

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER ENDED 30 JUNE 2018

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 30 June 2018

	Group		%
	30 June 2018 \$ 000	30 June 2017 \$ 000	
Revenue	114,590	95,171	20.4%
Cost of sales	<u>(94,544)</u>	<u>(75,729)</u>	24.8%
<b>Gross Profit</b>	<b>20,046</b>	<b>19,442</b>	<b>3.1%</b>
Distribution costs	(1,964)	(1,879)	4.5%
Administrative costs	(8,115)	(7,795)	4.1%
Other Operating costs	<u>(1,124)</u>	<u>(1,075)</u>	4.6%
<b>Profit from operating activities</b>	<b>8,843</b>	<b>8,693</b>	<b>1.7%</b>
Interest income	363	417	-12.9%
Finance cost	(61)	(81)	-24.7%
Other income	<u>1,926</u>	<u>1,935</u>	-0.5%
<b>Profit before taxation</b>	<b>11,071</b>	<b>10,964</b>	<b>1.0%</b>
Taxation	(2,768)	(2,915)	-5.0%
<b>Profit for the period</b>	<b><u>8,303</u></b>	<b><u>8,049</u></b>	<b>3.2%</b>
<b>Attributable to:</b>			
Equity holders of the Company	8,297	8,137	
Non-controlling interests	<u>6</u>	<u>(88)</u>	
	<b><u>8,303</u></b>	<b><u>8,049</u></b>	
<b>Profit for the period</b>	<b>8,303</b>	<b>8,049</b>	
<b>Other comprehensive income:</b>			
Foreign currency translation	896	(686)	
Fair value adjustment on available-for-sale investments	(1)	1	
<b>Other comprehensive income for the period, net of tax</b>	<b><u>895</u></b>	<b><u>(685)</u></b>	
<b>Total comprehensive income for the period</b>	<b><u>9,198</u></b>	<b><u>7,364</u></b>	
<b>Attributable to:</b>			
Equity holders of the Company	9,854	7,441	
Non-controlling interests	<u>(656)</u>	<u>(77)</u>	
	<b><u>9,198</u></b>	<b><u>7,364</u></b>	

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		%
	30 June 2018 \$`000	30 June 2017 \$`000	
Depreciation of property, plant and equipment	(2,794)	(2,618)	7%
Interest expense	(61)	(81)	-25%
Foreign exchange gain, net	1,564	1,177	33%
Interest income from bank deposits	227	280	-19%
Interest income from held-to-maturity investments	136	137	-1%
Loss on disposal of property, plant and equipment	(14)	(137)	-90%

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	
	30 June 2018 \$ '000	30 September 2017 \$ '000	30 June 2018 \$ '000	30 September 2017 \$ '000
<b>Non-current assets</b>				
Property, plant and equipment	41,208	36,542	7,307	6,908
Available-for-sale investments	4	5	4	5
Investment in subsidiaries	-	-	15,226	15,226
Held-to-maturity investments	6,052	6,067	6,052	6,067
Deferred tax assets	1,908	755	-	-
	49,172	43,369	28,589	28,206
<b>Current assets</b>				
Inventories	36,293	33,192	3,229	5,915
Trade receivables	25,850	37,710	18,015	21,634
Other receivables, deposits and prepayments	4,653	4,160	370	351
Amount due from subsidiaries	-	-	26,900	17,853
Derivatives	78	421	78	421
Cash and cash equivalents	47,325	43,600	38,025	37,964
	114,199	119,083	86,617	84,138
<b>Current liabilities</b>				
Trade payables	5,817	7,279	5,434	6,077
Other payables and accruals	12,093	14,048	4,189	7,417
Provision for warranty	584	615	-	-
Term loans	1,000	1,000	1,000	1,000
Obligations under hire purchase contracts	196	190	196	170
Income tax payables	2,607	2,201	2,438	1,353
	22,297	25,333	13,257	16,017
<b>Net current assets</b>	91,902	93,750	73,360	68,121
<b>Non-current liabilities</b>				
Term loans	667	1,417	667	1,417
Obligations under hire purchase contracts	291	237	291	235
Deferred tax liabilities	1,692	1,517	232	104
	2,650	3,171	1,190	1,756
<b>Net assets</b>	138,424	133,948	100,759	94,571
<b>Equity attributable to equity holders of the Company</b>				
Share capital	57,184	57,018	57,184	57,018
Retained earnings	86,249	82,803	43,287	37,227
Fair value adjustment reserve	(2)	(1)	(2)	(1)
Capital reserve	104	104	-	-
Asset revaluation reserve	1,867	1,867	194	194
Share option reserve	96	133	96	133
Foreign currency translation reserve	(7,288)	(8,846)	-	-
	138,210	133,078	100,759	94,571
<b>Non-controlling interests</b>	214	870	-	-
<b>Total equity</b>	138,424	133,948	100,759	94,571

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

Amount repayable in one year or less or in demand

30 June 2018 \$'000 Secured	30 June 2018 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
196	1,000	190	1,000

Amount repayable after one year

30 June 2018 \$'000 Secured	30 June 2018 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
291	667	237	1,417

Details of any collateral

As at 30 June 2018, 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 30 June 2018

	<b>Group</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	11,071	10,964
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	2,794	2,618
Loss on disposal of property, plant and equipment	14	137
Property, plant and equipment written off	56	8
Write back for provision of warranty	(31)	(126)
Amortisation of bond premium	15	15
Fair value loss on derivatives	342	266
Interest expense	61	81
Interest income from bank deposits	(227)	(280)
Interest income from held-to-maturity investments	(136)	(137)
Foreign currency translation adjustment	(496)	(124)
<b>Operating profit before working capital changes</b>	<b>13,463</b>	<b>13,422</b>
Increase in inventories	(3,101)	(3,734)
Decrease in receivables	11,367	6,728
Decrease in payables	(3,418)	(5,674)
<b>Cash generated from operations</b>	<b>18,311</b>	<b>10,742</b>
Income tax paid	(3,340)	(2,855)
Interest received	227	280
Interest paid	(61)	(81)
<b>Net cash generated from operating activities</b>	<b>15,137</b>	<b>8,086</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,082)	(3,350)
Proceeds from disposal of property, plant and equipment	155	381
Interest income from held-to-maturity investments	136	137
<b>Net cash used in investing activities</b>	<b>(5,791)</b>	<b>(2,832)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(173)	(269)
Repayment of term loan	(750)	(750)
Proceeds from exercise of employee share options	129	-
Dividends paid	(4,851)	(4,826)
<b>Net cash flows used in financing activities</b>	<b>(5,645)</b>	<b>(5,845)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,701</b>	<b>(591)</b>
<b>Cash and cash equivalents at 1 October</b>	<b>43,600</b>	<b>46,006</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>24</b>	<b>78</b>
<b>Cash and cash equivalents at 30 June</b>	<b>47,325</b>	<b>45,493</b>

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 30 June 2018**

	-----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			
<b>Group</b>										
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	-	8,297	-	1,558	(1)	-	-	9,854	(656)	9,198
Exercise of employee share options	166	-	-	-	-	-	(37)	129	-	129
Dividends on ordinary shares, net of tax	-	(4,851)	-	-	-	-	-	(4,851)	-	(4,851)
Balance at 30 June 2018	57,184	86,249	104	(7,288)	(2)	1,867	96	138,210	214	138,424

	Share capital \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Share option reserve \$'000	Total equity \$'000
	<b>Company</b>					
Balance at 1 October 2017	57,018	37,227	(1)	194	133	94,571
Total comprehensive income for the year	-	10,911	(1)	-	-	10,910
Exercise of employee share options	166	-	-	-	(37)	129
Dividends on ordinary shares, net of tax	-	(4,851)	-	-	-	(4,851)
Balance at 30 June 2018	57,184	43,287	(2)	194	96	100,759

	←-----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	Retained earnings	Capital reserve	Foreign currency translation reserve	Fair value adjustment reserve	Asset revaluation reserve	Share option reserve			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
<b>Group</b>										
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	-	8,137	-	(697)	1	-	-	7,441	(77)	7,364
Dividends on ordinary shares, net of tax	-	(4,826)	-	-	-	-	-	(4,826)	-	(4,826)
Balance at 30 June 2017	56,770	80,704	104	(8,665)	-	1,867	187	130,967	935	131,902

	Share Capital	Retained Earnings	Fair value adjustment reserve	Asset revaluation reserve	Share option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	<b>Company</b>					
Balance at 1 October 2016	56,770	31,453	(1)	194	187	88,603
Total comprehensive income for the period	-	10,060	1	-	-	10,061
Dividends on ordinary shares, net of tax	-	(4,826)	-	-	-	(4,826)
Balance at 30 June 2017	56,770	36,687	-	194	187	93,838

**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 half year, there was an increase of 500,000 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 242,544,082.

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.

	30 June 2018		30 September 2017	
	No.	WAEP(\$)	No.	WAEP(\$)
Opening balance	1,800,000	0.258	2,550,000	0.258
- Exercised during the period	(500,000)	0.258	(750,000)	0.258
Ending balance	<u>1,300,000</u>	<u>0.258</u>	<u>1,800,000</u>	<u>0.258</u>
Exercisable at end of period	<u>1,300,000</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 30 June 2018	Previous Period 30 September 2017
Number of ordinary shares	<u>242,544,082</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 30 June 2018	Previous Period 30 June 2017
(i) Based on weighted average number of ordinary shares in issue	3.422 cents	3.372 cents
(ii) On a fully diluted basis	3.417 cents	3.364 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.**

Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	Group		Company	
	Latest Period 30 June 2018	Previous Period 30 September 2017	Latest Period 30 June 2018	Previous Period 30 September 2017
	57.0 cents	55.0 cents	41.5 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 revenue increased by S\$19.4 million or 20.4% from S\$95.2 million for the nine months ended 30 June 2017 ("3Q2017") to S\$114.6 million for the nine months ended 30 June 2018 ("3Q2018"). The increase was mainly attributable to an increase in revenue from the aluminium segment.

Gross profit remained relatively stable in 3Q2017 and 3Q2018. Gross profit margin decreased from 20.4% in 3Q2017 to 17.5% in 3Q2018, mainly due to a change in product mix with lower margin.

Distribution costs increased from S\$1.9 million in 3Q2017 to S\$2.0 million in 3Q2018, which is in line with the increase in revenue. Administrative costs increased from S\$7.8 million in 3Q2017 to S\$8.1 million in 3Q2018, which is mainly due to higher accrued personnel cost in 3Q2018. Other operating costs remained relatively stable in 3Q2017 and 3Q2018.

The Group's effective tax rate remained relatively stable at 26.6% and 25.0% for 3Q2017 and 3Q2018 respectively.

In view of the above circumstances, the Group's profit after tax increased from S\$8.0 million in 3Q2017 to S\$8.3 million in 3Q2018.

**BALANCE SHEET**

Property, plant and equipment increased from S\$36.5 million as at 30 September 2017 to S\$41.2 million as at 30 June 2018, mainly due to the acquisition of an industrial land by a Malaysian subsidiary.

Inventories increased from S\$33.2 million as at 30 September 2017 to S\$36.3 million as at 30 June 2018, mainly due to building up of inventories for on-going projects.

Trade receivables decreased from S\$37.7 million as at 30 September 2017 to S\$25.9 million as at 30 June 2018, mainly due to lower sales in the three months ended 30 June 2018 as compared to the three months ended 30 September 2017.

Derivatives assets decreased from S\$0.4 million as at 30 September 2017 to S\$0.1 million as at 30 June 2018 as a result of changes in fair value.

Trade payables, other payables and accruals decreased from S\$21.3 million as at 30 September 2017 to S\$17.9 million as at 30 June 2018, in line with the lower sales in the three months ended 30 June 2018 as compared to the three months ended 30 September 2017.

Cash and cash equivalents increased from S\$43.6 million as at 30 September 2017 to S\$47.3 million as at 30 June 2018, as result of collection of trade receivables, offset by payment to trade payables, dividends and purchase of property, plant and equipment.

**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 uncertainties of global economic and political developments are expected to affect our aluminium industrial product business. Intense market competition, government's new cooling measures and tight labour market continue to pose challenges and 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 third quarter financial results for the period ended 30 June 2018 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).