

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR PERIOD ENDED 31 DECEMBER 2017

These figures have not been audited

1 (a) (i) An income Statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial years.

Statement of comprehensive income for the period ended 31 December 2017

	Group		%
	31 December 2017 \$'000	31 December 2016 \$'000	
Revenue	50,527	39,531	27.8%
Cost of sales	(42,387)	(33,647)	26.0%
Gross Profit	8,140	5,884	38.3%
Distribution costs	(707)	(629)	12.4%
Administrative costs	(2,877)	(2,554)	12.6%
Other Operating costs	(489)	(499)	-2.0%
Profit from operating activities	4,067	2,202	84.7%
Interest income	104	174	-40.2%
Finance cost	(21)	(29)	-27.6%
Other income	1,155	1,585	-27.1%
Profit before taxation	5,305	3,932	34.9%
Taxation	(1,271)	(708)	79.5%
Profit for the period	4,034	3,224	25.1%
Attributable to:			
Equity holders of the Company	4,027	3,188	
Non-controlling interests	7	36	
	4,034	3,224	
Profit for the period	4,034	3,224	
Other comprehensive income:			
Foreign currency translation	646	(555)	
Fair value adjustment on available-for-sale investments	-	2	
Other comprehensive income for the period, net of tax	646	(553)	
Total comprehensive income for the period	4,680	2,671	
Attributable to:			
Equity holders of the Company	4,695	2,550	
Non-controlling interests	(15)	121	
	4,680	2,671	

Note: Some comparative figures have been reclassified to conform to the current year's presentation.

1(a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on the corresponding period of the immediately preceding financial year.

Profit is arrived at after (charging)/crediting:

	Group		%
	31 December 2017 \$'000	31 December 2016 \$'000	
Depreciation of property, plant and equipment	(853)	(1,004)	-15%
Interest expense	(21)	(29)	-28%
Foreign exchange gain, net	265	1,533	-83%
Interest income from bank deposits	58	122	-52%
Interest income from held-to-maturity investments	46	52	-12%
(Loss)/gain on disposal of property, plant and equipment	(19)	11	NM

NM: Not meaningful

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position as at:

	Group		Company	
	31 December 2017 \$ '000	30 September 2017 \$ '000	31 December 2017 \$ '000	30 September 2017 \$ '000
Non-current assets				
Property, plant and equipment	37,678	36,542	7,752	6,908
Available-for-sale investments	5	5	5	5
Investment in subsidiaries	-	-	15,226	15,226
Held-to-maturity investments	6,062	6,067	6,062	6,067
Deferred tax assets	785	755	-	-
	44,530	43,369	29,045	28,206
Current assets				
Inventories	31,308	33,192	4,671	5,915
Trade receivables	55,694	37,710	42,094	21,634
Other receivables, deposits and prepayments	4,163	4,160	300	351
Amount due from subsidiaries	-	-	13,152	17,853
Derivatives	906	421	906	421
Cash and cash equivalents	31,773	43,600	26,652	37,964
	123,844	119,083	87,775	84,138
Current liabilities				
Trade payables	8,686	7,279	6,916	6,077
Other payables and accruals	13,145	14,048	8,092	7,417
Provision for warranty	633	615	-	-
Term loans	1,000	1,000	1,000	1,000
Obligations under hire purchase contracts	196	190	191	170
Income tax payables	2,880	2,201	1,903	1,353
	26,540	25,333	18,102	16,017
Net current assets	97,304	93,750	69,673	68,121
Non-current liabilities				
Term loans	1,167	1,417	1,167	1,417
Obligations under hire purchase contracts	390	237	390	235
Deferred tax liabilities	1,598	1,517	164	104
	3,155	3,171	1,721	1,756
	138,679	133,948	96,997	94,571
Equity attributable to equity holders of the Company				
Share capital	57,084	57,018	57,084	57,018
Retained earnings	86,830	82,803	39,602	37,227
Fair value adjustment reserve	(1)	(1)	(1)	(1)
Capital reserve	104	104	-	-
Asset revaluation reserve	1,867	1,867	194	194
Share option reserve	118	133	118	133
Foreign currency translation reserve	(8,178)	(8,846)	-	-
	137,824	133,078	96,997	94,571
Non-controlling interests	855	870	-	-
Total equity	138,679	133,948	96,997	94,571

1(b) (ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less or in demand

31 December 2017 \$'000 Secured	31 December 2017 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
196	1,000	190	1,000

Amount repayable after one year

31 December 2017 \$'000 Secured	31 December 2017 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
390	1,167	237	1,417

Details of any collateral

As at 31 December 2017, the Group's secured borrowings comprised outstanding finance lease balances.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows for the period ended 31 December 2017

	Group	
	31 December 2017 \$'000	31 December 2016 \$'000
Cash flows from operating activities		
Profit before tax	5,305	3,932
Adjustments for:		
Depreciation of property, plant and equipment	853	1,004
Loss/(gain) on disposal of property, plant and equipment	19	(11)
Accrued/(write back) for provision of warranty	18	(50)
Amortisation of bond premium	5	6
Fair value (gain)/loss on derivatives	(485)	461
Interest expense	21	29
Interest income from bank deposits	(58)	(122)
Interest income from held-to-maturity investments	(46)	(52)
Foreign currency translation adjustment	215	(33)
Operating profit before working capital changes	5,847	5,164
Decrease/(increase) in inventories	1,884	(1,542)
Increase in receivables	(17,987)	(14,788)
Increase in payables	501	1,330
Cash used in operations	(9,755)	(9,836)
Income tax paid	(541)	(228)
Interest received	58	122
Interest paid	(21)	(29)
Net cash used in operating activities	(10,259)	(9,971)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,301)	(1,230)
Proceeds from disposal of property, plant and equipment	149	151
Interest income from held-to-maturity investments	46	52
Net cash used in investing activities	(1,106)	(1,027)
Cash flows from financing activities		
Repayment of finance lease obligations	(74)	(94)
Repayment of term loan	(250)	(250)
Proceeds from exercise of employee share options	52	-
Net cash flows used in financing activities	(272)	(344)
Net decrease in cash and cash equivalents	(11,637)	(11,342)
Cash and cash equivalents at 1 October	43,600	46,006
Effect of exchange rate changes on cash and cash equivalents	(190)	124
Cash and cash equivalents at 31 December	31,773	34,788

1 (d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the period ended 31 December 2017

	-----Attributable to equity holders of the Company----->							Total equity attributable to equity holders of company \$'000	Non controlling interest \$'000	Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Share option reserve \$'000			
Group										
Balance at 1 October 2017	57,018	82,803	104	(8,846)	(1)	1,867	133	133,078	870	133,948
Total comprehensive income for the year	-	4,027	-	668	-	-	-	4,695	(15)	4,680
Exercise of employee share options	66	-	-	-	-	-	(15)	51	-	51
Balance at 31 December 2017	<u>57,084</u>	<u>86,830</u>	<u>104</u>	<u>(8,178)</u>	<u>(1)</u>	<u>1,867</u>	<u>118</u>	<u>137,824</u>	<u>855</u>	<u>138,679</u>

	Share capital \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Share option reserve \$'000	Total equity \$'000
	Company					
Balance at 1 October 2017	57,018	37,227	(1)	194	133	94,571
Total comprehensive income for the year	-	2,375	-	-	-	2,375
Exercise of employee share options	66	-	-	-	(15)	51
Balance at 31 December 2017	<u>57,084</u>	<u>39,602</u>	<u>(1)</u>	<u>194</u>	<u>118</u>	<u>96,997</u>

<-----Attributable to equity holders of the Company----->

	Share capital	Retained earnings	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Asset revaluation reserve	Share option reserve	Total equity attributable to equity holders of company	Non controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group										
Balance at 1 October 2016	56,770	77,393	104	(7,968)	(1)	1,867	187	128,352	1,012	129,364
Total comprehensive income for the period	-	3,188	-	(640)	2	-	-	2,550	121	2,671
Balance at 31 December 2016	56,770	80,581	104	(8,608)	1	1,867	187	130,902	1,133	132,035

	Share Capital	Retained Earnings	Fair value adjustment reserve	Asset revaluation reserve	Share option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Company						
Balance at 1 October 2016	56,770	31,453	(1)	194	187	88,603
Total comprehensive income for the period	-	2,455	2	-	-	2,457
Balance at 31 December 2016	56,770	33,908	1	194	187	91,060

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition of for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A) Changes in share capital during the financial period

During the first quarter, there was an increased of 200,000 shares due to exercise of employee share options. As such, the number of issued and paid-up ordinary shares increased from 242,044,082 to 242,244,082.

B) Share options

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

Movement in share options during the financial period

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

	31 December 2017		30 September 2017	
	No.	WAEP(\$)	No.	WAEP(\$)
Opening balance	1,800,000	0.258	2,550,000	0.258
- Exercised during the period	(200,000)	0.258	(750,000)	0.258
Ending balance	<u>1,600,000</u>	<u>0.258</u>	<u>1,800,000</u>	<u>0.258</u>
Exercisable at end of period	<u>1,600,000</u>	<u>0.258</u>	<u>1,800,000</u>	<u>0.258</u>

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group	
	Latest Period 31 December 2017	Previous Period 30 September 2017
Number of ordinary shares	<u>242,244,082</u>	<u>242,044,082</u>

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial reported on.

Not applicable.

1 (d) (v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings as at the end of the current financial reported on.

Not applicable.

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 the auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 30 September 2017, except as disclosed in note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new/revised Financial Reporting Standards (FRS) that became effective for accounting periods beginning 01 October 2017. The adoption of these new/revised FRS does not have any material impact to the Group financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period:-	Group	
	Latest Period 31 December 2017	Previous Period 31 December 2016
(i) Based on weighted average number of ordinary shares in issue	1.662 cents	1.321 cents
(ii) On a fully diluted basis	1.661 cents	1.320 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	Latest Period 31 December 2017	Previous Period 30 September 2017	Latest Period 31 December 2017	Previous Period 30 September 2017
Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	56.9 cents	55.0 cents	40.0 cents	39.1 cents

8. 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. (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

Group turnover increased by S\$11.0 million or 27.8% from S\$39.5 million for the period ended 31 December 2016 ("1Q2017") to S\$50.5 million for the period ended 31 December 2017 ("1Q2018"). The increase was mainly attributable to an increase in revenue from the aluminium segment.

Gross profit increased from S\$5.9 million in 1Q2017 to S\$8.1 million in 1Q2018 while gross profit margin increased from 14.9% in 1Q2017 to 16.1% in 1Q2018. The higher gross profit margin was mainly due to higher revenue from the aluminium segment which commands a higher margin.

Distribution costs increased from S\$0.6 million in 1Q2017 to S\$0.7 million in 1Q2018, which is in line with higher revenue in 1Q2018. Administrative costs increased from S\$2.6 million in 1Q2017 to S\$2.9 million in 1Q2018 mainly attributable to higher accrued personnel expenses. Other income decreased from S\$1.6 million in 1Q2017 to S\$1.2 million in 1Q2018, due to lower foreign exchange gain in 1Q2018 offset by derivatives gain in 1Q2018, as compared to derivatives loss in 1Q2017.

The Group's effective tax rate was 24.0% for 1Q2018 as compared to 18.0% for 1Q2017. The lower effective tax rate of 18.0% for 1Q2017 was mainly due to timing difference for qualified expenses for tax purpose.

In view of the above circumstances, the Group's profit after tax increased from S\$3.2 million in 1Q2017 to S\$4.0 million in 1Q2018.

BALANCE SHEET

Inventories decreased from S\$33.2 million as at 30 September 2017 to S\$31.3 million as at 31 December 2017, mainly due to completion of some construction projects.

Trade receivables increased from S\$37.7 million as at 30 September 2017 to S\$55.7 million as at 31 December 2017, mainly due to higher sales in the three months ended 31 December 2017 as compared to the three months ended 30 September 2017. The increase in trade receivables as at 31 December 2017 also resulted in net cash used in operations in the statement of cash flows.

Derivatives increased from S\$0.4 million as at 30 September 2017 to S\$0.9 million as at 31 December 2017, mainly due to fair value adjustments.

Trade payables, other creditors and accruals increased from S\$21.3 million as at 30 September 2017 to S\$21.8 million as at 31 December 2017, in line with the higher sales in the three months ended 31 December 2017 as compared to the three months ended 30 September 2017.

Cash and cash equivalents decreased from S\$43.6 million as at 30 September 2017 to S\$31.8 million as at 31 December 2017, mainly due to settlement of trade payables.

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

Not applicable.

10. 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 recovery in the US economy is expected to bring positive impact to our aluminium industrial product business. The outlook for building product business remains challenging due to intense market competition and tight labour market. These factors are expected to continue to exert pressure on the profit margin of our building product business.

Barring unforeseen circumstances, coupled with the continuing efforts in improving operational efficiency and cost control measures, the Group expects to maintain the competitiveness of its businesses and remain profitable.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? No

(b) Previous corresponding period of the immediately preceding financial year

Any dividend declared for the previous financial period reported on? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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

The Group does not obtain a general mandate from shareholders for interested person transactions. There were no interested person transactions during the financial period under review.

14. Confirmation by the Board Pursuant to Rule 705 (5)

We, Yong Kin Sen and Yong Koon Chin, 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 quarter financial results for the period ended 31 December 2017 to be false or misleading in any material aspects.

15. 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).

Yong Kin Sen
Managing Director
9 February 2018