

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR YEAR ENDED 30 SEPTEMBER 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 year ended 30 September 2018

	Group		%
	30 September 2018 \$' 000	30 September 2017 \$' 000	
Revenue	156,842	141,939	10.5%
Cost of sales	<u>(127,546)</u>	<u>(114,144)</u>	11.7%
Gross Profit	29,296	27,795	5.4%
Distribution costs	(2,574)	(2,529)	1.8%
Administrative costs	(10,972)	(10,219)	7.4%
Other Operating costs	<u>(2,171)</u>	<u>(5,469)</u>	-60.3%
Profit from operating activities	13,579	9,578	41.8%
Interest income	503	538	-6.5%
Finance cost	(78)	(104)	-25.0%
Other income	<u>1,649</u>	<u>2,456</u>	-32.9%
Profit before taxation	15,653	12,468	25.5%
Taxation	(3,630)	(2,352)	54.3%
Profit for the period	<u>12,023</u>	<u>10,116</u>	18.9%
Attributable to:			
Equity holders of the Company	12,017	10,236	
Non-controlling interests	<u>6</u>	<u>(120)</u>	
	<u>12,023</u>	<u>10,116</u>	
Profit for the period	12,023	10,116	
Other comprehensive income:			
Foreign currency translation	1	(900)	
Other comprehensive income for the period, net of tax	<u>1</u>	<u>(900)</u>	
Total comprehensive income for the period	<u>12,024</u>	<u>9,216</u>	
Attributable to:			
Equity holders of the Company	12,679	9,358	
Non-controlling interests	<u>(655)</u>	<u>(142)</u>	
	<u>12,024</u>	<u>9,216</u>	

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 September 2018 \$' 000	30 September 2017 \$' 000	
Depreciation of property, plant and equipment	(3,576)	(3,664)	-2%
Interest expense	(78)	(104)	-25%
Foreign exchange gain, net	1,510	1,193	27%
Interest income from bank deposits	321	355	-10%
Interest income from held-to-maturity investments	182	183	-1%
Loss on disposal of property, plant and equipment	(14)	(137)	-90%
Fair value (loss)/gain on derivative	(615)	1,081	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 September 2018 \$' 000	30 September 2017 \$' 000	30 September 2018 \$' 000	30 September 2017 \$' 000
Non-current assets				
Property, plant and equipment	40,948	36,542	7,044	6,908
Available-for-sale investments	5	5	5	5
Investment in subsidiaries	-	-	15,226	15,226
Held-to-maturity investments	6,047	6,067	6,047	6,067
Deferred tax assets	788	755	-	-
	<u>47,788</u>	<u>43,369</u>	<u>28,322</u>	<u>28,206</u>
Current assets				
Inventories	38,896	33,192	6,362	5,915
Trade receivables	35,634	37,710	25,900	21,634
Other receivables, deposits and prepayments	4,967	4,160	390	351
Amount due from subsidiaries	-	-	26,362	17,853
Derivatives	-	421	-	421
Cash and fixed deposits	45,287	43,600	38,668	37,964
	<u>124,784</u>	<u>119,083</u>	<u>97,682</u>	<u>84,138</u>
Current liabilities				
Trade payables	7,473	7,279	2,926	6,077
Other payables and accruals	17,197	14,048	8,731	7,417
Provision for warranty	625	615	-	-
Term loans	1,000	1,000	1,000	1,000
Derivatives	731	-	731	-
Obligations under hire purchase contracts	198	190	198	170
Income tax payables	1,886	2,201	1,572	1,353
	<u>29,110</u>	<u>25,333</u>	<u>15,158</u>	<u>16,017</u>
Net current assets	95,674	93,750	82,524	68,121
Non-current liabilities				
Term loans	417	1,417	417	1,417
Obligations under hire purchase contracts	240	237	240	235
Deferred tax liabilities	1,555	1,517	223	104
	<u>2,212</u>	<u>3,171</u>	<u>880</u>	<u>1,756</u>
Net assets	<u>141,250</u>	<u>133,948</u>	<u>109,966</u>	<u>94,571</u>
Equity attributable to equity holders of the Company				
Share capital	57,184	57,018	57,184	57,018
Retained earnings	89,969	82,803	52,493	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	96	133	96	133
Foreign currency translation reserve	(8,184)	(8,846)	-	-
	<u>141,035</u>	<u>133,078</u>	<u>109,966</u>	<u>94,571</u>
Non-controlling interests	215	870	-	-
Total equity	<u>141,250</u>	<u>133,948</u>	<u>109,966</u>	<u>94,571</u>

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

Amount repayable in one year or less or in demand

30 September 2018 \$'000 Secured	30 September 2018 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
198	1,000	190	1,000

Amount repayable after one year

30 September 2018 \$'000 Secured	30 September 2018 \$'000 Unsecured	30 September 2017 \$'000 Secured	30 September 2017 \$'000 Unsecured
240	417	237	1,417

Details of any collateral

As at 30 September 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 year ended 30 September 2018

	Group	
	30 September 2018	30 September 2017
	\$ '000	\$ '000
Cash flows from operating activities		
Profit before tax	15,653	12,468
Adjustments for:		
Depreciation of property, plant and equipment	3,576	3,664
Loss on disposal of property, plant and equipment	14	137
Property, plant and equipment written off	56	8
Provision of one-off replacement cost for a past project	-	4,070
Provision/(write back) for provision of warranty	10	(144)
Amortisation of bond premium	20	20
Fair value loss/(gain) on derivatives	1,152	(92)
Interest expense	78	104
Interest income from bank deposits	(321)	(355)
Interest income from held-to-maturity investments	(182)	(183)
Foreign currency translation adjustment	(773)	(212)
Operating profit before working capital changes	19,283	19,485
Increase in inventories	(5,704)	(1,961)
Decrease/(increase) in receivables	1,269	(7,870)
Increase in payables	3,342	585
Cash generated from operations	18,190	10,239
Income tax paid	(3,941)	(3,110)
Interest received	321	355
Interest paid	(78)	(104)
Net cash generated from operating activities	14,492	7,380
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,294)	(4,327)
Proceeds from disposal of property, plant and equipment	172	392
Interest income from held-to-maturity investments	182	183
Net cash used in investing activities	(6,940)	(3,752)
Cash flows from financing activities		
Repayment of finance lease obligations	(222)	(361)
Repayment of term loan	(1,000)	(1,000)
Proceeds from exercise of employee share options	129	194
Dividends paid	(4,851)	(4,826)
Net cash flows used in financing activities	(5,944)	(5,993)
Net increase/(decrease) in cash and fixed deposits	1,608	(2,365)
Cash and cash equivalents at 1 October	43,600	46,006
Effect of exchange rate changes on cash and cash equivalents	79	(41)
Cash and fixed deposits at 30 September	45,287	43,600

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 year ended 30 September 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			
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	-	12,017	-	662	-	-	-	12,679	(655)	12,024
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 September 2018	57,184	89,969	104	(8,184)	(1)	1,867	96	141,035	215	141,250

	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	-	20,117	-	-	-	20,117
Exercise of employee share options	166	-	-	-	(37)	129
Dividends on ordinary shares, net of tax	-	(4,851)	-	-	-	(4,851)
Balance at 30 September 2018	57,184	52,493	(1)	194	96	109,966

<-----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	-	10,236	-	(878)	-	-	-	9,358	(142)	9,216
Exercise of employee share options	248	-	-	-	-	-	(54)	194	-	194
Dividends on ordinary shares, net of tax	-	(4,826)	-	-	-	-	-	(4,826)	-	(4,826)
Balance at 30 September 2017	57,018	82,803	104	(8,846)	(1)	1,867	133	133,078	870	133,948

	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	-	10,600	-	-	-	10,600
Exercise of employee share options	248	-	-	-	(54)	194
Dividends on ordinary shares, net of tax	-	(4,826)	-	-	-	(4,826)
Balance at 30 September 2017	57,018	37,227	(1)	194	133	94,571

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 September 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 September 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 September 2018	Previous Period 30 September 2017
(i) Based on weighted average number of ordinary shares in issue	4.956 cents	4.240 cents
(ii) On a fully diluted basis	4.947 cents	4.227 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 September 2018	Previous Period 30 September 2017	Latest Period 30 September 2018	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	58.1 cents	55.0 cents	45.3 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\$14.9 million or 10.5% from S\$141.9 million for the financial year ended 30 September 2017 ("FY2017") to S\$156.8 million for the financial year ended 30 September 2018 ("FY2018"). The increase was mainly attributable to an increase in revenue from the aluminium segment.

Gross profit increased from S\$27.8 million in FY2017 to S\$29.3 million in FY2018 while gross profit margin decreased from 19.6% in FY2017 to 18.7% in FY2018, mainly due to a change in product mix with lower margin.

Administrative costs increased from S\$10.2 million in FY2017 to S\$11.0 million in FY2018, which was mainly due to higher accrued personnel cost in FY2018. Other operating costs decreased from S\$5.5 million in FY2017 to S\$2.2 million in FY2018. The decrease in other operating costs in FY2018 was mainly due to the absence of provision for a one-time product replacement costs for a prior-year building product project in FY2017. Other income decreased from S\$2.5 million in FY2017 to S\$1.6 million in FY2018, mainly due to a net gain in derivative in FY2017, whereas there was a net loss in derivative in FY2018.

The Group's effective tax rate was 23.2% for FY2018 as compared to 18.9% for FY2017. The higher effective tax rate for FY2018 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\$10.1 million in FY2017 to S\$12.0 million in FY2018.

BALANCE SHEET

Property, plant and equipment increased from S\$36.5 million as at 30 September 2017 to S\$40.9 million as at 30 September 2018, mainly due to the acquisition of a piece of industrial land by a Malaysian subsidiary.

Inventories increased from S\$33.2 million as at 30 September 2017 to S\$38.9 million as at 30 September 2018, mainly due to building up of inventories for on-going business.

Trade receivables decreased from S\$37.7 million as at 30 September 2017 to S\$35.6 million as at 30 September 2018, mainly due to lower sales in the three months ended 30 September 2018 as compared to the three months ended 30 September 2017.

Changes in the fair value of derivatives resulted in derivatives assets of S\$0.4 million as at 30 September 2017, as compared to derivatives liabilities of S\$0.7 million as at 30 September 2018.

Trade payables, other payables and accruals increased from S\$21.3 million as at 30 September 2017 to S\$24.7 million as at 30 September 2018, in line with the higher inventories building up for on-going business.

Cash and cash equivalents increased from S\$43.6 million as at 30 September 2017 to S\$45.3 million as at 30 September 2018, as a result of collection of trade receivables, offset by payment of dividends, purchase of property, plant and equipment, and increase in inventories.

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.

Due to the uncertainties in global economic, our aluminium industrial product business is expected to be affected. Intense market competition, continuing government cooling measures and tight labour market in Singapore 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? Yes

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per Share	2 cent	0.5 cent

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

Any dividend declared for the previous financial period reported on? Yes

Name of Dividend	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per Share	1 cent	1 cent

(c) Date payable

To be advised.

(d) Books closure date

To be advised.

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 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).

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segments -

	Aluminium		Mild Steel		Stainless Steel		Others		Adjustments		Consolidated	
	2018 \$ '000	2017 \$ '000	2018 \$ '000	2017 \$ '000	2018 \$ '000	2017 \$ '000	2018 \$ '000	2017 \$ '000	2018 \$ '000	2017 \$ '000	2018 \$ '000	2017 \$ '000
Segment revenue:												
Sales to external customers	144,242	121,514	12,011	19,867	589	557	-	1	-	-	156,842	141,939
Result:												
Depreciation	(3,054)	(3,171)	(463)	(424)	(59)	(63)	-	(6)	-	-	(3,576)	(3,664)
Segment results	17,163	11,706	(2,101)	130	28	15	-	-	(A) 563	617	15,653	12,468

Balance sheet

Additions to non-current assets	3,376	3,953	4,140	541	8	209	3	36	-	-	7,527	4,739
Segment assets	154,715	141,114	14,178	17,573	2,886	2,831	5	179	(B) 788	755	172,572	162,452
Segment liabilities	23,032	19,324	1,591	2,047	1,279	498	124	73	(C) 5,296	6,562	31,322	28,504

Other segment information:

(A) Unallocated (expenses)/income	2018 \$ '000	2017 \$ '000
Interest income	503	538
Interest expense	(78)	(104)
Unallocated income	138	183
	<u>563</u>	<u>617</u>

(B) Unallocated assets

Deferred tax assets	<u>788</u>	<u>755</u>
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(C) Unallocated liabilities

	2018 \$ '000	2017 \$ '000
Deferred tax liabilities	1,555	1,517
Income tax payables	1,886	2,201
Term loans	1,417	2,417
Obligations under hire purchase contracts	438	427
	<u>5,296</u>	<u>6,562</u>

Geographical segments -

	Singapore		Malaysia		Hong Kong		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue:								
Sales to external customers	152,183	138,891	4,576	2,762	83	286	156,842	141,939
Other segment information:								
Non-current assets	8,240	8,158	32,708	28,384	-	-	40,948	36,542

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographic segments.

Refer to Section 8 above.

17. A breakdown of sales.

Group	30 September 2018 \$ '000	30 September 2017 \$ '000	+/(-) %
(a) Sales reported for first half year	85,793	67,210	28%
(b) Operating profit after tax reported for first half year	5,542	5,387	3%
(a) Sales reported for second half year	71,049	74,729	-5%
(b) Operating profit after tax reported for second half year	6,481	4,729	37%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest Full Year ⁽¹⁾ \$ '000	Previous Full Year \$ '000
Total Annual Dividend	6,064	4,851

(1) The proposed dividend in respect of FY 2018 is subject to shareholders' approval at the forthcoming Annual General Meeting.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Joanna Yong Li Yuen	48	Daughter of Yong Koon Chin, an executive director and substantial shareholder	Commercial Manager - 2009 managing commercial contracts and cost management of projects of the Company.	Nil
Eric Yong Han Keong	45	Son of Yong Kin Sen, an executive director and substantial shareholder	Project Engineer - 2007 managing standard building products of the Company.	Nil
Adrian Yong Han Lim	44	Son of Yong Poon Miew, an executive director and substantial shareholder	Business Development/Project Management Executive - 2010 managing sales and marketing for building products of the Company.	Nil

By Order of the Board

Yong Kin Sen
Managing Director
28 November 2018