

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THIRD QUARTER ENDED 30 JUNE 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 30 June 2017

| | Group | | % |
|--|------------------------|------------------------|---------------|
| | 30 June 2017 \$'000 | 30 June 2016 \$'000 | |
| Revenue | 95,171 | 97,572 | -2.5% |
| Cost of Sales | <u>(75,729)</u> | <u>(75,622)</u> | 0.1% |
| Gross Profit | 19,442 | 21,950 | -11.4% |
| Distribution Costs | (1,737) | (1,879) | -7.6% |
| Administrative Costs | (7,937) | (7,202) | 10.2% |
| Other Operating Costs | <u>(1,075)</u> | <u>(2,744)</u> | -60.8% |
| Profit from operating activities | 8,693 | 10,125 | -14.1% |
| Interest income | 417 | 204 | 104.4% |
| Finance Cost | (81) | (115) | -29.6% |
| Other income | <u>1,935</u> | <u>381</u> | 407.9% |
| Profit before taxation | 10,964 | 10,595 | 3.5% |
| Taxation | (2,915) | (2,536) | 14.9% |
| Profit for the period | <u>8,049</u> | <u>8,059</u> | -0.1% |
| Attributable to: | | | |
| Equity holders of the Company | 8,137 | 7,964 | |
| Non-controlling interests | <u>(88)</u> | <u>95</u> | |
| | <u>8,049</u> | <u>8,059</u> | |
| Profit for the period | 8,049 | 8,059 | |
| Other comprehensive income: | | | |
| Foreign currency translation | (686) | (280) | |
| Fair value adjustment | 1 | (3) | |
| Other comprehensive income for the period, net of tax | <u>(685)</u> | <u>(283)</u> | |
| Total comprehensive income for the period | <u>7,364</u> | <u>7,776</u> | |
| Attributable to: | | | |
| Equity holders of the Company | 7,441 | 7,739 | |
| Non-controlling interests | <u>(77)</u> | <u>37</u> | |
| | <u>7,364</u> | <u>7,776</u> | |

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 2017 \$'000 | 30 June 2016 \$'000 | |
| Depreciation of property, plant and equipment | (2,618) | (3,116) | -16% |
| Interest expense | (81) | (115) | -30% |
| Foreign exchange gain/(loss), net | 1,177 | (884) | NM |
| Interest income from bank deposits | 280 | 61 | 359% |
| Interest income from held-to-maturity investments | 137 | 143 | -4% |
| (Loss)/gain on disposal of property, plant and equipment | (137) | 45 | 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 | |
|---|-------------------------|------------------------------|-------------------------|------------------------------|
| | 30 June 2017 \$ '000 | 30 September 2016 \$ '000 | 30 June 2017 \$ '000 | 30 September 2016 \$ '000 |
| Non-current assets | | | | |
| Property, plant and equipment | 36,605 | 36,651 | 6,732 | 6,940 |
| Available-for-sale investments | 6 | 5 | 6 | 5 |
| Interest in subsidiaries | - | - | 15,226 | 15,226 |
| Held-to-maturity investments | 6,072 | 6,087 | 6,072 | 6,087 |
| Deferred tax assets | 8 | 141 | - | - |
| | 42,691 | 42,884 | 28,036 | 28,258 |
| Current assets | | | | |
| Inventories | 34,965 | 31,231 | 1,522 | 3,353 |
| Trade receivables | 22,641 | 29,911 | 9,239 | 16,583 |
| Other receivables, deposits and prepayments | 4,631 | 4,089 | 662 | 530 |
| Amount due from subsidiaries | - | - | 29,518 | 22,826 |
| Derivatives | 63 | 329 | 63 | 329 |
| Cash and cash equivalents | 45,493 | 46,006 | 38,187 | 38,777 |
| | 107,793 | 111,566 | 79,191 | 82,398 |
| Current liabilities | | | | |
| Trade payables | 5,091 | 7,357 | 5,235 | 11,130 |
| Other payables and accruals | 6,001 | 9,315 | 3,886 | 5,814 |
| Provision for warranty | 665 | 759 | - | - |
| Term loans | 1,000 | 1,000 | 1,000 | 1,000 |
| Obligations under hire purchase contracts | 201 | 297 | 133 | 87 |
| Income tax payables | 1,808 | 1,855 | 1,175 | 1,463 |
| | 14,766 | 20,583 | 11,429 | 19,494 |
| Net current assets | 93,027 | 90,983 | 67,762 | 62,904 |
| Non-current liabilities | | | | |
| Term loans | 1,667 | 2,417 | 1,667 | 2,417 |
| Obligations under hire purchase contracts | 168 | 79 | 168 | 62 |
| Deferred tax liabilities | 1,981 | 2,007 | 125 | 80 |
| | 3,816 | 4,503 | 1,960 | 2,559 |
| | 131,902 | 129,364 | 93,838 | 88,603 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 56,770 | 56,770 | 56,770 | 56,770 |
| Retained earnings | 80,704 | 77,393 | 36,687 | 31,453 |
| Fair value adjustment reserve | - | (1) | - | (1) |
| Capital reserve | 104 | 104 | - | - |
| Asset revaluation reserve | 1,867 | 1,867 | 194 | 194 |
| Share option reserve | 187 | 187 | 187 | 187 |
| Foreign currency translation reserve | (8,665) | (7,968) | - | - |
| | 130,967 | 128,352 | 93,838 | 88,603 |
| Non-controlling interests | 935 | 1,012 | - | - |
| Total equity | 131,902 | 129,364 | 93,838 | 88,603 |

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 2017 \$'000 Secured | 30 June 2017 \$'000 Unsecured | 30 September 2016 \$'000 Secured | 30 September 2016 \$'000 Unsecured |
|-----------------------------------|-------------------------------------|--|--|
| 201 | 1,000 | 297 | 1,000 |

Amount repayable after one year

| 30 June 2017 \$'000 Secured | 30 June 2017 \$'000 Unsecured | 30 September 2016 \$'000 Secured | 30 September 2016 \$'000 Unsecured |
|-----------------------------------|-------------------------------------|--|--|
| 168 | 1,667 | 79 | 2,417 |

Details of any collateral

As at 30 June 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 30 June 2017

| | Group | |
|---|---------------------|---------------------|
| | 30 June 2017 | 30 June 2016 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Profit before tax | 10,964 | 10,595 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,618 | 3,116 |
| Loss/(gain) on disposal of property, plant and equipment | 137 | (45) |
| Property, plant and equipment written off | 8 | 867 |
| Write back for provision of warranty | (126) | (18) |
| Amortisation of bond premium | 15 | 15 |
| Fair value loss/(gain) on derivative | 266 | (2,247) |
| Interest expense | 81 | 115 |
| Interest income from bank deposits | (280) | (61) |
| Interest income from held-to-maturity investments | (137) | (143) |
| Foreign currency translation adjustment | (124) | 146 |
| Operating profit before working capital changes | 13,422 | 12,340 |
| (Increase)/decrease in inventories | (3,734) | 9,540 |
| Decrease in receivables | 6,728 | 12,315 |
| Decrease in payables | (5,674) | (14,863) |
| Cash generated from operations | 10,742 | 19,332 |
| Income tax paid | (2,855) | (3,347) |
| Interest received | 280 | 61 |
| Interest paid | (81) | (115) |
| Net cash generated from operating activities | 8,086 | 15,931 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (3,350) | (3,779) |
| Proceeds from disposal of property, plant and equipment | 381 | 77 |
| Interest income from held-to-maturity investments | 137 | 143 |
| Net cash used in investing activities | (2,832) | (3,559) |
| Cash flows from financing activities | | |
| Repayment of finance lease obligations | (269) | (522) |
| Repayment of term loan | (750) | (750) |
| Proceed from exercise of employee share options | - | 9 |
| Dividends paid | (4,826) | (6,033) |
| Net cash flows used in financing activities | (5,845) | (7,296) |
| Net (decrease)/increase in cash and cash equivalents | (591) | 5,076 |
| Cash and cash equivalents at 1 October | 46,006 | 38,432 |
| Effect of exchange rate changes on cash and cash equivalents | 78 | (334) |
| Cash and cash equivalents at 30 June | 45,493 | 43,174 |

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 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 2016 | 56,770 | 77,393 | 104 | (7,968) | (1) | 1,867 | 187 | 128,352 | 1,012 | 129,364 |
| Total comprehensive income for the year | - | 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 \$'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 2016 | 56,770 | 31,453 | (1) | 194 | 187 | 88,603 |
| Total comprehensive income for the year | - | 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 |

| | ←-----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 2015 | 56,758 | 74,288 | 104 | (7,784) | 2 | 345 | 195 | 123,908 | 870 | 124,778 |
| Total comprehensive income for the period | - | 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 | 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 2015 | 56,758 | 31,476 | 2 | 345 | 195 | 88,776 |
| Total comprehensive income for the period | - | 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 |

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

There was no change in share capital during the financial period. There were no shares held as treasury shares during the financial period.

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 2017 | | 30 September 2016 | |
|-------------------------------|------------------|--------------|-------------------|--------------|
| | No | WAEP(\$) | No | WAEP(\$) |
| Opening balance | 2,550,000 | 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>2,550,000</u> | <u>0.258</u> |
| Exercisable at end of period | <u>2,550,000</u> | <u>0.258</u> | <u>2,550,000</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 2017 | Previous Period 30 September 2016 |
| Number of ordinary shares | <u>241,294,082</u> | <u>241,294,082</u> |

1 (d) (iv) A statement showing all sales, transfer, 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 2016, 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 2016. 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 2017 | Previous Period 30 June 2016 |
| (i) Based on weighted average number of ordinary shares in issue | 3.372 cents | 3.301 cents |
| (ii) On a fully diluted basis | 3.364 cents | 3.295 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 30 June 2017 | Previous Period 30 September 2016 | Latest Period 30 June 2017 | Previous Period 30 September 2016 |
| Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on | 54.3 cents | 53.2 cents | 38.9 cents | 36.7 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\$2.4 million or 2.5% from S\$97.6 million for the nine months ended 30 June 2016 ("3Q2016") to S\$95.2 million for the nine months ended 30 June 2017 ("3Q2017"). The decrease was mainly attributable to a decrease in revenue from the aluminium segment in the three months ended 30 June 2017.

Gross profit decreased from S\$22.0 million in 3Q2016 to S\$19.4 million in 3Q2017. Gross profit margin decreased from 22.5% in 3Q2016 to 20.4% in 3Q2017. The lower gross profit margin was due to a change in product mix with lower margin and for the reason disclosed under other income referred to below.

Distribution costs decreased from S\$1.9 million in 3Q2016 to S\$1.7 million in 3Q2017, which is in line with the decrease in turnover. Administrative costs increased from S\$7.2 million in 3Q2016 to S\$7.9 million in 3Q2017, which is mainly due to higher accrued personnel cost in 3Q2017. Other operating costs declined from S\$2.7 million in 3Q2016 to S\$1.1 million in 3Q2017. This was primarily the result of net foreign exchange loss and a net loss in derivative recorded in 3Q2016. In 3Q2017, the Group recorded net foreign exchange gain as well as a net gain in derivative, and, this is consistent with the increased in other income from S\$0.4 million in 3Q2016 to S\$1.9 million in 3Q2017.

The Group's effective tax rate was 26.6% for 3Q2017 as compared to 23.9% for 3Q2016. The higher effective tax rate of 26.6% for 3Q2017 was mainly due to timing difference for qualified expense for tax purpose.

In view of the above circumstances, the Group's profit after tax remained at S\$8.1 million and S\$8.0 million for 3Q2016 and 3Q2017 respectively.

BALANCE SHEET

Inventories increased from S\$31.2 million as at 30 September 2016 to S\$35.0 million as at 30 June 2017, mainly due to building up of inventories for on-going projects.

Trade receivables decreased from S\$29.9 million as at 30 September 2016 to S\$22.6 million as at 30 June 2017, mainly due to lower sales in the three months ended 30 June 2017 as compared to the three months ended 30 September 2016.

Trade payables, other creditors and accruals decreased from S\$16.7 million as at 30 September 2016 to S\$11.1 million as at 30 June 2017, in line with the lower sales in the three months ended 30 June 2017 as compared to the three months ended 30 September 2016.

Cash and cash equivalents decreased from S\$46.0 million as at 30 September 2016 to S\$45.5 million as at 30 June 2017, as a result of payment of dividends and early 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 continued uncertainty of the global economic environment, coupled with a slow down in the local property market as a result of government's cooling measures, hefty supply of properties, intense market competition and tight labor market are expected to exert pressure on the Group's profit margins in both aluminium industry and building product businesses.

In view of the above circumstances, the Group will continue to 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 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 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
14 August 2017