

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR PERIOD ENDED 31 DECEMBER 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 December 2018

	Group		%
	31 December 2018 \$ '000	31 December 2017 \$ '000	
Revenue	32,008	50,527	-36.7%
Cost of sales	(25,402)	(42,387)	-40.1%
Gross Profit	6,606	8,140	-18.8%
Distribution costs	(532)	(707)	-24.8%
Administrative costs	(2,300)	(2,877)	-20.1%
Other Operating costs	(1,657)	(489)	238.9%
Profit from operating activities	2,117	4,067	-47.9%
Interest income	124	104	19.2%
Finance cost	(14)	(21)	-33.3%
Other income	135	1,155	-88.3%
Profit before taxation	2,362	5,305	-55.5%
Taxation	(586)	(1,271)	-53.9%
Profit for the period	1,776	4,034	-56.0%
Attributable to:			
Equity holders of the Company	1,776	4,027	
Non-controlling interests	-	7	
	1,776	4,034	
Profit for the period	1,776	4,034	
Other comprehensive income:			
Foreign currency translation	(278)	646	
Other comprehensive income for the period, net of tax	(278)	646	
Total comprehensive income for the period	1,498	4,680	
Attributable to:			
Equity holders of the Company	1,499	4,695	
Non-controlling interests	(1)	(15)	
	1,498	4,680	

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 December 2018 \$'000	31 December 2017 \$'000	
Depreciation of property, plant and equipment	(842)	(853)	-1%
Interest expense	(14)	(21)	-33%
Foreign exchange gain, net	120	265	-55%
Interest income from bank deposits	78	58	34%
Interest income from held-to-maturity investments	46	46	0%
Gain/(loss) on disposal of property, plant and equipment	14	(19)	NM
Fair value (loss)/gain on derivative, net	(1,352)	750	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:

	31 December 2018 \$ '000	Group 30 September 2018 \$ '000 (Restated [^])	1 October 2017 \$ '000 (Restated [^])	31 December 2018 \$ '000	Company 30 September 2018 \$ '000 (Restated [^])	1 October 2017 \$ '000 (Restated [^])
Non-current assets						
Property, plant and equipment	41,186	40,948	36,542	6,783	7,035	6,908
Available-for-sale investments	5	5	5	5	5	5
Investment in subsidiaries	-	-	-	15,226	15,226	15,226
Held-to-maturity investments	6,042	6,047	6,067	6,042	6,047	6,067
Deferred tax assets	684	788	755	-	-	-
	47,917	47,788	43,369	28,056	28,313	28,206
Current assets						
Inventories	43,979	38,896	33,192	3,786	6,362	5,915
Trade receivables	30,063	35,634	37,710	22,011	25,900	21,634
Other receivables, deposits and prepayments	4,870	4,967	4,160	326	399	351
Amount due from subsidiaries (non-trade)	-	-	-	34,799	26,547	17,853
Derivatives	-	-	421	-	-	421
Cash and fixed deposits	42,449	45,287	43,600	37,063	38,668	37,964
	121,361	124,784	119,083	97,985	97,876	84,138
Current liabilities						
Trade payables	5,419	7,473	7,279	1,592	3,111	6,077
Other payables and accruals	13,463	17,197	14,048	6,096	8,731	7,417
Provision for warranty	633	625	615	-	-	-
Term loans	1,000	1,000	1,000	1,000	1,000	1,000
Derivatives	1,797	731	-	1,797	731	-
Obligations under hire purchase contracts	192	198	190	192	198	170
Income tax payables	2,227	1,886	2,201	1,908	1,572	1,353
	24,731	29,110	25,333	12,585	15,343	16,017
Net current assets	96,630	95,674	93,750	85,400	82,533	68,121
Non-current liabilities						
Term loans	167	417	1,417	167	417	1,417
Obligations under hire purchase contracts	198	240	237	198	240	235
Deferred tax liabilities	866	987	949	148	184	65
	1,231	1,644	2,603	513	841	1,717
Net assets	143,316	141,818	134,516	112,943	110,005	94,610
Equity attributable to equity holders of the Company						
Share capital	57,184	57,184	57,018	57,184	57,184	57,018
Retained earnings	94,180	92,404	85,238	55,664	52,726	37,460
Fair value adjustment reserve	(1)	(1)	(1)	(1)	(1)	(1)
Capital reserve	104	104	104	-	-	-
Share option reserve	96	96	133	96	96	133
Foreign currency translation reserve	(8,461)	(8,184)	(8,846)	-	-	-
	143,102	141,603	133,646	112,943	110,005	94,610
Non-controlling interests	214	215	870	-	-	-
Total equity	143,316	141,818	134,516	112,943	110,005	94,610

[^]: Refer to note 5 for impact on adoption of SFRS (I)

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

Amount repayable in one year or less or in demand

31 December 2018 \$'000 Secured	31 December 2018 \$'000 Unsecured	30 September 2018 \$'000 Secured	30 September 2018 \$'000 Unsecured
192	1,000	198	1,000

Amount repayable after one year

31 December 2018 \$'000 Secured	31 December 2018 \$'000 Unsecured	30 September 2018 \$'000 Secured	30 September 2018 \$'000 Unsecured
198	167	240	417

Details of any collateral

As at 31 December 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 December 2018

	Group	
	31 December 2018	31 December 2017
	\$' 000	\$' 000
Cash flows from operating activities		
Profit before tax	2,362	5,305
Adjustments for:		
Depreciation of property, plant and equipment	842	853
(Gain)/loss on disposal of property, plant and equipment	(14)	19
Property, plant and equipment written off	1	-
Provision for provision of warranty	8	18
Amortisation of bond premium	5	5
Fair value loss/(gain) on derivatives	1,065	(485)
Interest expense	14	21
Interest income from bank deposits	(78)	(58)
Interest income from held-to-maturity investments	(46)	(46)
Foreign currency translation adjustment	(140)	215
Operating profit before working capital changes	<u>4,019</u>	<u>5,847</u>
(Increase)/decrease in inventories	(5,083)	1,884
Decrease/(increase) in receivables	5,668	(17,987)
(Decrease)/increase in payables	<u>(5,788)</u>	<u>501</u>
Cash used in operations	(1,184)	(9,755)
Income tax paid	(262)	(541)
Interest received	78	58
Interest paid	(14)	(21)
Net cash used in operating activities	<u>(1,382)</u>	<u>(10,259)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,343)	(1,301)
Proceeds from disposal of property, plant and equipment	47	149
Interest income from held-to-maturity investments	46	46
Net cash used in investing activities	<u>(1,250)</u>	<u>(1,106)</u>
Cash flows from financing activities		
Repayment of finance lease obligations	(48)	(74)
Repayment of term loan	(250)	(250)
Proceeds from exercise of employee share options	-	52
Net cash flows used in financing activities	<u>(298)</u>	<u>(272)</u>
Net decrease in cash and fixed deposits	(2,930)	(11,637)
Cash and cash equivalents at 1 October	45,287	43,600
Effect of exchange rate changes on cash and cash equivalents	92	(190)
Cash and fixed deposits at 31 December	<u>42,449</u>	<u>31,773</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 December 2018

	<-----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 2018	57,184	89,969	104	(8,184)	(1)	1,867	96	141,035	215	141,250
Effect of adopting SFRS (I) 1	-	2,435	-	-	-	(1,867)	-	568	-	568
Balance at 1 October 2018 (Restated)	57,184	92,404	104	(8,184)	(1)	-	96	141,603	215	141,818
Total comprehensive income for the period	-	1,776	-	(277)	-	-	-	1,499	(1)	1,498
Balance at 31 December 2018	57,184	94,180	104	(8,461)	(1)	-	96	143,102	214	143,316

	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 2018	57,184	52,493	(1)	194	96	109,966
Effect of adopting SFRS (I) 1	-	233	-	(194)	-	39
Balance at 1 October 2018 (Restated)	57,184	52,726	(1)	-	96	110,005
Total comprehensive income for the period	-	2,938	-	-	-	2,938
Balance at 31 December 2018	57,184	55,664	(1)	-	96	112,943

<-----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 2017	57,018	82,803	104	(8,846)	(1)	1,867	133	133,078	870	133,948
Effect of adopting SFRS (I) 1	-	2,435	-	-	-	(1,867)	-	568	-	568
Balance at 1 October 2017 (Restated)	57,018	85,238	104	(8,846)	(1)	-	133	133,646	870	134,516
Total comprehensive income for the period	-	4,027	-	668	-	-	-	4,695	(15)	4,680
Exercise of employee share options	66	-	-	-	-	-	(15)	51	-	51
Balance at 31 December 2017 (Restated)	57,084	89,265	104	(8,178)	(1)	-	118	138,392	855	139,247

	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 2017	57,018	37,227	(1)	194	133	94,571
Effect of adopting SFRS (I) 1	-	233	-	(194)	-	39
Balance at 1 October 2017 (Restated)	57,018	37,460	(1)	-	133	94,610
Total comprehensive income for the period	-	2,375	-	-	-	2,375
Exercise of employee share options	66	-	-	-	(15)	51
Balance at 31 December 2017 (Restated)	57,084	39,835	(1)	-	118	97,036

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.

	31 December 2018		30 September 2018	
	No.	WAEP(\$)	No.	WAEP(\$)
Opening balance	1,300,000	0.258	1,800,000	0.258
- Exercised during the period	-	0.258	(500,000)	0.258
Ending balance	<u>1,300,000</u>	<u>0.258</u>	<u>1,300,000</u>	<u>0.258</u>
Exercisable at end of period	<u>1,300,000</u>	<u>0.258</u>	<u>1,300,000</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 December 2018	Previous Period 30 September 2018
Number of ordinary shares	<u>242,544,082</u>	<u>242,544,082</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 2018, 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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS (I)), on 01 October 2018 and has prepared its financial information under SFRS (I) for the first quarter ended 31 December 2018.

Other than the adoption of SFRS (I) 1, which is effective for its financial year beginning 1 October 2018, the Group expects that the adoption of the new financial reporting framework will have no material impact to the Group's and the Company's financial statements in the year of initial application.

The impact of adopting the following SFRS (I) on the Group's and Company's financial statements are set out as follows:

SFRS (I) 1 - First-time adoption of Singapore Financial Reporting Standards (International)

On the transition to SFRS (I), the Group and the Company restated comparative periods financial statements to retrospectively apply SFRS (I) where applicable, except where SFRS (I) specifically prohibited such retrospective applications and where optional exemptions from retrospective applications were elected.

The Group and the Company have elected to measure its land and buildings using the cost model by applying "deemed cost" transition exemptions. Accordingly, the Group and Company have reclassified \$1,867,000 and \$194,000 respectively of asset revaluation reserve to the opening retained earnings as at 1 October 2017.

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 December 2018	Previous Period 31 December 2017
(i) Based on weighted average number of ordinary shares in issue	<u>0.732 cents</u>	<u>1.662 cents</u>
(ii) On a fully diluted basis	<u>0.732 cents</u>	<u>1.661 cents</u>

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 December 2018	Previous Period 30 September 2018 (Restated [^])	Latest Period 31 December 2018	Previous Period 30 September 2018 (Restated [^])
	<u>59.0 cents</u>	<u>58.4 cents</u>	<u>46.6 cents</u>	<u>45.4 cents</u>

[^]: Refer to note 5 for impact on adoption of SFRS (I)

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 decreased by S\$18.5 million or 36.7% from S\$50.5 million for the financial period ended 31 December 2017 ("1Q2018") to S\$32.0 million for the financial period ended 31 December 2018 ("1Q2019"). The decrease was mainly attributable to a decrease in revenue from the aluminium segment.

Gross profit decreased from S\$8.1 million in 1Q2018 to S\$6.6 million in 1Q2019 while gross profit margin increased from 16.1% in 1Q2018 to 20.6% in 1Q2019, mainly due to a change in product mix with higher margin.

Distribution costs decreased from S\$0.7 million in 1Q2018 to S\$0.5 million in 1Q2019, which is in line with the lower revenue in 1Q2019. Administrative costs decreased from S\$2.9 million in 1Q2018 to S\$2.3 million in 1Q2019, which was mainly due to lower accrued personnel cost in 1Q2019. Other operating costs increased from S\$0.5 million in 1Q2018 to S\$1.7 million in 1Q2019. This was mainly due to the result of net gain in derivative recorded in 1Q2018. In 1Q2019, the Group recorded net loss in derivative, and this is consistent with the decrease in other income from S\$1.2 million in 1Q2018 to S\$0.1 million in 1Q2019.

The Group's effective tax rate remained relatively stable at 24.0% and 24.8% for 1Q2018 and 1Q2019 respectively.

In view of the above circumstances, the Group's profit after tax decreased from S\$4.0 million in 1Q2018 to S\$1.8 million in 1Q2019.

BALANCE SHEET

Inventories increased from S\$38.9 million as at 30 September 2018 to S\$44.0 million as at 31 December 2018, mainly due to building up of inventories for on-going business.

Trade receivables decreased from S\$35.6 million as at 30 September 2018 to S\$30.1 million as at 31 December 2018, mainly due to lower sales in the three months ended 31 December 2018 as compared to the three months ended 30 September 2018.

Derivatives liabilities increased from S\$0.7 million as at 30 September 2018 to S\$1.8 million as at 31 December 2018 as a result of changes in fair value.

Trade payables, other payables and accruals decreased from S\$24.7 million as at 30 September 2018 to S\$18.9 million as at 31 December 2018, mainly due to lower cost of sales in the three months ended 31 December 2018 as compared to the three months ended 30 September 2018.

Cash and fixed deposits decreased from S\$45.3 million as at 30 September 2018 to S\$42.4 million as at 31 December 2018, as a result of increase in inventories and decreased in payable, offset by collection of trade receivables.

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 in global economy are expected to continuously affect our aluminium industrial product business. 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, the Group expects to remain profitable in the next 12 months.

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 and the reason(s) for the decision.

No dividend has been declared or recommended for the current reporting period on the grounds of prudence.

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 first quarter financial results for the period ended 31 December 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
31 January 2019