

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR PERIOD ENDED 31 DECEMBER 2016

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 2016

	Group		%
	31 December 2016 \$'000	31 December 2015 \$'000	
Revenue	39,531	39,088	1.1%
Cost of Sales	(33,647)	(30,276)	11.1%
<b>Gross Profit</b>	<b>5,884</b>	<b>8,812</b>	<b>-33.2%</b>
Distribution Costs	(629)	(690)	-8.8%
Administrative Costs	(2,554)	(2,677)	-4.6%
Other Operating Costs	(1,102)	(1,612)	-31.6%
<b>Profit from operating activities</b>	<b>1,599</b>	<b>3,833</b>	<b>-58.3%</b>
Interest income	174	63	176.2%
Finance Cost	(29)	(44)	-34.1%
Other income	2,188	120	1723.3%
<b>Profit before taxation</b>	<b>3,932</b>	<b>3,972</b>	<b>-1.0%</b>
Taxation	(708)	(595)	19.0%
<b>Profit for the period</b>	<b>3,224</b>	<b>3,377</b>	<b>-4.5%</b>
<b>Attributable to:</b>			
Equity holders of the Company	3,188	3,411	
Non-controlling interests	36	(34)	
	<b>3,224</b>	<b>3,377</b>	
<b>Profit for the period</b>	<b>3,224</b>	<b>3,377</b>	
<b>Other comprehensive income:</b>			
Foreign currency translation	(555)	(163)	
Fair value adjustment	2	(2)	
<b>Other comprehensive income for the period, net of tax</b>	<b>(553)</b>	<b>(165)</b>	
<b>Total comprehensive income for the period</b>	<b>2,671</b>	<b>3,212</b>	
<b>Attributable to:</b>			
Equity holders of the Company	2,550	3,263	
Non-controlling interests	121	(51)	
	<b>2,671</b>	<b>3,212</b>	

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		%
	31 December 2016 \$ '000	31 December 2015 \$ '000	
Depreciation of property, plant and equipment	(1,004)	(1,024)	-2%
Interest expense	(29)	(44)	-34%
Foreign exchange gain/(loss), net	1,533	(126)	NM
Interest income from bank deposits	122	17	618%
Interest income from held-to-maturity investments	52	46	13%
Gain on disposal of property, plant and equipment	11	5	120%

NM: Not meaningful

**1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Statement of Financial Position as at:**

	Group		Company	
	31 December 2016 \$ '000	30 September 2016 \$ '000	31 December 2016 \$ '000	30 September 2016 \$ '000
<b>Non-current assets</b>				
Property, plant and equipment	36,240	36,651	6,841	6,940
Available-for-sale investments	7	5	7	5
Interest in subsidiaries	-	-	15,226	15,226
Held-to-maturity investments	6,082	6,087	6,082	6,087
Deferred tax assets	141	141	-	-
	<u>42,470</u>	<u>42,884</u>	<u>28,156</u>	<u>28,258</u>
<b>Current assets</b>				
Inventories	32,773	31,231	2,234	3,353
Trade receivables	44,367	29,911	30,946	16,583
Other receivables, deposits and prepayments	3,949	3,617	504	530
Amount due from subsidiaries	-	-	22,389	22,826
Derivatives	-	329	-	329
Tax recoverable	502	472	-	-
Cash and cash equivalents	34,788	46,006	29,518	38,777
	<u>116,379</u>	<u>111,566</u>	<u>85,591</u>	<u>82,398</u>
<b>Current liabilities</b>				
Trade payables	9,413	7,357	10,623	11,130
Other payables and accruals	8,639	9,315	6,416	5,814
Provision for warranty	709	759	-	-
Term loans	1,000	1,000	1,000	1,000
Derivatives	132	-	132	-
Obligations under hire purchase contracts	267	297	106	87
Income tax payables	2,398	1,855	2,054	1,463
	<u>22,558</u>	<u>20,583</u>	<u>20,331</u>	<u>19,494</u>
<b>Net current assets</b>	<u>93,821</u>	<u>90,983</u>	<u>65,260</u>	<u>62,904</u>
<b>Non-current liabilities</b>				
Term loans	2,167	2,417	2,167	2,417
Obligations under hire purchase contracts	115	79	109	62
Deferred tax liabilities	1,974	2,007	80	80
	<u>4,256</u>	<u>4,503</u>	<u>2,356</u>	<u>2,559</u>
	<u>132,035</u>	<u>129,364</u>	<u>91,060</u>	<u>88,603</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	56,770	56,770	56,770	56,770
Retained earnings	80,581	77,393	33,908	31,453
Fair value adjustment reserve	1	(1)	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	(8,608)	(7,968)	-	-
	<u>130,902</u>	<u>128,352</u>	<u>91,060</u>	<u>88,603</u>
<b>Non-controlling interests</b>	1,133	1,012	-	-
<b>Total equity</b>	<u>132,035</u>	<u>129,364</u>	<u>91,060</u>	<u>88,603</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

31 December 2016 \$'000 Secured	31 December 2016 \$'000 Unsecured	30 September 2016 \$'000 Secured	30 September 2016 \$'000 Unsecured
267	1,000	297	1,000

Amount repayable after one year

31 December 2016 \$'000 Secured	31 December 2016 \$'000 Unsecured	30 September 2016 \$'000 Secured	30 September 2016 \$'000 Unsecured
115	2,167	79	2,417

Details of any collateral

As at 31 December 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 31 December 2016

	<b>Group</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	3,932	3,972
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1,004	1,024
Gain on disposal of property, plant and equipment	(11)	(5)
Write back for provision of warranty	(50)	(35)
Amortisation of bond premium	6	5
Fair value loss on derivative	461	202
Interest expense	29	44
Interest income from bank deposits	(122)	(17)
Interest income from held-to-maturity investments	(52)	(46)
Foreign currency translation adjustment	(33)	30
<b>Operating profit before working capital changes</b>	<u>5,164</u>	<u>5,174</u>
(Increase)/decrease in inventories	(1,542)	2,795
(Increase)/decrease in receivables	(14,788)	815
Increase/(decrease) in payables	<u>1,330</u>	<u>(7,663)</u>
<b>Cash (used in)/generated from operations</b>	(9,836)	1,121
Income tax paid	(228)	(222)
Interest received	122	17
Interest paid	(29)	(44)
<b>Net cash (used in)/generated from operating activities</b>	<u>(9,971)</u>	<u>872</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,230)	(1,356)
Proceeds from disposal of property, plant and equipment	151	115
Interest income from held-to-maturity investments	52	46
<b>Net cash used in investing activities</b>	<u>(1,027)</u>	<u>(1,195)</u>
<b>Cash flows from financing activities</b>		
Repayment of finance lease obligations	(94)	(286)
Repayment of term loan	(250)	(250)
<b>Net cash flows used in financing activities</b>	<u>(344)</u>	<u>(536)</u>
<b>Net decrease in cash and cash equivalents</b>	(11,342)	(859)
<b>Cash and cash equivalents at 1 October</b>	46,006	38,432
<b>Effect of exchange rate changes on cash and cash equivalents</b>	124	(63)
<b>Cash and cash equivalents at 31 December</b>	<u><u>34,788</u></u>	<u><u>37,510</u></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 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			
<b>Group</b>										
Balance at 1 October 2016	56,770	77,393	104	(7,968)	(1)	1,867	187	128,352	1,012	129,364
Total comprehensive income for the year	-	3,188	-	(640)	2	-	-	2,550	121	2,671
Balance at 31 December 2016	56,770	80,581	104	(8,608)	1	1,867	187	130,902	1,133	132,035

	Share capital \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Share option reserve \$'000	Total equity \$'000
	<b>Company</b>					
Balance at 1 October 2016	56,770	31,453	(1)	194	187	88,603
Total comprehensive income for the year	-	2,455	2	-	-	2,457
Balance at 31 December 2016	56,770	33,908	1	194	187	91,060

<-----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
<b>Group</b>										
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	-	3,411	-	(146)	(2)	-	-	3,263	(51)	3,212
Balance at 31 December 2015	56,758	77,699	104	(7,930)	-	345	195	127,171	819	127,990

	Share Capital	Retained Earnings	Fair value adjustment reserve	Asset revaluation reserve	Share option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company</b>						
Balance at 1 October 2015	56,758	31,476	2	345	195	88,776
Total comprehensive income for the period	-	2,744	(2)	-	-	2,742
Balance at 31 December 2015	56,758	34,220	-	345	195	91,518

**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  
There was no change in share capital 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 2016		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 31 December 2016	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, disposal, cancellation and/or use of treasury shares 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 31 December 2016	Previous Period 31 December 2015
(i) Based on weighted average number of ordinary shares in issue	1.321 cents	1.414 cents
(ii) On a fully diluted basis	1.320 cents	1.413 cents

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

Net asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	Group		Company	
	Latest Period 31 December 2016	Previous Period 30 September 2016	Latest Period 31 December 2016	Previous Period 30 September 2016
	54.2 cents	53.2 cents	37.7 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 increased slightly by S\$0.4 million or 1.1% from S\$39.1 million for the period ended 31 December 2015 ("1Q2016") to S\$39.5 million for the period ended 31 December 2016 ("1Q2017").

Gross profit decreased from S\$8.8 million in 1Q2016 to S\$5.9 million in 1Q2017. Gross profit margin decreased from 22.5% in 1Q2016 to 14.9% in 1Q2017. 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 and administrative costs remained relatively stable in 1Q2016 and 1Q2017. Other operating costs decreased from S\$1.6 million in 1Q2016 to S\$1.1 million in 1Q2017, mainly due to lower derivative loss in 1Q2017.

Other income increased from S\$0.1 million in 1Q2016 to S\$2.2 million in 1Q2017, mainly due to foreign exchange gain in 1Q2017, as compared to foreign exchange loss in 1Q2016. Any foreign exchange gain/loss relating to a contract with a major customer has to be absorbed by that customer and this has impacted on the gross profit margin.

The Group's effective tax rate increased slightly from 15.0% for 1Q2016 to 18.0 % for 1Q2017.

In view of the above circumstances, the Group's profit after tax decreased slightly by S\$0.2 million or 4.5% from S\$3.4 million in 1Q2016 to S\$3.2 million in 1Q2017.

**BALANCE SHEET**

Inventories remained relatively stable at S\$31.2 million and S\$32.8 million as at 30 September 2016 and 31 December 2016 respectively.

Trade receivables increased from S\$29.9 million as at 30 September 2016 to S\$44.4 million as at 31 December 2016, mainly due to completion of certain projects and higher sales for the three months ended 31 December 2016 as compared to the three months ended 30 September 2016.

Derivatives amount of S\$0.1 million in current liabilities as at 31 December 2016 as compared to S\$0.3 million in current assets as at 30 September 2016 was the result of fair value adjustments.

Trade payables, other creditors and accruals increased from S\$16.7 million as at 30 September 2016 to S\$18.1 million as at 31 December 2016, in line with the higher sales in the three months ended 31 December 2016 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\$34.8 million as at 31 December 2016, as a result of higher trade receivables 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 economic environment, coupled with local government's continuing cooling measures in the property market, 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.

As such, 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/recommended, a statement to that effect.**

Not applicable

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not obtain a general mandate from shareholders for interested person transactions. There were no interested person transactions during the financial period under review.

**14. Confirmation by the Board Pursuant to Rule 705 (5)**

We, Yong Kin Sen and Yong Koon Chin, being two directors of Nam Lee Pressed Metal Industries Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited first quarter financial results for the period ended 31 December 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  
13 February 2017