

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR HALF YEAR ENDED 31 MARCH 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 31 March 2018

	Group		%
	31 March 2018 \$'000	31 March 2017 \$'000	
Revenue	85,793	67,210	27.6%
Cost of sales	(70,281)	(54,500)	29.0%
<b>Gross Profit</b>	<b>15,512</b>	<b>12,710</b>	<b>22.0%</b>
Distribution costs	(1,327)	(1,214)	9.3%
Administrative costs	(5,766)	(5,440)	6.0%
Other Operating costs	(1,394)	(748)	86.4%
<b>Profit from operating activities</b>	<b>7,025</b>	<b>5,308</b>	<b>32.3%</b>
Interest income	205	277	-26.0%
Finance cost	(42)	(56)	-25.0%
Other income	219	1,533	-85.7%
<b>Profit before taxation</b>	<b>7,407</b>	<b>7,062</b>	<b>4.9%</b>
Taxation	(1,865)	(1,675)	11.3%
<b>Profit for the period</b>	<b>5,542</b>	<b>5,387</b>	<b>2.9%</b>
<b>Attributable to:</b>			
Equity holders of the Company	5,536	5,415	
Non-controlling interests	6	(28)	
	<b>5,542</b>	<b>5,387</b>	
<b>Profit for the period</b>	<b>5,542</b>	<b>5,387</b>	
<b>Other comprehensive income:</b>			
Foreign currency translation	1,194	(1,252)	
Fair value adjustment on available-for-sale investments	(1)	2	
<b>Other comprehensive income for the period, net of tax</b>	<b>1,193</b>	<b>(1,250)</b>	
<b>Total comprehensive income for the period</b>	<b>6,735</b>	<b>4,137</b>	
<b>Attributable to:</b>			
Equity holders of the Company	6,771	4,118	
Non-controlling interests	(36)	19	
	<b>6,735</b>	<b>4,137</b>	

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 March 2018 \$'000	31 March 2017 \$'000	
Depreciation of property, plant and equipment	(1,840)	(1,736)	6%
Interest expense	(42)	(56)	-25%
Foreign exchange (loss)/gain, net	(113)	691	NM
Interest income from bank deposits	114	186	-39%
Interest income from held-to-maturity investments	91	91	0%
Loss on disposal of property, plant and equipment	(19)	(101)	-81%

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 March 2018 \$'000	30 September 2017 \$'000	31 March 2018 \$'000	30 September 2017 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	37,526	36,542	7,508	6,908
Available-for-sale investments	4	5	4	5
Investment in subsidiaries	-	-	15,226	15,226
Held-to-maturity investments	6,057	6,067	6,057	6,067
Deferred tax assets	923	755	-	-
	44,510	43,369	28,795	28,206
<b>Current assets</b>				
Inventories	31,965	33,192	3,332	5,915
Trade receivables	36,458	37,710	28,415	21,634
Other receivables, deposits and prepayments	6,288	4,160	289	351
Amount due from subsidiaries	-	-	18,411	17,853
Derivatives	-	421	-	421
Cash and cash equivalents	43,540	43,600	36,221	37,964
	118,251	119,083	86,668	84,138
<b>Current liabilities</b>				
Trade payables	6,794	7,279	9,585	6,077
Other payables and accruals	12,618	14,048	7,181	7,417
Provision for warranty	604	615	-	-
Term loans	1,000	1,000	1,000	1,000
Derivatives	438	-	438	-
Obligations under hire purchase contracts	196	190	193	170
Income tax payables	2,339	2,201	1,596	1,353
	23,989	25,333	19,993	16,017
<b>Net current assets</b>	94,262	93,750	66,675	68,121
<b>Non-current liabilities</b>				
Term loans	917	1,417	917	1,417
Obligations under hire purchase contracts	340	237	340	235
Deferred tax liabilities	1,554	1,517	103	104
	2,811	3,171	1,360	1,756
<b>Net assets</b>	135,961	133,948	94,110	94,571
<b>Equity attributable to equity holders of the Company</b>				
Share capital	57,184	57,018	57,184	57,018
Retained earnings	83,488	82,803	36,638	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	(7,610)	(8,846)	-	-
	135,127	133,078	94,110	94,571
<b>Non-controlling interests</b>	834	870	-	-
<b>Total equity</b>	135,961	133,948	94,110	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 March 2018 \$'000 Secured	31 March 2018 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
196	1,000	190	1,000

Amount repayable after one year

31 March 2018 \$'000 Secured	31 March 2018 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
340	917	237	1,417

Details of any collateral

As at 31 March 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 31 March 2018

	<b>Group</b>	
	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	7,407	7,062
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1,840	1,736
Loss on disposal of property, plant and equipment	19	101
Property, plant and equipment written off	56	8
Write back for provision of warranty	(10)	(81)
Amortisation of bond premium	10	10
Fair value loss/(gain) on derivatives	859	(154)
Interest expense	42	56
Interest income from bank deposits	(114)	(186)
Interest income from held-to-maturity investments	(91)	(91)
Foreign currency translation adjustment	361	(337)
<b>Operating profit before working capital changes</b>	<u>10,379</u>	<u>8,124</u>
Decrease/(increase) in inventories	1,227	(4,677)
(Increase)/decrease in receivables	(876)	7,594
Decrease in payables	(1,918)	(6,464)
<b>Cash generated from operations</b>	<u>8,812</u>	<u>4,577</u>
Income tax paid	(1,858)	(1,388)
Interest received	114	186
Interest paid	(42)	(56)
<b>Net cash generated from operating activities</b>	<u>7,026</u>	<u>3,319</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,706)	(2,669)
Proceeds from disposal of property, plant and equipment	149	265
Interest income from held-to-maturity investments	91	91
<b>Net cash used in investing activities</b>	<u>(1,466)</u>	<u>(2,313)</u>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(124)	(183)
Repayment of term loan	(500)	(500)
Proceeds from exercise of employee share options	129	-
Dividends paid	(4,851)	(4,826)
<b>Net cash flows used in financing activities</b>	<u>(5,346)</u>	<u>(5,509)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	214	(4,503)
<b>Cash and cash equivalents at 1 October</b>	43,600	46,006
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(274)	277
<b>Cash and cash equivalents at 31 March</b>	<u>43,540</u>	<u>41,780</u>

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 March 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	-	5,536	-	1,236	(1)	-	-	6,771	(36)	6,735
Exercise of employee share options	166	-	-	-	-	-	(37)	129	-	129
Dividends on ordinary shares, net of tax	-	(4,851)	-	-	-	-	-	(4,851)	-	(4,851)
Balance at 31 March 2018	57,184	83,488	104	(7,610)	(2)	1,867	96	135,127	834	135,961

	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	-	4,262	(1)	-	-	4,261
Exercise of employee share options	166	-	-	-	(37)	129
Dividends on ordinary shares, net of tax	-	(4,851)	-	-	-	(4,851)
Balance at 31 March 2018	57,184	36,638	(2)	194	96	94,110

	←-----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	-	5,415	-	(1,299)	2	-	-	4,118	19	4,137
Dividends on ordinary shares, net of tax	-	(4,826)	-	-	-	-	-	(4,826)	-	(4,826)
Balance at 31 March 2017	<u>56,770</u>	<u>77,982</u>	<u>104</u>	<u>(9,267)</u>	<u>1</u>	<u>1,867</u>	<u>187</u>	<u>127,644</u>	<u>1,031</u>	<u>128,675</u>

	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	-	9,116	2	-	-	9,118
Dividends on ordinary shares, net of tax	-	(4,826)	-	-	-	(4,826)
Balance at 31 March 2017	<u>56,770</u>	<u>35,743</u>	<u>1</u>	<u>194</u>	<u>187</u>	<u>92,895</u>

**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.

	31 March 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 31 March 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 period 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 period 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 March 2018	Previous Period 31 March 2017
(i) Based on weighted average number of ordinary shares in issue	2.283 cents	2.244 cents
(ii) On a fully diluted basis	2.281 cents	2.240 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 31 March 2018	Previous Period 30 September 2017	Latest Period 31 March 2018	Previous Period 30 September 2017
	55.7 cents	55.0 cents	38.8 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\$18.6 million or 27.6% from S\$67.2 million for the six months ended 31 March 2017 ("1H2017") to S\$85.8 million for the six months ended 31 March 2018 ("1H2018"). The increase was mainly attributable to an increase in revenue from the aluminium segment.

Gross profit increased by S\$2.8 million or 22.0% from S\$12.7 million in 1H2017 to S\$15.5 million in 1H2018. The increase in gross profit was mainly due to an increase in turnover. Gross profit margin remained relatively stable at 18.9% and 18.1% for 1H2017 and 1H2018 respectively.

Distribution costs and administrative costs remained relatively stable in 1H2017 and 1H2018. Other operating costs increased from S\$0.7 million to S\$1.4 million in 1H2018 due to net foreign exchange loss and net fair value adjustment loss in derivative recorded in 1H2018. There was a net foreign exchange gain and net fair value adjustment gain in derivative in 1H2017, which was recorded in other income.

The Group's effective tax rate was 25.2% for 1H2018 as compared to 23.7% for 1H2017. The higher effective tax rate of 1.5 percentage points for 1H2018 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\$5.4 million in 1H2017 to S\$5.5 million in 1H2018.

**BALANCE SHEET**

Inventories decreased from S\$33.2 million as at 30 September 2017 to S\$32.0 million as at 31 March 2018, as a result of completion of some construction projects and lower demand for aluminium segment.

Trade receivables decreased from S\$37.7 million as at 30 September 2017 to S\$36.5 million as at 31 March 2018, mainly due to lower sales in the three months ended 31 March 2018 as compared to the three months ended 30 September 2017.

Derivatives assets of S\$0.4 million as at 30 September 2017 as compared to derivatives liabilities of S\$0.4 million as at 31 March 2018 which resulted from changes in fair value.

Trade payables, other creditors and accruals decreased from S\$21.3 million as at 30 September 2017 to S\$19.4 million as at 31 March 2018, in line with the lower sales in the three months ended 31 March 2018 as compared to the three months ended 30 September 2017.

**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 uncertainty of global economic and political developments are expected to affect our aluminium industrial product businesses. Intense market competition 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 half year financial results for the period ended 31 March 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).

Yong Kin Sen  
Managing Director  
4 May 2018