

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER ENDED 30 JUNE 2016

These figures have not been audited

1 (a) 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 2016

	Group		%
	30 June 2016 \$'000	30 June 2015 \$'000	
Revenue	97,572	114,385	-14.7%
Cost of Sales	(75,622)	(90,709)	-16.6%
Gross Profit	21,950	23,676	-7.3%
Distribution Costs	(1,879)	(2,106)	-10.8%
Administrative Costs	(7,202)	(7,908)	-8.9%
Other Operating Costs	(2,744)	(3,272)	-16.1%
Profit from operating activities	10,125	10,390	-2.6%
Interest income	204	249	-18.1%
Finance Cost	(115)	(92)	25.0%
Other income	381	134	184.3%
Profit before taxation	10,595	10,681	-0.8%
Taxation	(2,536)	(3,786)	-33.0%
Profit for the period	8,059	6,895	16.9%
Attributable to:			
Equity holders of the Company	7,964	6,951	
Non-controlling interests	95	(56)	
	8,059	6,895	
Profit for the period	8,059	6,895	
Other comprehensive income:			
Foreign currency translation	(280)	(2,975)	
Fair value adjustment	(3)	-	
Other comprehensive income for the period, net of tax	(283)	(2,975)	
Total comprehensive income for the period	7,776	3,920	
Attributable to:			
Equity holders of the Company	7,739	3,928	
Non-controlling interests	37	(8)	
	7,776	3,920	

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 2016 \$'000	30 June 2015 \$'000	
Depreciation of property, plant and equipment	(3,116)	(3,000)	4%
Interest expense	(115)	(92)	25%
Foreign exchange loss	(884)	(158)	459%
Interest income from bank deposits	61	111	-45%
Interest income from held-to-maturity investments	143	138	4%
Gain on disposal of property, plant and equipment	45	8	463%

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

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 2016 \$'000	30 September 2015 \$'000	30 June 2016 \$'000	30 September 2015 \$'000
Non-current assets				
Property, plant and equipment	33,136	33,445	7,479	8,900
Available-for-sale investments	5	8	5	8
Interest in subsidiaries	-	-	15,226	15,226
Held-to-maturity investments	6,091	6,106	6,091	6,106
	<u>39,232</u>	<u>39,559</u>	<u>28,801</u>	<u>30,240</u>
Current assets				
Inventories	30,846	40,386	1,397	6,983
Trade receivables	25,209	39,407	12,753	24,435
Other receivables, deposits and prepayments	5,180	3,297	502	538
Amount due from subsidiaries	-	-	22,803	31,319
Derivatives	136	-	136	-
Cash and cash equivalents	43,174	38,432	32,387	25,957
	<u>104,545</u>	<u>121,522</u>	<u>69,978</u>	<u>89,232</u>
Current liabilities				
Trade payables	4,626	11,505	1,407	12,150
Other payables and accruals	5,105	13,070	3,532	9,720
Provision for warranty	799	818	-	-
Term loans	1,000	1,000	1,000	1,000
Derivatives	-	2,111	-	2,111
Obligations under hire purchase contracts	318	505	101	208
Income tax payables	1,893	2,634	1,388	1,755
	<u>13,741</u>	<u>31,643</u>	<u>7,428</u>	<u>26,944</u>
Net current assets	<u>90,804</u>	<u>89,879</u>	<u>62,550</u>	<u>62,288</u>
Non-current liabilities				
Term loans	2,667	3,417	2,667	3,417
Obligations under hire purchase contracts	146	481	78	254
Deferred tax liabilities	693	762	154	81
	<u>3,506</u>	<u>4,660</u>	<u>2,899</u>	<u>3,752</u>
	<u>126,530</u>	<u>124,778</u>	<u>88,452</u>	<u>88,776</u>
Equity attributable to equity holders of the Company				
Share capital	56,770	56,758	56,770	56,758
Retained earnings	76,224	74,288	31,151	31,476
Fair value adjustment reserve	(1)	2	(1)	2
Capital reserve	104	104	-	-
Asset revaluation reserve	345	345	345	345
Share option reserve	187	195	187	195
Foreign currency translation reserve	(8,006)	(7,784)	-	-
	<u>125,623</u>	<u>123,908</u>	<u>88,452</u>	<u>88,776</u>
Non-controlling interests	907	870	-	-
Total equity	<u>126,530</u>	<u>124,778</u>	<u>88,452</u>	<u>88,776</u>

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

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

Amount repayable in one year or less or in demand

30 June 2016 \$'000 Secured	30 June 2016 \$'000 Unsecured	30 September 2015 \$'000 Secured	30 September 2015 \$'000 Unsecured
318	1,000	505	1,000

Amount repayable after one year

30 June 2016 \$'000 Secured	30 June 2016 \$'000 Unsecured	30 September 2015 \$'000 Secured	30 September 2015 \$'000 Unsecured
146	2,667	481	3,417

Details of any collateral

As at 30 June 2016, 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 2016

	Group	
	30 June 2016	30 June 2015
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	10,595	10,681
Adjustments for:		
Depreciation of property, plant and equipment	3,116	3,000
Gain on disposal of property, plant and equipment	(45)	(8)
Property, plant and equipment written off	867	189
Write back for provision of warranty	(18)	(70)
Amortisation of bond premium	15	14
Fair value (gain)/loss on derivative	(2,247)	1,318
Interest expense	115	92
Interest income from bank deposits	(61)	(111)
Interest income from held-to-maturity investments	(143)	(138)
Foreign currency translation adjustment	146	(2,277)
Operating profit before working capital changes	<u>12,340</u>	<u>12,690</u>
Decrease/(increase) in inventories	9,540	(8,245)
Decrease/(increase) in debtors	12,315	(5,260)
Decrease in creditors	<u>(14,863)</u>	<u>(824)</u>
Cash generated from/(used in) operations	19,332	(1,639)
Income tax paid	(3,347)	(1,509)
Interest received	61	111
Interest paid	(115)	(92)
Net cash generated from/(used in) operating activities	<u>15,931</u>	<u>(3,129)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,779)	(10,126)
Proceeds from disposal of property, plant and equipment	77	70
Interest income from held-to-maturity investments	143	138
Net cash used in investing activities	<u>(3,559)</u>	<u>(9,918)</u>
Cash flows from financing activities		
Repayment of finance lease obligations	(522)	(401)
Proceeds from term loan drawdown	-	5,000
Repayment of term loan	(750)	(409)
Proceed from exercise of employee share options	9	-
Dividends paid	(6,033)	(3,619)
Net cash flows (used in)/generated from financing activities	<u>(7,296)</u>	<u>571</u>
Net increase/(decrease) in cash and cash equivalents	5,076	(12,476)
Cash and cash equivalents at 1 October	38,432	35,541
Effect of exchange rate changes on cash and cash equivalents	(334)	753
Cash and cash equivalents at 30 June	<u>43,174</u>	<u>23,818</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 30 June 2016

	-----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 2015	56,758	74,288	104	(7,784)	2	345	195	123,908	870	124,778
Total comprehensive income for the year	-	7,964	-	(222)	(3)	-	-	7,739	37	7,776
Exercise of employee share options	12	-	-	-	-	-	(3)	9	-	9
Forfeiture of employee share options	-	5	-	-	-	-	(5)	-	-	-
Dividends on ordinary shares, net of tax	-	(6,033)	-	-	-	-	-	(6,033)	-	(6,033)
Balance at 30 June 2016	56,770	76,224	104	(8,006)	(1)	345	187	125,623	907	126,530

	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 2015	56,758	31,476	2	345	195	88,776
Total comprehensive income for the year	-	5,703	(3)	-	-	5,700
Exercise of employee share options	12	-	-	-	(3)	9
Forfeiture of employee share options	-	5	-	-	(5)	-
Dividends on ordinary shares, net of tax	-	(6,033)	-	-	-	(6,033)
Balance at 30 June 2016	56,770	31,151	(1)	345	187	88,452

	-----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			
Group										
Balance at 1 October 2014	56,758	64,968	104	(2,620)	2	345	195	119,752	848	120,600
Total comprehensive income for the period	-	6,951	-	(3,023)	-	-	-	3,928	(8)	3,920
Dividends on ordinary shares, net of tax	-	(3,619)	-	-	-	-	-	(3,619)	-	(3,619)
Balance at 30 June 2015	56,758	68,300	104	(5,643)	2	345	195	120,061	840	120,901

	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 2014	56,758	18,180	2	345	195	75,480
Total comprehensive income for the period	-	9,462	-	-	-	9,462
Dividends on ordinary shares, net of tax	-	(3,619)	-	-	-	(3,619)
Balance at 30 June 2015	56,758	24,023	2	345	195	81,323

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

A) Changes in share capital during the financial period

During the second quarter, there was an increase of 35,000 shares due to exercise of employee share options. Thus the number of issued and paid-up ordinary shares increased from 241,259,082 to 241,294,082.

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 2016		30 September 2015	
	No	WAEP(\$)	No	WAEP(\$)
Opening balance	2,650,000	0.258	2,650,000	0.258
- Exercised during the period	(35,000)	0.258	-	-
- Forfeited during the period	(65,000)	0.258	-	-
Ending balance	<u>2,550,000</u>	<u>0.258</u>	<u>2,650,000</u>	<u>0.258</u>
Exercisable at end of period	<u>2,550,000</u>	<u>0.258</u>	<u>2,650,000</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 2016	Previous Period 30 September 2015
Number of ordinary shares	<u>241,294,082</u>	<u>241,259,082</u>

1 (d) (iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares 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 2015, 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 2015. 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 2016	Previous Period 30 June 2015
(i) Based on weighted average number of ordinary shares in issue	3.301 cents	2.881 cents
(ii) On a fully diluted basis	3.295 cents	2.879 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 2016	Previous Period 30 September 2015	Latest Period 30 June 2016	Previous Period 30 September 2015
	52.1 cents	51.4 cents	36.7 cents	36.8 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 decreased by S\$16.8 million or 14.7% from S\$114.4 million for the nine months ended 30 June 2015 ("3Q2015") to S\$97.6 million for the nine months ended 30 June 2016 ("3Q2016"). The decrease was mainly attributable to decreased revenue from the aluminium segment in 3Q2016.

Gross profit decreased from S\$23.7 million in 3Q2015 to S\$22.0 million in 3Q2016, in line with the lower turnover in 3Q2016. However, gross profit margin increased from 20.7% in 3Q2015 to 22.5% in 3Q2016 due to change in product mix with higher margin.

Distribution costs decreased by S\$0.2 million or 10.8% from S\$2.1 million in 3Q2015 to S\$1.9 million in 3Q2016, in line with the lower turnover in 3Q2016. Administrative costs decreased from S\$7.9 million in 3Q2015 to S\$7.2 million in 3Q2016 mainly due to lower accrued personnel expenses. Other operating costs decreased from S\$3.3 million in 3Q2015 to S\$2.7 million in 3Q2016, mainly due to higher gain in derivative in 3Q2016, partially offset by higher loss in foreign exchange differences in 3Q2016.

The Group's effective tax rate was 23.9% for 3Q2016 as compared to 35.4% for 3Q2015. The higher effective tax rate of 35.4% for 3Q2015 was mainly due to timing difference for qualified expense for tax purpose.

In view of the above circumstances, the Group's profit after tax increased by S\$1.2 million or 16.9% from S\$6.9 million in 3Q2015 to S\$8.1 million in 3Q2016.

BALANCE SHEET

Inventories decreased from S\$40.4 million as at 30 September 2015 to S\$30.8 million as at 30 June 2016, mainly due to completion of some construction projects.

Trade receivables decreased from S\$39.4 million as at 30 September 2015 to S\$25.2 million as at 30 June 2016, mainly due to lower sales in the three months ended 30 June 2016 as compared to the three months ended 30 September 2015.

Other receivables, deposits and prepayments of S\$5.2 million as at 30 June 2016 comprise payment of transfer pricing adjustments and penalties of S\$2.2 million by two of the Malaysian subsidiaries, which was disclosed as contingent liabilities in the Group's annual report 2015. Both of the Malaysian subsidiaries are still appealing against these transfer pricing adjustments and penalties. No tax provision had been made as the financial outcome could not be reliably estimated as at 30 June 2016.

Derivatives amount of S\$0.1 million in current assets as at 30 June 2016 as compared to S\$2.1 million in current liabilities as at 30 September 2015 is due to fair value adjustments.

Trade payables, other creditors and accruals decreased from S\$24.6 million as at 30 September 2015 to S\$9.7 million as at 30 June 2016, in line with the lower sales in the three months ended 30 June 2016 as compared to the three months ended 30 September 2015, coupled with shorter payment terms for certain projects.

Cash and cash equivalents increased from S\$38.4 million as at 30 September 2015 to S\$43.2 million as at 30 June 2016, as a result of collection of trade debts and 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 challenging global and regional economic environment will likely have an impact on the aluminium industry business.

The outlook for the local property market remains challenging due to the continuing cooling measures enforced by government, weak demand, hefty supply, intense market competition and tight labor market. As such, these factors will continue to add challenges to the operating environment of the Group's building products business.

The Group will focus on improving operational efficiency and cost control measures to maintain the competitiveness of its businesses.

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/recommendeded, 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 have 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 2016 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
12 August 2016