316 | (80.7%) |
| Finance costs | | (538) | (131) | (1,029) | (218) | 372.0% |
| Other income | | 3,624 | 2,663 | 6,889 | 3,802 | 81.2% |
| Profit before tax | 5 | 10,084 | 7,108 | 20,250 | 7,826 | 158.8% |
| Income tax expenses | 6 | (2,320) | (856) | (4,534) | (1,449) | 212.9% |
| Profit for the year | | 7,764 | 6,252 | 15,716 | 6,377 | 146.4% |
| Attributable to: | | | | | | |
| Owners of the Company | | 7,764 | 6,252 | 15,716 | 6,377 | 146.4% |
| | | 7,764 | 6,252 | 15,716 | 6,377 | 146.4% |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | | | | |
|--|-------|-------|--------|-------|--------|
| Profit for the year | 7,764 | 6,252 | 15,716 | 6,377 | 146.4% |
| Other comprehensive income: | | | | | |
| Foreign currency translation | 144 | (189) | (453) | 17 | NM |
| Fair value adjustment on quoted securities | - | - | (1) | (1) | NM |
| Other comprehensive income for the year, net of tax | 144 | (189) | (454) | 16 | NM |
| Total comprehensive income for the year | 7,908 | 6,063 | 15,262 | 6,393 | 138.7% |
| Attributable to: | | | | | |
| Owners of the Company | 7,908 | 6,063 | 15,262 | 6,393 | 138.7% |
| | 7,908 | 6,063 | 15,262 | 6,393 | 138.7% |

NM: Not meaningful

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION

| Notes | Group | | Company | | |
|---|-----------|----------------|----------------|----------------|----------------|
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 8 | 63,770 | 63,220 | 25,852 | 24,030 |
| Right-of-use assets | 9 | 11,287 | 11,663 | 10,288 | 10,850 |
| Quoted securities | | 2 | 5,258 | 2 | 5,258 |
| Investment in subsidiaries | | - | - | 5,654 | 4,672 |
| Deferred tax assets | | 456 | 898 | - | - |
| Total non-current assets | | 75,515 | 81,039 | 41,796 | 44,810 |
| Current assets | | | | | |
| Quoted securities | | 1,252 | - | 1,252 | - |
| Inventories | | 69,699 | 54,745 | 12,304 | 7,961 |
| Trade receivables | | 37,960 | 26,876 | 28,417 | 23,259 |
| Contract assets | | 5,779 | 4,195 | - | - |
| Other receivables and deposits | | 1,910 | 2,475 | 256 | 338 |
| Prepayments | | 2,334 | 2,633 | 630 | 422 |
| Amounts due from subsidiaries (non-trade) | | - | - | 68,338 | 72,776 |
| Derivatives | | 1,716 | 1,323 | 1,716 | 1,323 |
| Tax recoverable | | 924 | 1,831 | - | - |
| Cash and fixed deposits | 10 | 25,241 | 19,582 | 18,438 | 13,411 |
| Total current assets | | 146,815 | 113,660 | 131,351 | 119,490 |
| Total assets | | 222,330 | 194,699 | 173,147 | 164,300 |
| Current Liabilities: | | | | | |
| Trade payables | | 9,617 | 6,980 | 4,481 | 14,531 |
| Other payables and accruals | | 21,141 | 14,829 | 11,121 | 9,234 |
| Provision for warranty | | 686 | 507 | - | - |
| Loans and borrowings | 11 | 8,326 | - | 8,253 | - |
| Obligation under hire purchase contracts | 11 | 95 | 90 | 95 | 90 |
| Lease liabilities | 11 | 913 | 807 | 236 | 200 |
| Income tax payables | | 2,516 | 1,102 | 2,372 | 958 |
| Total current liabilities | | 43,294 | 24,315 | 26,558 | 25,013 |
| Non-current liabilities | | | | | |
| Loans and borrowings | 11 | 8,775 | 11,700 | 8,775 | 11,700 |
| Obligation under hire purchase contracts | 11 | 153 | 248 | 153 | 248 |
| Lease liabilities | 11 | 10,817 | 10,926 | 10,475 | 10,711 |
| Deferred tax liabilities | | 1,141 | 991 | 388 | 192 |
| Total non-current liabilities | | 20,886 | 23,865 | 19,791 | 22,851 |
| Total liabilities | | 64,180 | 48,180 | 46,349 | 47,864 |
| Net assets | | 158,150 | 146,519 | 126,798 | 116,436 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 12 | 57,582 | 57,582 | 57,582 | 57,582 |
| Treasury shares | 12 | (532) | (532) | (532) | (532) |
| Retained earnings | | 109,755 | 97,670 | 69,752 | 59,389 |
| Capital reserve | | 104 | 104 | - | - |
| Foreign currency translation reserve | | (8,755) | (8,302) | - | - |
| Fair value adjustment reserve | | (4) | (3) | (4) | (3) |
| Total equity | | 158,150 | 146,519 | 126,798 | 116,436 |

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CONDENSED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Treasury shares | Retained earnings | Capital reserve | Foreign currency translation reserve | Fair value adjustment reserve | Share option reserve | Total equity |
|---|---------------|-----------------|-------------------|-----------------|--------------------------------------|-------------------------------|----------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Group | | | | | | | | |
| Balance as at 1 October 2020 | 57,582 | (532) | 97,670 | 104 | (8,302) | (3) | - | 146,519 |
| Total comprehensive income for the year, net of tax | - | - | 15,716 | - | (453) | (1) | - | 15,262 |
| Dividends on ordinary shares | - | - | (3,631) | - | - | - | - | (3,631) |
| Balance as at 30 September 2021 | 57,582 | (532) | 109,755 | 104 | (8,755) | (4) | - | 158,150 |
| Balance as at 1 October 2019 | 57,184 | - | 94,949 | 104 | (8,319) | (2) | 89 | 144,005 |
| Total comprehensive income for the year, net of tax | - | - | 6,377 | - | 17 | (1) | - | 6,393 |
| Purchase of treasury shares | - | (532) | - | - | - | - | - | (532) |
| Exercise of employee share options | 398 | - | - | - | - | - | (89) | 309 |
| Dividends on ordinary shares | - | - | (3,656) | - | - | - | - | (3,656) |
| Balance as at 30 September 2020 | 57,582 | (532) | 97,670 | 104 | (8,302) | (3) | - | 146,519 |

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CONDENSED STATEMENT OF CHANGES IN EQUITY (cont'd)

| | Share capital | Treasury shares | Retained earnings | Fair value adjustment reserve | Share option reserve | Total equity |
|---|---------------|-----------------|-------------------|-------------------------------|----------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Company | | | | | | |
| Balance as at 1 October 2020 | 57,582 | (532) | 59,389 | (3) | - | 116,436 |
| Total comprehensive income for the year, net of tax | - | - | 13,994 | (1) | - | 13,993 |
| Dividends on ordinary shares | - | - | (3,631) | - | - | (3,631) |
| Balance as at 30 September 2021 | 57,582 | (532) | 69,752 | (4) | - | 126,798 |
| Balance as at 1 October 2019 | 57,184 | - | 60,629 | (2) | 89 | 117,900 |
| Total comprehensive income for the year, net of tax | - | - | 2,416 | (1) | - | 2,415 |
| Purchase of treasury shares | - | (532) | - | - | - | (532) |
| Exercise of employee share options | 398 | - | - | - | (89) | 309 |
| Dividends on ordinary shares | - | - | (3,656) | - | - | (3,656) |
| Balance as at 30 September 2020 | 57,582 | (532) | 59,389 | (3) | - | 116,436 |

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Group | |
|--|-----------------|----------------|
| | 12 Months Ended | |
| | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 |
| Operating activities | | |
| Profit before tax: | 20,250 | 7,826 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 4,894 | 3,999 |
| Depreciation of right-of-use assets | 1,457 | 1,205 |
| Loss / (Gain) on disposal of property, plant and equipment, net | 11 | (7) |
| Property, plant and equipment written off | 22 | 99 |
| Fair value gain on derivatives | (5,018) | (281) |
| Finance costs | 1,029 | 218 |
| Interest income from fixed deposits | (7) | (137) |
| Interest income from quoted securities | (54) | (179) |
| Provision for / (Write back of) warranty, net | 674 | (169) |
| Amortisation of bond premium | 4 | 23 |
| Provision for expected credit loss | - | 50 |
| Provision for onerous contract | 368 | 106 |
| (Write back of) / Provision for inventory - net realizable value | (201) | 201 |
| Foreign currency translation adjustment | 38 | (83) |
| Operating cash flows before changes in working capital | 23,467 | 12,871 |
| Increase in inventories | (14,753) | (14,494) |
| (Increase) / Decrease in receivables and contract assets | (11,804) | 1,062 |
| Increase in payables | 8,086 | 1,662 |
| Increase / (Decrease) in derivatives | 4,625 | (1,388) |
| Cash flows from / (used in) operations | 9,621 | (287) |
| Income taxes paid | (1,641) | (1,233) |
| Interest received | 7 | 137 |
| Interest paid | (1,029) | (218) |
| Net cash flows from / (used in) operating activities | 6,958 | (1,601) |
| Investing activities | | |
| Purchase of property, plant and equipment | (6,098) | (9,879) |
| Proceeds on disposal of property, plant and equipment | 166 | 303 |
| Proceeds from quoted security | 4,000 | 750 |
| Interest income from quoted securities | 54 | 179 |
| Net cash flows used in investing activities | (1,878) | (8,647) |
| Financing activities | | |
| Increase in fixed deposit - pledged | (4) | (22) |
| Repayment of finance lease obligations | (90) | (132) |
| Payment of principal portion of lease liabilities | (1,088) | (1,134) |
| Net proceed from / (repayment of) loans and borrowings | 5,401 | (417) |
| Purchase of treasury shares | - | (532) |
| Proceeds from exercise of employee share options | - | 309 |
| Dividends paid on ordinary shares | (3,631) | (3,656) |
| Net cash flows used in financing activities | 588 | (5,584) |
| Net increase / (decrease) in cash and cash equivalents | 5,668 | (15,832) |
| Cash and cash equivalents at the beginning of the year | 19,395 | 35,128 |
| Effect of exchange rate changes on cash and cash equivalents | (11) | 99 |
| Cash and cash equivalents at the end of the year | 25,052 | 19,395 |

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NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED 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 consolidated financial statements as at and for second half and full year ended 30 September 2021 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 consolidated financial statements for the second half year and full year ended 30 September 2021 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. The condensed second half 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 consolidated financial statements for the six months period ended 31 March 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 2020, 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 2020 as set out in Note 2.1.

The 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 year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 October 2020. 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 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 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.

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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 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 30 September 2021 was \$37,960,000 (2020: \$26,876,000) 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 \$5,654,000 (2020: \$4,672,000).

3. Seasonal operations

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

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4. Segment analysis

Business segment

| | Aluminium | | Mild Steel | | Stainless Steel | | Others | | Adjustments | | Consolidated | |
|----------------------------------|-----------|---------|------------|---------|-----------------|---------|---------|---------|-------------|---------|--------------|---------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | 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 April to 30 September | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | |
| Sales to external customers | 89,206 | 56,421 | 12,507 | 2,851 | 340 | 381 | 2,117 | 857 | - | - | 104,170 | 60,510 |
| Results | | | | | | | | | | | | |
| Depreciation | (2,915) | (1,989) | (273) | (549) | (59) | (101) | (68) | (91) | - | - | (3,315) | (2,730) |
| Provision for a replacement cost | (494) | - | - | - | - | - | - | - | - | - | (494) | - |
| Segment result | 9,802 | 4,112 | (739) | 1,117 | 265 | (433) | 243 | (830) | 513 | 3,142 | 10,084 | 7,108 |
| Balance sheet | | | | | | | | | | | | |
| Additions to non-current assets | 3,189 | 27,640 | 326 | - | 152 | 229 | 92 | 202 | - | - | 3,759 | 28,071 |
| 1 October to 30 September | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | |
| Sales to external customers | 171,858 | 107,242 | 22,871 | 9,738 | 555 | 540 | 3,403 | 1,063 | - | - | 198,687 | 118,583 |
| Results | | | | | | | | | | | | |
| Depreciation | (5,429) | (3,883) | (660) | (1,059) | (124) | (132) | (138) | (130) | - | - | (6,351) | (5,204) |
| Provision for a replacement cost | (494) | - | - | - | - | - | - | - | - | - | (494) | - |
| Segment result | 21,384 | 10,431 | (1,722) | (3,453) | 375 | (602) | (690) | (2,169) | 903 | 3,619 | 20,250 | 7,826 |
| Balance sheet | | | | | | | | | | | | |
| Additions to non-current assets | 5,676 | 30,923 | 1,127 | 243 | 211 | 364 | 198 | 269 | - | - | 7,212 | 31,799 |
| Segment assets | 176,148 | 148,414 | 25,380 | 31,044 | 6,897 | 6,889 | 13,449 | 7,454 | 456 | 898 | 222,330 | 194,699 |
| Segment liabilities | 25,962 | 17,925 | 2,704 | 2,022 | 286 | 181 | 2,492 | 2,188 | 32,736 | 25,864 | 64,180 | 48,180 |

Other segment information

| | 6 Months Ended | | 12 Months Ended | | 12 Months Ended | |
|---|----------------|-----------|-----------------|-----------|-----------------|-----------|
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| (A) Unallocated (expenses)/income | | | | | | |
| Interest income | 33 | 118 | 61 | 316 | | |
| Interest expense | (538) | (131) | (1,029) | (218) | | |
| Unallocated income | 1,018 | 3,155 | 1,871 | 3,521 | | |
| | 513 | 3,142 | 903 | 3,619 | | |
| (B) Unallocated assets | | | | | | |
| Deferred tax assets | | | | | 456 | 898 |
| (C) Unallocated liabilities | | | | | | |
| Deferred tax liabilities | | | | | 1,141 | 991 |
| Income tax payables | | | | | 2,516 | 1,102 |
| Loans and borrowings | | | | | 17,101 | 11,700 |
| Obligations under hire purchase contracts | | | | | 248 | 338 |
| Lease liabilities | | | | | 11,730 | 11,733 |
| | | | | | 32,736 | 25,864 |

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Geographical segment

| | Singapore | | Malaysia | | Consolidated | |
|----------------------------------|-----------|---------|----------|---------|--------------|---------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 1 April to 30 September | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | 102,123 | 59,332 | 2,047 | 1,178 | 104,170 | 60,510 |
| 1 October to 30 September | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | 194,590 | 116,084 | 4,097 | 2,499 | 198,687 | 118,583 |
| Other segment information | | | | | | |
| Non-current assets | 38,866 | 36,856 | 36,191 | 38,027 | 75,057 | 74,883 |

A breakdown of sales:

| | Group | |
|--|-----------------|-----------|
| | 12 Months Ended | |
| | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 |
| (a) Sales reported for first half of year | 94,517 | 58,073 |
| (b) Operating profit after income tax before deducting non-controlling interests reported for first half year | 7,952 | 125 |
| (c) Sales reported for second half of year | 104,170 | 60,510 |
| (d) Operating profit after income tax before deducting non-controlling interests reported for second half year | 7,764 | 6,252 |

5. Profit before tax

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

| | Group | | | |
|--|----------------|-----------|-----------------|-----------|
| | 6 Months Ended | | 12 Months Ended | |
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Depreciation of property, plant and equipment | 2,641 | 2,134 | 4,894 | 3,999 |
| Depreciation of right-of-use assets | 674 | 596 | 1,457 | 1,205 |
| Loss / (Gain) on disposal of property, plant and equipment, net | 12 | 5 | 11 | (7) |
| Property, plant and equipment written off | 10 | 99 | 22 | 99 |
| Fair value gain on derivatives | (2,607) | (1,974) | (5,018) | (281) |
| Finance costs | 538 | 131 | 1,029 | 218 |
| Interest income from fixed deposits | (4) | (30) | (7) | (137) |
| Interest income from quoted securities | (29) | (88) | (54) | (179) |
| Provision for / (Write back of) warranty, net | 624 | (51) | 674 | (169) |
| Amortisation of bond premium | 1 | 11 | 4 | 23 |
| Provision for expected credit loss | - | 50 | - | 50 |
| (Write back of) / Provision for onerous contract | (169) | 106 | 368 | 106 |
| (Write back of) / Provision for inventory - net realizable value | - | 201 | (201) | 201 |
| Foreign currency exchange (gain) / loss, net | (372) | 1,493 | 986 | 719 |
| Covid-19 support and relief measures | (414) | (2,875) | (1,161) | (3,073) |

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6. Income tax expenses

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

| | Group | | | |
|---|----------------|-----------|-----------------|-----------|
| | 6 Months Ended | | 12 Months Ended | |
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Consolidated income statement: | | | | |
| Current income tax | | | | |
| - Current year | (1,825) | (1,281) | (4,023) | (1,894) |
| - Over/(under) provision in respect of prior years | 84 | (174) | 84 | (174) |
| | (1,741) | (1,455) | (3,939) | (2,068) |
| Deferred income tax | | | | |
| - Origination and reversal of temporary differences | (579) | 562 | (595) | 582 |
| - Over/(under) provision in respect of prior years | - | 37 | - | 37 |
| | (579) | 599 | (595) | 619 |
| Income tax expense recognised in profit or loss | (2,320) | (856) | (4,534) | (1,449) |

7. Earnings per share

| | Group | | | |
|--|----------------|-------------|-----------------|-------------|
| | 6 Months Ended | | 12 Months Ended | |
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Earnings per ordinary share (EPS) for the year: - | | | | |
| (i) Based on weighted average number of ordinary shares (in cents) | 3.20 | 2.58 | 6.49 | 2.63 |
| - Weighted average number of shares | 242,056,382 | 242,476,257 | 242,056,382 | 242,476,257 |
| (ii) On a fully diluted basis (in cents) | 3.20 | 2.58 | 6.49 | 2.63 |
| - Adjusted weighted average number of shares | 242,056,382 | 242,567,222 | 242,056,382 | 242,567,222 |

8. Property, plant and equipment

During the financial year ended 30 September 2021, the Group acquired assets amounting to S\$6,098,000 (30 September 2020: S\$21,809,000) and disposed of assets with net book value of S\$176,000 (30 September 2020: S\$395,000).

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 2019 | 2,772 | 105 | 2,877 | 1,178 | 76 | 1,254 |
| Additions | 9,871 | 119 | 9,990 | 9,832 | - | 9,832 |
| Depreciation expense | (1,156) | (49) | (1,205) | (218) | (18) | (236) |
| Exchange differences | 1 | - | 1 | - | - | - |
| At 30 September 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 | (30) | (1) | (31) | - | - | - |
| Exchange differences | (2) | - | (2) | - | - | - |
| At 30 September 2021 | 11,145 | 142 | 11,287 | 10,248 | 40 | 10,288 |

10. Cash and fixed deposits

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

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Fixed deposits | 189 | 187 | - | - |
| Cash at bank and on hand | 25,052 | 19,395 | 18,438 | 13,411 |
| | 25,241 | 19,582 | 18,438 | 13,411 |
| Less: fixed deposit pledged | (189) | (187) | - | - |
| Total cash and cash equivalents | 25,052 | 19,395 | 18,438 | 13,411 |

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

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | As At | | As At | |
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>Amount repayable in one year or less, or on demand:-</u> | | | | |
| Secured | 3,020 | 90 | 3,020 | 90 |
| Unsecured | 6,314 | 807 | 5,564 | 200 |
| Sub-Total | 9,334 | 897 | 8,584 | 290 |
| <u>Amount repayable after one year</u> | | | | |
| Secured | 8,928 | 11,948 | 8,928 | 11,948 |
| Unsecured | 10,817 | 10,926 | 10,475 | 10,711 |
| Sub-Total | 19,745 | 22,874 | 19,403 | 22,659 |
| Total borrowings and debt securities | 29,079 | 23,771 | 27,987 | 22,949 |

Details of any collateral

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

12. Share capital

| | Number of shares | Percentage (%) | Share Capital S\$'000 |
|---|------------------|----------------|-----------------------|
| <u>Ordinary shares</u> | | | |
| Balance as at 30 September 2020 and 30 September 2021 | 243,744,082 | 100.00% | 57,582 |
| <u>Treasury shares</u> | | | |
| Balance as at 30 September 2020 and 30 September 2021 | (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 year.

Share options

On 22 February 2010, the Company granted 8,200,000 share options at exercise price of \$0.258 under Nam Lee Employee Share Option Scheme ("The Scheme").

Movement in share options during the financial year

There were no outstanding share options as at 30 September 2021.

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the year.

| | 30-Sep-21 | | 30-Sep-20 | |
|------------------------------|-----------|------------|-------------|------------|
| | No. | WAEP (S\$) | No. | WAEP (S\$) |
| Opening balance | - | - | 1,200,000 | 0.258 |
| Exercised during the year | - | - | (1,200,000) | 0.258 |
| Ending balance (Exercisable) | - | - | - | - |

13. Net asset value

| | Group | | Company | |
|--|-----------|-----------|-----------|-----------|
| | As At | | As At | |
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| Net asset backing per ordinary share based on the existing issued share capital as at the end of the financial year reported on (in cents) | 65.34 | 60.53 | 52.38 | 48.10 |

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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 consolidated financial statements. The balances are unsecured, non-interest bearing and repayable on demand.

Compensation of key management personnel

| | Group | |
|---|-----------|-----------|
| | As At | |
| | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 |
| Salaries, bonus and other related expenses | 4,517 | 2,857 |
| Contributions to defined contribution plans | 117 | 108 |
| Total compensation paid to key management personnel | 4,634 | 2,965 |
| Comprise amount paid to: | | |
| - Directors of the Company | 794 | 811 |
| - Advisors of the Company | 2,229 | 1,165 |
| - Other key management personnel | 1,611 | 989 |
| | 4,634 | 2,965 |

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

Commitments for purchase of property, plant and equipment amounted to S\$1,321,000 as at 30 September 2021.

16. Financial assets and financial liabilities

| | Group | | Company | |
|---|-----------|-----------|-----------|-----------|
| | As At | | As At | |
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Financial assets | | | | |
| Trade receivables | 37,960 | 26,876 | 28,417 | 23,259 |
| Other receivables and deposits | 1,910 | 2,475 | 256 | 338 |
| Amounts due from subsidiaries (non-trade) | - | - | 68,338 | 72,776 |
| Cash and fixed deposits | 25,241 | 19,582 | 18,438 | 13,411 |
| Derivatives | 1,716 | 1,323 | 1,716 | 1,323 |
| Quoted securities | 1,252 | 5,253 | 1,252 | 5,253 |
| | 68,079 | 55,509 | 118,417 | 116,360 |
| Less: Goods and services tax receivables | (1,345) | (1,837) | (1,164) | (1,462) |
| Total undiscounted financial assets | 66,734 | 53,672 | 117,253 | 114,898 |
| Financial liabilities | | | | |
| Trade payables | 9,617 | 6,980 | 4,481 | 14,531 |
| Other payables and accruals | 20,536 | 13,430 | 11,121 | 8,918 |
| Loans and borrowings | 17,124 | 12,556 | 17,050 | 12,556 |
| Obligations under hire purchase contracts | 266 | 369 | 266 | 369 |
| Lease liabilities | 21,053 | 21,778 | 19,983 | 20,912 |
| Total undiscounted financial liabilities | 68,596 | 55,113 | 52,901 | 57,286 |
| Total net undiscounted financial assets | (1,862) | (1,441) | 64,352 | 57,612 |

17. Financial assets and financial liabilities

(a) Fair value hierarchy

The Group categories 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 | | | | | |
|--|-------------------------|---------|---------|-----------|---------|---------|
| | 30-Sep-21 | | | 30-Sep-20 | | |
| | 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 | 1,254 | - | 1,254 | 5,258 | - | 5,258 |
| Derivatives - Commodity swap | - | 1,716 | 1,716 | - | 1,323 | 1,323 |

18. Subsequent events

There were no known subsequent events which have led to adjustments to these condensed 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 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 year ended 30 September 2021 ("FY2021"), the Group achieved profit after tax of S\$15.7 million, an improvement over the S\$6.4 million earned for the financial year ended 30 September 2020 ("FY2020").

Despite the on-going Covid-19 pandemic and disruption by the second Movement Control Order in Malaysia, the Group ramped up production to meet demand for container refrigeration units. This, together with progression of projects resulted in increase in revenue to S\$198.7 million in FY2021, a 67.6% or S\$80.1 million increase over revenue of S\$118.6 million for FY2020.

Gross profit increased to S\$32.4 million in FY2021 from S\$18.4 million in FY2020, attributable to higher revenue as well as better gross profit margin of 16.3% in FY2021 compared with 15.5% in FY2020.

Selling and distribution expenses increased from S\$2.0 million in FY2020 to S\$2.6 million in FY2021, with higher level of activities.

Administrative expenses of S\$12.8 million in FY2021 increased by S\$3.0 million from S\$9.8 million in FY2020 mainly due to Covid-19 safe management expenses, depreciation and provision for higher bonuses and remuneration which are tied to profit levels.

Other operating expenses of S\$2.7 million in FY2021 increased slightly from S\$2.6 million in FY2020 mainly due to exchange losses from U.S. dollar denominated balances.

Other income increased by S\$3.1 million from S\$3.8 million in FY2020 to S\$6.9 million in FY2021. While fair value gain on derivative contracts on materials increased by S\$4.7 million to S\$5.0 million, Covid-19 support and reliefs reduced by S\$1.9 million. These derivative contracts are to hedge changes in price of raw materials with volume based on requirements for secured contracts with customers.

With the taking of a term loan to finance the acquisition of new property in September 2020, and additional borrowings in FY2021, financing cost increased to S\$1.0m in FY2021 compared with insignificant financing cost in FY2020.

The Group's effective tax rate was 22.4% for FY2021 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 increased slightly to S\$63.8 million as at 30 September 2021, from S\$63.2 million, the net result of acquisitions of S\$6.1 million, depreciation of S\$4.9 million and exchange translation movements.

Inventories increased to S\$69.7 million as at 30 September 2021 compared with S\$54.7 million as at 30 September 2020. Trade receivables and contract assets increased to S\$43.7 million as at 30 September 2021 compared with S\$31.1 million as at 30 September 2020. Trade payables, other payables and accruals increased to S\$30.8 million as at 30 September 2021 compared with S\$21.8 million as at 30 September 2020. Borrowing increased by S\$5.4 million from use of trust receipts.

The increases in the above components of working capital correspond with the higher level of production and billings in FY2021 and holding of inventories to meet future production needs.

STATEMENT OF CASH FLOW

Cash increased \$5.7 million in FY2021. With improved revenue and gross margins, operating cash flow of the group was S\$23.5 million before changes in working capital and S\$9.6 million net of working capital with higher inventories and accounts receivable. Other significant components of cash flow include S\$4.0 million inflow on maturity of an investment in bonds, S\$5.4 million inflow on use of trust receipts, S\$6.1 million outflow from purchase of property, plant and equipment; and S\$3.6 million outflow upon payment of dividends declared for the preceding financial year.

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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's results were satisfactory despite the challenging operating conditions brought about by both Covid-19 pandemic and increasing labour cost.

Construction raw material prices look set to remain elevated as supply cost and shipping of materials are challenged by the coronavirus epidemic. Management continues to monitor closely and mitigate risks. The Group will focus on exploring business opportunities within its core competencies, continue to work on operational efficiency and manage liquidity prudently.

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).

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8 Dividend

(a) Current financial period reported on

Yes

| Name of dividend | Final | Special |
|---------------------------|--------------------|--------------------|
| Dividend type | Cash | Cash |
| Dividend amount per share | 1.5 Singapore cent | 0.5 Singapore cent |

(b) Corresponding period of the immediately preceding financial year

Yes

| Name of dividend | Final | Special |
|---------------------------|------------------|--------------------|
| Dividend type | Cash | Cash |
| Dividend amount per share | 1 Singapore cent | 0.5 Singapore cent |

(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).

Tax exempt (one-tier)

(d) Date payable

To be advised

(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.

To be advised

9 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | | 2021 | 2020 |
|----------------|-----|----------------|----------------|
| | | S\$'000 | S\$'000 |
| Final dividend | (i) | 4,841 | 3,631 |
| Total | | <u>4,841</u> | <u>3,631</u> |

(i) The proposed dividend in respect of FY2021 is subjected to shareholders' approval at the forthcoming Annual General Meeting.

10 Disclosure of person occupying a managerial position 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).

Pursuant to Rule 704(13), we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholders of the Company.

On behalf of the Board of Directors

Eric Yong Han Keong
Managing Director
25-Nov-2021