



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 2023

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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-23	31-Mar-22	Change
	S\$'000	S\$'000	%
Revenue	72,378	111,980	(35.4%)
Cost of sales	(66,565)	(93,534)	(28.8%)
Gross profit	5,813	18,446	(68.5%)
Selling and distribution expenses	(1,104)	(1,268)	(12.9%)
Administrative expenses	(4,199)	(6,587)	(36.3%)
Other operating expenses	(2,719)	(1,463)	85.9%
Operating (loss) / profit	(2,209)	9,128	(124.2%)
Interest income	3	15	(80.0%)
Finance costs	(1,143)	(759)	50.6%
Other income	885	4,107	(78.5%)
(Loss) / Profit before tax	(2,464)	12,491	(119.7%)
Income tax credit / (expenses)	131	(2,670)	(104.9%)
(Loss) / Profit for the year	(2,333)	9,821	(123.8%)
Attributable to:			
Owners of the Company	(2,333)	9,821	(123.8%)
	(2,333)	9,821	(123.8%)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Loss) / Profit for the year	(2,333)	9,821	(123.8%)
Other comprehensive income:			
Foreign currency translation	(1,214)	(420)	189.0%
Other comprehensive loss for the year, net of tax	(1,214)	(420)	189.0%
Total comprehensive (loss) / income for the year	(3,547)	9,401	(137.7%)
Attributable to:			
Owners of the Company	(3,547)	9,401	(137.7%)
	(3,547)	9,401	(137.7%)

NM: Not meaningful

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31-Mar-23	30-Sep-22	31-Mar-23	30-Sep-22
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	61,367	62,050	26,999	26,243
Right-of-use assets	9,506	10,021	9,442	9,724
Quoted securities	-	2	-	2
Investment in subsidiaries	-	-	11,791	11,814
Deferred tax assets	760	384	-	-
Total non-current assets	71,633	72,457	48,232	47,783
Current assets				
Inventories	77,596	78,972	7,305	7,345
Trade receivables	26,481	50,810	7,298	33,811
Contract assets	10,943	9,037	-	-
Other receivables and deposits	2,113	2,185	228	323
Prepayments	2,264	2,343	84	298
Amounts due from subsidiaries (non-trade)	-	-	79,330	79,121
Derivatives	259	402	259	402
Tax recoverable	1,945	1,160	-	-
Cash and fixed deposits	24,357	30,789	14,937	23,923
Total current assets	145,958	175,698	109,441	145,223
Total assets	217,591	248,155	157,673	193,006
Current Liabilities				
Trade payables	5,286	7,741	7,645	10,539
Other payables and accruals	17,793	20,119	5,506	4,646
Provision for warranty	1,277	1,097	-	-
Loans and borrowings	23,284	38,030	11,411	33,519
Derivatives	-	667	-	667
Lease liabilities	455	665	343	335
Income tax payables	686	806	28	142
Total current liabilities	48,781	69,125	24,933	49,848
Non-current liabilities				
Loans and borrowings	4,388	5,850	4,388	5,850
Lease liabilities	10,256	10,491	10,114	10,292
Deferred tax liabilities	1,355	1,490	485	400
Total non-current liabilities	15,999	17,831	14,987	16,542
Total liabilities	64,780	86,956	39,920	66,390
Net assets	152,811	161,199	117,753	126,616
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	107,893	115,071	60,703	69,570
Capital reserve	104	104	-	-
Foreign currency translation reserve	(12,236)	(11,022)	-	-
Fair value adjustment reserve	-	(4)	-	(4)
Total equity	152,811	161,199	117,753	126,616

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 2022	57,582	(532)	115,071	104	(11,022)	(4)	161,199
Reclassification of fair value reserve	-	-	(4)	-	-	4	-
Total comprehensive loss for the year, net of tax	-	-	(2,333)	-	(1,214)	-	(3,547)
Dividends on ordinary shares	-	-	(4,841)	-	-	-	(4,841)
Balance as at 31 March 2023	57,582	(532)	107,893	104	(12,236)	-	152,811
Balance as at 1 October 2021	57,582	(532)	109,755	104	(8,755)	(4)	158,150
Total comprehensive income for the year, 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

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
Company					
Balance as at 1 October 2022	57,582	(532)	69,570	(4)	126,616
Reclassification of fair value reserve	-	-	(4)	4	-
Total comprehensive loss for the year, net of tax	-	-	(4,022)	-	(4,022)
Dividends on ordinary shares	-	-	(4,841)	-	(4,841)
Balance as at 31 March 2023	57,582	(532)	60,703	-	117,753
Balance as at 1 October 2021	57,582	(532)	69,752	(4)	126,798
Total comprehensive income for the year, 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

NAM LEE PRESSED METAL INDUSTRIES LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 Months Ended	
	31-Mar-23	31-Mar-22
	S\$'000	S\$'000
Operating activities		
(Loss) / Profit before tax	(2,464)	12,491
Adjustments for:		
Depreciation of property, plant and equipment	2,385	2,466
Depreciation of right-of-use assets	515	578
Property, plant and equipment written off	38	-
Derecognition of right-of-use assets	-	12
Fair value loss / (gain) on derivatives	143	(3,327)
Finance costs	1,143	759
Interest income from fixed deposits	(3)	(1)
Interest income from quoted securities	-	(14)
Provision for warranty and replacement cost, net	180	134
Amortisation of bond premium	2	1
Foreign currency translation adjustment	709	2
Operating cash flows before changes in working capital	2,648	13,101
Decrease / (Increase) in inventories	1,376	(6,975)
Decrease / (Increase) in receivables and contract assets	22,574	(7,088)
Decrease in payables	(5,120)	(5,487)
(Decrease) / Increase in derivatives	(667)	1,976
Cash flows from / (used in) operations	20,811	(4,473)
Income taxes paid	(1,303)	(2,090)
Interest received	3	1
Interest paid	(804)	(586)
Net cash flows from / (used in) operating activities	18,707	(7,148)
Investing activities		
Purchase of property, plant and equipment	(2,641)	(2,354)
Proceeds on disposal of property, plant and equipment	78	65
Interest income from quoted securities	-	14
Net cash flows used in investing activities	(2,563)	(2,275)
Financing activities		
Payment of principal portion of lease liabilities	(445)	(457)
Net (repayment of) / proceed from loans and borrowings	(16,208)	16,659
Dividends paid on ordinary shares	(4,841)	(4,841)
Net cash flows (used in) / from financing activities	(21,494)	11,361
Net (decrease) / increase in cash and cash equivalents	(5,350)	1,938
Cash and cash equivalents at the beginning of the year	30,606	25,052
Effect of exchange rate changes on cash and cash equivalents	(1,077)	(101)
Cash and cash equivalents at the end of the year	24,179	26,889

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 2023 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 2023 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 since the last audited consolidated financial statements for the year ended 30 September 2022.

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 2022, 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 2022 as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore Dollars ("SGD" or "\$") 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 2022. 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) Allowance 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 \$26,481,000 (30 September 2022: \$50,810,000) 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 \$11,791,000 (30 September 2022: \$11,814,000).

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		UPVC		Adjustments		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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	39,724	100,268	20,100	7,732	1,013	391	11,541	3,589	-	-	72,378	111,980
Results												
Depreciation	(2,537)	(2,728)	(167)	(174)	(38)	(47)	(158)	(95)	-	-	(2,900)	(3,044)
Segment result	(4,724)	15,883	740	(2,448)	342	41	1,433	(1,021) (A)	(255)	36	(2,464)	12,491
Balance sheet												
Additions to non-current assets	2,539	2,181	87	100	4	28	11	56	-	-	2,641	2,365
Segment assets	151,165	188,626	33,662	32,837	4,539	5,684	27,465	20,624 (B)	760	384	217,591	248,155
Segment liabilities	12,498	15,858	4,369	6,562	176	228	7,313	6,976 (C)	40,424	57,332	64,780	86,956

Other segment information

	6 Months Ended		As At	
	31-Mar-23	31-Mar-22	31-Mar-23	30-Sep-22
	S\$'000	S\$'000	S\$'000	S\$'000
(A) Unallocated (expenses)/income				
Interest income	3	15		
Interest expense	(1,143)	(759)		
Unallocated income	885	780		
	(255)	36		
(B) Unallocated assets				
Deferred tax assets			760	384
(C) Unallocated liabilities				
Deferred tax liabilities			1,355	1,490
Income tax payables			686	806
Loans and borrowings			27,672	43,880
Lease liabilities			10,711	11,156
			40,424	57,332

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	
	2023	2022	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1 October to 31 March						
Segment revenue						
Sales to external customers	71,358	108,585	1,020	3,395	72,378	111,980
Other segment information						
Non-current assets	38,451	38,274	32,422	35,621	70,873	73,895

5. (Loss) / Profit before tax

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

	Group	
	6 Months Ended	
	31-Mar-23	31-Mar-22
	S\$'000	S\$'000
Depreciation of property, plant and equipment	2,385	2,466
Depreciation of right-of-use assets	515	578
Property, plant and equipment written off	38	-
Derecognition of right-of-use assets	-	12
Fair value loss/(gain) on derivatives	143	(3,327)
Finance costs	1,143	759
Interest income from fixed deposits	(3)	(1)
Interest income from quoted securities	-	(14)
Provision for warranty and replacement cost, net	180	134
Amortisation of bond premium	2	1
Foreign currency exchange loss, net	1,834	703
Covid-19 support and relief measures	-	(257)
Bad debt recovered	(539)	-

6. Income tax credit / (expenses)

The major components of income tax credit / (expense) in the condensed consolidated income statement are:

	Group	
	6 Months Ended	
	31-Mar-23	31-Mar-22
	S\$'000	S\$'000
<u>Consolidated interim income statement:</u>		
Current income tax		
- Current year	(357)	(2,331)
- Under provision in respect of prior years	-	(9)
	(357)	(2,340)
Deferred income tax		
- Origination and reversal of temporary differences	489	(294)
- Under provision in respect of prior years	(1)	(36)
	488	(330)
Income tax credit / (expenses) recognised in profit or loss	131	(2,670)

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-23	31-Mar-22
Earnings per ordinary share (EPS) for the period: -		
(i) Based on weighted average number of ordinary shares (in cents)	(0.96)	4.06
- Weighted average number of shares	242,056,382	242,056,382
(ii) On a fully diluted basis (in cents)	(0.96)	4.06
- Adjusted weighted average number of shares	242,056,382	242,056,382

8. Property, plant and equipment

During the financial year ended 31 March 2023, the Group acquired assets amounting to S\$2,641,000 (31 March 2022: S\$2,354,000) and disposed and written off of assets with net book value of S\$116,000 (31 March 2022: S\$65,000).

9. Right-of-use assets

Group	Group				Company		
	Land use rights	Accommodation	Office equipment	Total	Land use rights	Office equipment	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 October 2021	10,248	898	141	11,287	10,248	40	10,288
Additions	-	10	7	17	-	-	-
Depreciation expense	(546)	(523)	(48)	(1,117)	(546)	(18)	(564)
Derecognition of right-of-use assets	-	(163)	-	(163)	-	-	-
Exchange differences	-	(3)	-	(3)	-	-	-
At 30 September 2022	9,702	219	100	10,021	9,702	22	9,724
Depreciation expense	(272)	(219)	(24)	(515)	(273)	(9)	(282)
At 31 March 2023	9,430	-	76	9,506	9,429	13	9,442

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	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed deposits	178	187	-	-
Cash at bank and on hand	24,179	26,889	14,937	20,694
	24,357	27,076	14,937	20,694
Less: fixed deposit pledged	(178)	(187)	-	-
Total cash and cash equivalents	24,179	26,889	14,937	20,694

NAM LEE PRESSED METAL INDUSTRIES LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

	Group		Company	
	As At		As At	
	31-Mar-23	30-Sep-22	31-Mar-23	30-Sep-22
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable in one year or less, or on demand:-</u>				
Secured	4,038	3,062	3,958	2,984
Unsecured	19,701	35,633	7,796	30,870
Sub-Total	23,739	38,695	11,754	33,854
<u>Amount repayable after one year</u>				
Secured	4,561	6,088	4,458	5,944
Unsecured	10,083	10,253	10,044	10,198
Sub-Total	14,644	16,341	14,502	16,142
Total borrowings and debt securities	38,383	55,036	26,256	49,996

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 2022 and 31 March 2023	243,744,082	100.00%	57,582
<u>Treasury shares</u>			
Balance as at 30 September 2022 and 31 March 2023	(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-23	30-Sep-22	31-Mar-23	30-Sep-22
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)	63.13	66.60	48.65	52.31

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-23	31-Mar-22
	S\$'000	S\$'000
Salaries, bonus and other related expenses	1,466	2,631
Contributions to defined contribution plans	77	77
Total compensation paid to key management personnel	1,543	2,708
Comprise amount paid to:		
- Directors of the Company	541	493
- Advisors of the Company	369	1,218
- Other key management personnel	633	997
	1,543	2,708

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

Commitments for purchase of property, plant and equipment amounted to S\$5,053,000 as at 31 March 2023.

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-23	30-Sep-22	31-Mar-23	30-Sep-22
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Trade receivables	26,481	50,810	7,298	33,811
Other receivables and deposits	2,113	2,185	228	323
Amounts due from subsidiaries (non-trade)	-	-	79,330	79,121
Cash and fixed deposits	24,357	30,789	14,937	23,923
Derivatives	259	402	259	402
Quoted securities	-	2	-	2
	53,210	84,188	102,052	137,582
Less: Goods and services tax receivables	-	(1,330)	(260)	(981)
Total undiscounted financial assets	53,210	82,858	101,792	136,601
Financial liabilities				
Trade payables	5,286	7,741	7,645	10,539
Other payables and accruals	12,875	19,118	2,145	4,546
Loans and borrowings	28,192	44,529	16,142	39,998
Derivatives	-	667	-	667
Lease liabilities	18,912	19,716	18,641	19,160
	65,265	91,771	44,573	74,910
Less: Goods and services tax payables	(104)	-	-	-
Total undiscounted financial liabilities	65,161	91,771	44,573	74,910
Total net undiscounted (financial liabilities) / financial assets	(11,951)	(8,913)	57,219	61,691

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					
	31-Mar-23			30-Sep-22		
	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	-	-	-	2	-	2
Derivatives - Interest rate swap	-	259	259	-	402	402
Financial liabilities:						
Derivatives - Commodity swap	-	-	-	-	(667)	(667)

18. Subsequent events

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

NAM LEE PRESSED METAL INDUSTRIES LIMITED

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

Group revenue decreased by S\$39.6 million or 35.4% from S\$112.0 million for the financial period ended 31 March 2022 ("1H2022") to S\$72.4 million for the financial period ended 31 March 2023 ("1H2023"). The decrease was mainly attributable to lower demand from the reefer container after offset against higher revenue contribution from construction projects in progress. The lower demand from the reefer container was in line with the last year result announcement that the demand for reefer containers were likely to reduce significantly.

Gross profit decreased from S\$18.4 million in 1H2022 to S\$5.8 million in 1H2023 while gross profit margin decreased from 16.5% in 1H2022 to 8.0% in 1H2023, mainly due to lower revenue from the reefer container business and higher labour cost and factory overhead incurred in conjunction with more construction projects in progress.

Selling and distribution expenses decreased slightly in 1H2023.

Administrative expenses decreased from S\$6.6 million in 1H2022 to S\$4.2 million in 1H2023 mainly due to provision for lower bonuses and remuneration.

Other operating expenses increased from S\$1.5 million in 1H2022 to S\$2.7 million in 1H2023 mainly due to higher foreign currency exchange loss.

Finance costs increased to S\$1.1 million in 1H2023 from S\$0.8 million in 1H2022 mainly due to interest rate hike.

Other income of S\$0.9 million in 1H2023 decreased from S\$4.1 million in 1H2022 mainly due to a S\$3.3 million reduction in fair value gain on derivative contracts on materials. 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 tax credit of S\$0.1 million in 1H2023 which was derived from the deferred tax and loss-making company in Singapore and Malaysia at the corporate tax rates of 17% and 24% respectively.

In view of the above, the Group's loss after tax decreased from profit of S\$9.8 million in 1H2022 to loss of S\$2.3 million in 1H2023.

STATEMENT OF FINANCIAL POSITION

Assets and liabilities with significant fluctuations are explained as follows:

Property, plant and equipment decreased slightly to S\$61.4 million as at 31 March 2023, from S\$62.1 million as at 30 September 2022, the net result of acquisitions of S\$2.6 million, depreciation of S\$2.4 million and exchange translation movements.

Inventories decreased to S\$77.6 million as at 31 March 2023 compared with S\$79.0 million as at 30 September 2022. Trade receivables decreased to S\$26.5 million as at 31 March 2023 compared with S\$50.8 million as at 30 September 2022. Trade payables, other payables and accruals decreased to S\$23.1 million as at 31 March 2023 compared with S\$27.9 million as at 30 September 2022. These decreases were in tandem with lower demand from reefer container.

Contract assets increased to S\$10.9 million as at 31 March 2023 compared with S\$9.0 million as at 30 September 2022. The increase corresponded with the higher level of billings in construction business in 1H2023.

Loans and borrowings (current and non-current) decreased to S\$27.7 million as at 31 March 2023 compared with S\$43.9 million as at 30 September 2022. These were mainly due to the net repayment of trust receipts and term loan.

Negative foreign currency translation reserves had increased by S\$1.2 million reflecting the effect of depreciating Malaysian Ringgit on the net assets of the Malaysian subsidiaries.

STATEMENT OF CASH FLOW

Net cash flows generated from operating activities for 1H2023 was S\$18.7 million, which was derived from the operating cash flows before changes in working capital of S\$2.6 million, after taking into account the net increase in inventories, receivables, payables and derivatives of S\$18.2 million, and the interest and income tax paid of S\$2.1 million.

Net cash flows used in investing activities for 1H2023 was S\$2.6 million, comprising principally for the purchase of property, plant and equipment.

Net cash flows used in financing activities for 1H2023 was S\$21.5 million, comprising for the dividend paid to shareholders and net repayment of loans and borrowings.

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's result was impacted by the lower revenue from reefer container business, high labour cost and other operating costs in 1H FY2023.

These challenges are expected to persist for the next 12 months. The Group will continue to explore opportunities to expand the business of each segment.

The Group will continue to strive to control costs and reduce overheads in order to streamline operations and improve overall efficiency.

- 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 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Eric Yong Han Keong
Managing Director
11-May-2023