



**Fourth Quarter and Full Year Financial Statements And Dividend Announcement**

1(a)(i) The Board of Directors of Lee Metal Group Ltd is pleased to announce the unaudited results of the Group for the Fourth Quarter and Full Year ended 31 Dec 2016.

**INCOME STATEMENT FOR FOURTH QUARTER AND FULL YEAR ENDED 31 DEC 2016**

	Notes	4th Qtr ended 31 Dec			Full Year ended 31 Dec		
		2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
<b>Turnover</b>		<b>81,631</b>	90,782	(10.1%)	<b>318,597</b>	445,443	(28.5%)
Other operating income	A	359	744	(51.7%)	676	489	38.2%
Changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased		(63,905)	(71,965)	(11.2%)	(248,429)	(357,951)	(30.6%)
Employee benefits expense	B	(5,572)	(5,817)	(4.2%)	(21,719)	(24,540)	(11.5%)
Depreciation and amortisation	C	(2,824)	(3,284)	(14.0%)	(10,764)	(11,878)	(9.4%)
Insurance, freight and transportation	D	(866)	(1,551)	(44.2%)	(3,701)	(5,459)	(32.2%)
Rental and utilities	E	(1,538)	(2,136)	(28.0%)	(6,428)	(8,769)	(26.7%)
Repair and maintenance	F	(919)	(1,358)	(32.3%)	(3,316)	(4,612)	(28.1%)
Other operating expenses	G	(3,151)	(1,993)	58.1%	(8,846)	(11,665)	(24.2%)
Financial expense	H	(427)	(714)	(40.2%)	(1,537)	(2,984)	(48.5%)
Financial income	I	49	68	(27.9%)	215	480	(55.2%)
Share of results of associate	J	(16)	20	n.m	99	(186)	n.m
<b>Profit before tax</b>		<b>2,821</b>	2,796	0.9%	<b>14,847</b>	18,368	(19.2%)
Income tax expense		538	281	91.5%	(1,535)	(2,795)	(45.1%)
<b>Profit attributable to equity holders of the Company</b>		<b>3,359</b>	3,077	9.2%	<b>13,312</b>	15,573	(14.5%)

**STATEMENTS OF COMPREHENSIVE INCOME FOR FOURTH QUARTER AND FULL YEAR ENDED 31 DEC 2016**

	4th Qtr ended 31 Dec			Full Year ended 31 Dec		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
<b>Profit attributable to equity holders of the Company</b>	<b>3,359</b>	3,077	9.2%	<b>13,312</b>	15,573	(14.5%)
Other comprehensive income (Item that may be reclassified subsequently to profit or loss):-						
- Foreign currency translation reserve	1,084	1,298	(16.5%)	323	1,725	(81.3%)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>4,443</b>	4,375	1.6%	<b>13,635</b>	17,298	(21.2%)

1(a)(ii) **Notes to the Income Statement**

	4th Qtr ended 31 Dec			Full Year ended 31 Dec		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
A) Other operating income comprises the following:						
- Reversal of impairment loss on trade receivables	6	-	n.m	20	4	400.0%
- Proceeds from insurance claim	152	-	n.m	152	-	n.m
- Net gain in foreign exchange	123	662	(81.4%)	-	-	n.m
- Gain on disposal of property, plant and equipment, net	-	-	n.m	-	119	(100.0%)
- Commission income	-	-	n.m	-	16	(100.0%)
- Rental income	35	35	0.0%	141	141	0.0%
- Sundry income	43	47	(8.5%)	363	209	73.7%
	<b>359</b>	744	(51.7%)	<b>676</b>	489	38.2%

B) Employee benefits expense decreased by 4.2% in 4th Quarter 2016 and 11.5% for full year ended 31 Dec 2016 mainly due to lower personnel costs in line with lower volume in both Fabrication & Manufacturing business and Steel Merchandising business.

C) Depreciation and amortisation expense decreased by 14.0% in 4th Quarter 2016 and 9.4% for full year ended 31 Dec 2016 as the Group revised the useful life of its wire mesh machines used in the Fabrication & Manufacturing business, which is in line with the industry practice.

D) Insurance, freight and transportation decreased by 44.2% in 4th Quarter 2016 and 32.2% for full year ended 31 Dec 2016 mainly due to decrease in transportation cost for both Fabrication & Manufacturing business and Steel Merchandising business in line with lower business volume.

E) Rental and utilities decreased by 28.0% in 4th Quarter 2016 and 26.7% for full year ended 31 Dec 2016 mainly due to lower inventory level and lower utilities incurred in the Fabrication & Manufacturing business.

F) Repair and maintenance decreased by 32.3% in 4th Quarter 2016 and 28.1% for full year ended 31 Dec 2016 due to lower costs incurred for upkeeping and servicing machineries in the Fabrication & Manufacturing business.

	4th Qtr ended 31 Dec			Full Year ended 31 Dec		
	2016 \$'000	2015 \$'000	+ /(-) %	2016 \$'000	2015 \$'000	+ /(-) %
G) Other operating expenses include:						
- Worker's dormitories and related costs	115	443	(74.0%)	1,330	1,664	(20.1%)
- Tools and consumables	492	299	64.5%	1,497	1,371	9.2%
- Insurance	413	272	51.8%	1,277	1,254	1.8%
- Bank charges	22	27	(18.5%)	91	140	(35.0%)
- Trade commission	65	162	(59.9%)	468	521	(10.2%)
- Professional fees	88	104	(15.4%)	398	499	(20.2%)
- Travelling	116	168	(31.0%)	588	676	(13.0%)
- Printing and stationery	65	162	(59.9%)	342	516	(33.7%)
- Net loss in foreign exchange	-	-	n.m	19	3,057	(99.4%)
- Property, plant and equipment written off	219	8	2637.5%	223	8	2687.5%
- Impairment loss of trade receivables	1,137	-	n.m	1,143	-	n.m
- Loss on disposal of property, plant and equipment, net	40	-	n.m	37	-	n.m
- Bad debt written off	-	10	(100.0%)	6	174	(96.6%)
- Other miscellaneous expenses	379	338	12.1%	1,427	1,785	(20.1%)
	<b>3,151</b>	<b>1,993</b>	<b>58.1%</b>	<b>8,846</b>	<b>11,665</b>	<b>(24.2%)</b>

H) Financial expense decreased by 40.2% in 4th Quarter 2016 and 48.5% for full year ended 31 Dec 2016 mainly due to lower financing quantum in both Fabrication & Manufacturing business and Steel Merchandising business.

I) Financial income decreased by 27.9% in 4th Quarter 2016 due to decrease in interest income from banks. For full year ended 31 Dec 2016, it decreased by 55.2% mainly due to full repayment of loans by an associate in April 2015.

J) Share of results of associate was a loss of \$16,000 in 4th Quarter 2016 compared to a profit of \$20,000 in the corresponding quarter last year. For full year ended 31 Dec 2016, it was a profit of \$99,000 compared to a loss of \$186,000 last year. The profits were derived from additional sales of Austville units by the associate during first half of the year.

K) n.m means not meaningful

#### 1(b)(i) STATEMENTS OF FINANCIAL POSITION

ASSETS	Notes	Group		Company	
		31.12.2016 \$'000	31.12.2015 \$'000	31.12.2016 \$'000	31.12.2015 \$'000
<b>Non-current assets</b>					
Properties, plant and equipment		53,750	61,851	3,976	4,130
Investment property		1,918	1,961	-	-
Investment in subsidiaries		-	-	20,381	20,490
Investment in associate		1,745	1,646	-	-
Club memberships		440	612	127	246
Deferred tax assets		693	73	-	-
		<b>58,546</b>	<b>66,143</b>	<b>24,484</b>	<b>24,866</b>
<b>Current assets</b>					
Inventories	1	79,177	89,438	-	-
Trade receivables	2	57,129	68,862	-	-
Other receivables and deposits		250	506	8	12
Prepayments		635	1,133	4	4
Asset held for sale		14,424	12,843	-	-
Forward exchange contracts		600	515	-	-
Due from subsidiaries (non trade)		-	-	18,509	9
Fixed deposits		28,758	27,780	8,500	26,012
Cash and bank balances		69,081	68,678	1,272	2,841
		<b>250,054</b>	<b>269,755</b>	<b>28,293</b>	<b>28,878</b>
<b>Total assets</b>		<b>308,600</b>	<b>335,898</b>	<b>52,777</b>	<b>53,744</b>

	Notes	Group		Company	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		\$'000	\$'000	\$'000	\$'000
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	1	4,383	25,856	23	25
Bills payable to banks (secured)	1	77,311	73,767	-	-
Other payables and accruals		9,854	9,915	283	410
Advance payment from customers		354	347	-	-
Provision for onerous contracts	3	14,287	7,499	-	-
Hire purchase creditors		4,802	5,421	-	-
Bank term loans (secured)	4	2,708	3,370	-	-
Income tax payable		5,231	5,958	316	472
		<b>118,930</b>	<b>132,133</b>	<b>622</b>	<b>907</b>
<b>Net current assets</b>		<b>131,124</b>	<b>137,622</b>	<b>27,671</b>	<b>27,971</b>
<b>Non-current liabilities</b>					
Hire purchase creditors		4,514	9,293	-	-
Bank term loans (secured)	4	-	13,488	-	-
Deferred tax liabilities		277	249	278	250
		<b>4,791</b>	<b>23,030</b>	<b>278</b>	<b>250</b>
<b>Total liabilities</b>		<b>123,721</b>	<b>155,163</b>	<b>900</b>	<b>1,157</b>
<b>Net assets</b>		<b>184,879</b>	<b>180,735</b>	<b>51,877</b>	<b>52,587</b>
<b>Equity attributable to equity holders of the Company</b>					
<b>Share capital</b>		<b>46,473</b>	<b>46,473</b>	<b>46,473</b>	<b>46,473</b>
<b>Retained earnings</b>		<b>142,612</b>	<b>138,791</b>	<b>5,404</b>	<b>6,114</b>
<b>Foreign currency translation reserve</b>		<b>(4,206)</b>	<b>(4,529)</b>	<b>-</b>	<b>-</b>
		<b>184,879</b>	<b>180,735</b>	<b>51,877</b>	<b>52,587</b>

**1(b)(ii) Notes to the Statements of Financial Position**

- Inventories decreased by \$10.3m mainly due to lower stock position in Fabrication & Manufacturing business. Correspondingly, trade payables also decreased but offset slightly by an increase in bills payable to banks.
- Trade receivables decreased by \$11.7m mainly due to lower turnover in both Fabrication & Manufacturing business and Steel Merchandising business.
- Provision for onerous contracts increased by \$6.8m mainly due to higher costs are expected in meeting the obligations under existing sales contracts. These provisions are released when the contractual obligations are met or when the costs to meet the obligations no longer exceed the sales value.
- Bank term loans decreased by \$14.2m in total mainly due to repayment of property loans.

**1(b)(iii) Group's borrowings and debt securities**

Amount repayable in one year or less, or on demand

As at 31.12.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
84,821	-	82,558	-

Amount repayable after one year

As at 31.12.2016		As at 31.12.2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4,514	-	22,781	-

**Details of collateral**

The Group's bills payable and bank term loans are secured by the following:

- corporate guarantees given by the Company and certain subsidiaries to the banks;
- letters of negative pledges on the assets of the Company and certain subsidiaries, with the exception of property, plant and equipment under hire purchase arrangements;

- (c) a deed of charge and assignment of inventories and floating charge over trade receivables; and
- (d) the bank term loan is secured by legal mortgages over the Group's properties, plant and equipment with net book value of \$17.8m (31.12.2015: \$13.1m). The increase in net book value was related to expenditure for improvement of leasehold properties amounted to S\$6.5m. The Group repaid two bank term loans fully in March 2016 and May 2016 respectively. These bank term loans were secured by legal mortgages over the leasehold investment property and asset held for sale.

### 1(c) CONSOLIDATED STATEMENT OF CASH FLOWS FOR FOURTH QUARTER AND FULL YEAR ENDED 31 DEC 2016

	Notes	4th Qtr ended 31 Dec		Full Year ended 31 Dec	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Operating activities</b>					
Profit before tax		2,821	2,796	14,847	18,368
Adjustments for:					
Amortisation of club memberships		13	16	63	63
Depreciation of property, plant and equipment		2,800	3,257	10,658	11,772
Depreciation of investment property		11	11	43	43
Property, plant and equipment written off		219	8	223	8
Loss/(Gain) on disposal of property, plant and equipment, net		40	-	37	(119)
Gain on disposal of club memberships		(41)	-	(41)	-
Interest expense		427	714	1,537	2,984
Interest income		(49)	(68)	(215)	(480)
Net fair value loss/(gain) on forward exchange contracts		(85)	81	(85)	81
Foreign currency translation adjustments		1,120	382	293	1,074
Share of results of associate		16	(20)	(99)	186
Impairment loss of trade receivables		1,117	-	1,123	-
Bad Debt written off		-	174	6	174
Provision for onerous contracts		600	854	6,788	854
<b>Operating cash flows before changes in working capital</b>		<b>9,009</b>	<b>8,205</b>	<b>35,178</b>	<b>35,008</b>
(Increase)/decrease in:					
Inventories		(1,115)	13,304	10,261	50,178
Trade receivables		8,623	4,285	10,604	16,130
Other receivables, deposits and prepayments		166	13,238	754	5,448
Increase/(decrease) in:					
Trade payables		490	15,276	(21,473)	(17,378)
Other payables and accruals		(1,274)	(1,543)	(54)	(9,618)
<b>Cash flows from operations</b>		<b>15,899</b>	<b>52,765</b>	<b>35,270</b>	<b>79,768</b>
Interest paid		(427)	(714)	(1,537)	(2,984)
Interest received		49	68	215	480
Income taxes paid		(327)	209	(2,854)	(3,136)
<b>Net cash flows from operating activities</b>	5	<b>15,194</b>	<b>52,328</b>	<b>31,094</b>	<b>74,128</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		(372)	(7,395)	(2,810)	(19,860)
Purchase of club memberships		-	(95)	-	(96)
Proceeds from distribution of profits of an associate		-	1,750	-	10,150
Proceeds from disposal of club memberships		150	-	150	-
Proceeds from disposal of property, plant and equipment		-	207	9	339
Purchase of asset held for sale		(824)	(127)	(1,581)	(3,083)
Decrease in loans to associate		-	-	-	10,784
<b>Net cash flows used in investing activities</b>	6	<b>(1,046)</b>	<b>(5,660)</b>	<b>(4,232)</b>	<b>(1,766)</b>
<b>Financing activities</b>					
Decrease in fixed deposits - pledged		-	-	450	-
Increase/(decrease) in bills payable to banks (secured)		4,941	(37,251)	3,544	(43,491)
Repayment of bank term loans		(812)	(842)	(14,150)	(3,370)
Repayment of hire purchase		(1,390)	(1,123)	(5,420)	(4,479)
Dividends paid on ordinary shares		(1,424)	(1,424)	(9,491)	(14,237)
<b>Net cash flows from/(used in) financing activities</b>	7	<b>1,315</b>	<b>(40,640)</b>	<b>(25,067)</b>	<b>(65,577)</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,463</b>	<b>6,028</b>	<b>1,795</b>	<b>6,785</b>
Effect of exchange rate changes on cash and cash equivalents		(12)	(645)	36	626
Cash & cash equivalents at beginning of the period		82,388	90,625	96,008	88,597
<b>Cash &amp; cash equivalents at end of the year</b>	8	<b>97,839</b>	<b>96,008</b>	<b>97,839</b>	<b>96,008</b>

### 1(c)(i) Notes to the Consolidated Statement of Cash Flows

- 5) Net cash flows from operating activities in 4th Quarter 2016 decreased by \$37.1m, from \$52.3m to \$15.2m. For the full year ended 31 Dec 2016, net cash flows from operating activities decreased by \$43.0m, from \$74.1m to \$31.1m. These were mainly due to the decrease in trade payables.
- 6) Net cash flows used in investing activities in 4th Quarter 2016 decreased by \$4.7m, from \$5.7m to \$1.0m. For the full year ended 31 Dec 2016, net cash flows used in investing activities increased by \$2.4m, from \$1.8m to \$4.2m. These were due to absence of proceeds from distribution of profits of an associate and loans repaid by associate, and reduction in purchase of plant and equipment and asset held for sale.
- 7) Net cash flows from financing activities in 4th Quarter 2016 was \$1.3m compared to net cash flows used in financing activities in 4th Quarter 2015 of \$40.6m. This was mainly due to increase in bills payable to banks. For the full year ended 31 Dec 2016, net cash flows used in financing activities decreased by \$40.5m, from \$65.6m to \$25.1m. This was mainly due to repayment of bank term loans and decrease in dividends payment to shareholders, offset by an increase in bills payable to banks.
- 8) Cash and cash equivalents as at 4th Quarter comprised the following:-

	<u>2016</u>	<u>2015</u>
	\$'000	\$'000
Cash and bank balances	69,081	68,678
Fixed deposits	28,758	27,780
Less: Fixed deposits pledged	-	(450)
	<u>97,839</u>	<u>96,008</u>

Fixed deposits of nil (2015: \$0.5m) were pledged with banks to secure credit facilities for subsidiaries, are restricted in use and may not be withdrawn without the banks' prior approval.

### 1(d)(i) STATEMENTS OF CHANGES IN EQUITY

GROUP	<u>Attributable to equity holders of the Company</u>			
	Share Capital	Translation Reserve	Revenue Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 01.01.2016	46,473	(4,529)	138,791	180,735
Changes in equity for the year:				
Total comprehensive income for the year	-	323	13,312	13,635
Dividends on ordinary shares	-	-	(9,491)	(9,491)
Balance as at 31.12.2016	<u>46,473</u>	<u>(4,206)</u>	<u>142,612</u>	<u>184,879</u>
Balance as at 01.01.2015	46,473	(6,254)	137,455	177,674
Changes in equity for the year:				
Total comprehensive income for the year	-	1,725	15,573	17,298
Dividends on ordinary shares	-	-	(14,237)	(14,237)
Balance as at 31.12.2015	<u>46,473</u>	<u>(4,529)</u>	<u>138,791</u>	<u>180,735</u>
<b>COMPANY</b>	<b>Share Capital</b>	<b>Revenue Reserve</b>	<b>Total Equity</b>	
	\$'000	\$'000	\$'000	
Balance as at 01.01.2016	46,473	6,114	52,587	
Changes in equity for the year:				
Total comprehensive income for the year	-	8,781	8,781	
Dividends on ordinary shares	-	(9,491)	(9,491)	
Balance as at 31.12.2016	<u>46,473</u>	<u>5,404</u>	<u>51,877</u>	
Balance as at 01.01.2015	46,473	12,729	59,202	
Changes in equity for the year:				
Total comprehensive income for the year	-	7,622	7,622	
Dividends on ordinary shares	-	(14,237)	(14,237)	
Balance as at 31.12.2015	<u>46,473</u>	<u>6,114</u>	<u>52,587</u>	

## 1(d)(ii) Changes in Share Capital

Share Capital <u>Ordinary share issued &amp; fully paid</u>	<u>Number of shares</u>	<u>\$'000</u>
Balance as at 01.01.2016 & 31.12.2016	<u>474,551,093</u>	<u>46,473</u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2015.

There were no outstanding convertibles as at 31.12.2016 (31.12.2015: Nil)

The Company has no treasury shares as at 31.12.2016 (31.12.2015: Nil)

## 2 Audit

The financial statements have not been audited nor reviewed by the Company's auditor.

## 3 Auditor's Report

Not Applicable.

## 4 Accounting Policies

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the current financial year as with those in the most recently audited financial statements as at 31 December 2015.

## 5 Changes in Accounting Policies

In the current year, the Group has adopted all the new/revised Financial Reporting Standards which took effect for annual periods beginning on or after 1 January 2016. The adoption of the above FRS did not result in any substantial change to the Group's accounting policies.

## 6 Earnings per ordinary share of the group

	<u>4th Qtr ended 31 Dec</u>		<u>Full Year ended 31 Dec</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Earnings per ordinary share for the period based on net profit attributable to equity holders:-				
(a) On weighted average number of ordinary shares in issue	<b>0.71cents</b>	0.65cents	<b>2.81cents</b>	3.28cents
(b) On a fully diluted basis	<b>0.71cents</b>	0.65cents	<b>2.81cents</b>	3.28cents

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of ordinary shares issued during 4Q16 and 12M16 of 474,551,093 shares (4Q15 and 12M15: 474,551,093 shares).

There is no difference between the basic and diluted earnings per share.

## 7 Net asset value per ordinary share

	<u>Group as at:</u>		<u>Company as at:</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
Net asset value per share based on existing issued share capital as at end of the respective dates	<b>38.96cents</b>	38.09cents	<b>10.93cents</b>	11.08cents

Net asset value is computed based on the number of shares in issue as at 31 December 2016 and 31 December 2015 of 474,551,093 shares.

## 8 Performance Review

For 4th Quarter 2016, the Group's turnover decreased by 10.1% to \$81.6m from \$90.8m in the corresponding quarter last year. The lower turnover was attributable to Steel Merchandising business which decreased by 98.2% to \$0.1m from \$5.7m, and Fabrication & Manufacturing business which decreased by 4.2% to \$81.5m from \$85.1m. The decrease in turnover was contributed by lower volume but offset by higher steel prices in both Steel Merchandising business and Fabrication & Manufacturing business.

For the full year ended 31 Dec 2016, Group turnover decreased by 28.5% to \$318.6m from \$445.4m in prior year. The lower turnover was mainly attributable to Fabrication & Manufacturing business which decreased by 20.3% to \$315.4m from \$395.6m, and Steel Merchandising business which decreased by 93.6% to \$3.2m from \$49.8m. The decrease in turnover was contributed by weaker steel prices in Fabrication & Manufacturing business, and lower volume in both Fabrication & Manufacturing business and Steel Merchandising business.

The Group's gross profit margin as a percentage of turnover in 4th Quarter 2016 was 21.7%, higher than the corresponding period last year of 20.7%. For the full year ended 31 Dec 2016, the Group's gross profit margin was 22.0%, higher than last year of 19.6%. These were caused by higher gross profit margin derived from Fabrication & Manufacturing business.

The decrease in tonnage delivered in the Fabrication & Manufacturing business has resulted in corresponding decrease in costs in the following areas:

- Employee benefits expense;
- Depreciation and amortisation;
- Insurance, freight and transportation;
- Rental and utilities;
- Repair and maintenance;
- Other operating expenses; and
- Financial expense

The decrease in depreciation and amortisation expense for 4th Quarter 2016 and full year ended 31 Dec 2016 was due to the Group revising the useful life of its wire mesh machines used in the Fabrication & Manufacturing business to be in line with the industry practice.

The increase in other operating expenses for 4th Quarter 2016 was mainly due to impairment loss of trade receivable.

Share of results of associate was a loss of \$16,000 in 4th Quarter 2016 compared to a profit of \$20,000 in the corresponding quarter last year, and a profit of \$99,000 in full year ended 31 Dec 2016 compared to a loss of \$186,000 in last year. These were due to additional sales of Austville units by the associate in the first half of 2016.

The Group's profit attributable to equity holders of the Company was \$3.4m in 4th Quarter 2016, an increase of 9.2% from the corresponding quarter last year of \$3.1m. For the full year ended 31 Dec 2016, Group's profit attributable to equity holders was \$13.3m, a decrease of 14.5% from from last year of \$15.6m.

#### Cashflow

For the full year ended 31 Dec 2016, net cash flows from operating activities amounted to \$31.1m. This was mainly due to the decrease in trade payables. Net cash flows used in investing activities amounted to \$4.2m. This was mainly due to the absence of proceeds from distribution of profits of an associate and loans repaid by associate coupled with reduction in purchase of plant and equipment and asset held for sale. With net cash flows used in financing activities of \$25.1m, cash and cash equivalents as at 31 Dec 2016 was \$97.8m, up from \$96.0m as at 1 January 2016.

#### Balance Sheet

The Balance Sheet remained strong. The net asset value per share as at 31 Dec 2016 was 38.96 cents, slightly higher than 38.09 cents as at 31 December 2015.

### **9 Variance from Prospect Statement**

No variance from previous statement.

### **10 Prospect Statement**

In the winding down of our Steel Merchandising business, the Group has fulfilled all its existing contracts with its clients.

Preliminary estimates by the Building and Construction Authority ("BCA") indicated that total construction demand last year amounted to \$26.1 billion, down from \$27 billion in 2015. Public-sector construction demand is projected to grow to between \$20 billion and \$24 billion and private-sector construction demand is likely to be between \$8 billion and \$11 billion this year. Thus the total construction demand is projected to between \$28 billion and \$35 billion in 2017.

The construction demand in 2017 should provide sustainable demand for our Fabrication & Manufacturing business. At the same time, various factors have intensified the pressures on the construction sector. These include uncertainty and volatility from overall economic environment, currency exchange rate, supply chain, customers' creditworthiness and heightened competition. Thus, the Group will strive to mitigate those risks and will navigate the business cautiously.

## 11 Dividend

### (a) Current Financial Period Reported On

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

Name of Dividend	Interim paid on 24 June 2016	Interim paid on 15 September 2016	Interim paid on 9 December 2016	Total Interim paid
Dividend Type	Cash	Cash	Cash	Cash
Dividend Rate	0.20 cent per ordinary share	0.50 cent per ordinary share	0.30 cent per ordinary share	1.00 cent per ordinary share
Tax Rate	One-tier tax exempt	One-tier tax exempt	One-tier tax exempt	One-tier tax exempt

Name of Dividend	Final payable on 22 May 2017
Dividend Type	Cash
Dividend Rate	1.00 cent per ordinary share
Tax Rate	One-tier tax exempt

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim paid on 24 June 2015	Interim paid on 16 September 2015	Interim paid on 11 December 2015	Total Interim paid
Dividend Type	Cash	Cash	Cash	Cash
Dividend Rate	0.20 cent per ordinary share	0.50 cent per ordinary share	0.30 cent per ordinary share	1.00 cent per ordinary share
Tax Rate	One-tier tax exempt	One-tier tax exempt	One-tier tax exempt	One-tier tax exempt

Name of Dividend	Final payable on 23 May 2016
Dividend Type	Cash
Dividend Rate	1.00 cent per ordinary share
Tax Rate	One-tier tax exempt

### (c) Date payable

22 May 2017.

### (d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 28th April 2017 after 5.00 p.m. for the purpose of determining shareholders' entitlement to the final dividend.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, KCK CorpServe Pte. Ltd., of 333 North Bridge Road KH Kea Building #08-00, Singapore 188721 up to 5.00 p.m. on 28th April 2017 will be registered to determine Members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares of the Company as at 5.00 p.m. on 28th April 2017 will be entitled to the such proposed dividend. In this respect, the said dividend will be paid by the Company to CDP which will distribute the dividend to holders of the securities accounts.

## 12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

## 13 Interested Person Transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").



#### 14 Confirmation pursuant to Rule 720(1) of the SGX Listing Manual

The Group confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the listing manual.

#### PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1,Q2,Q3 or Half Year Results)

#### 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 immediately preceding year.

##### Business

The Group is organised into two main operating businesses, namely:

- Steel Merchandising
- Fabrication and Manufacturing

S\$'000	Full Year ended 31 Dec 2016				Full Year ended 31 Dec 2015			
	Steel Merchandising	Fabrication and Manufacturing	Adjustment and elimination	Total	Steel Merchandising	Fabrication and Manufacturing	Adjustment and elimination	Total
Turnover:								
External customers	3,233	315,364	-	318,597	49,830	395,613	-	445,443
Inter-segment	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>3,233</b>	<b>315,364</b>	<b>-</b>	<b>318,597</b>	<b>49,830</b>	<b>395,613</b>	<b>-</b>	<b>445,443</b>
Results:								
Depreciation and amortisation	282	10,482	-	10,764	533	11,345	-	11,878
Share of results of associate	-	99	-	99	-	(186)	-	(186)
Other non-cash expenses	901	7,239	-	8,140	-	1,036	-	1,036
<b>Segment (loss) / profit</b>	<b>(419)</b>	<b>16,488</b>	<b>(2,757)</b>	<b>13,312</b>	<b>(1,125)</b>	<b>22,184</b>	<b>(5,486)</b>	<b>15,573</b>
Assets:								
Investment in associates	-	1,745	-	1,745	-	1,646	-	1,646
Additions to non-current assets	-	2,882	-	2,882	41	24,288	-	24,329
<b>Segment assets</b>	<b>13,391</b>	<b>249,589</b>	<b>45,620</b>	<b>308,600</b>	<b>39,849</b>	<b>253,707</b>	<b>42,342</b>	<b>335,898</b>
<b>Segment liabilities</b>	<b>4,974</b>	<b>23,904</b>	<b>94,843</b>	<b>123,721</b>	<b>7,031</b>	<b>36,585</b>	<b>111,547</b>	<b>155,163</b>

##### Geographical Segments

Country	Turnover		Non-current assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Singapore	313,006	376,662	57,853	66,070
Malaysia	5,591	68,781	-	-
<b>Total</b>	<b>318,597</b>	<b>445,443</b>	<b>57,853</b>	<b>66,070</b>

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

This is covered in paragraph 8 above.

**17 A breakdown of sales.**

	Group (\$'000)		
	2016	2015	Increase / (Decrease) %
Turnover reported for first half of the year	<b>149,221</b>	254,230	(41.3%)
Profit after tax reported for the first half of the year	<b>5,938</b>	8,420	(29.5%)
Turnover reported for second half of the year	<b>169,376</b>	191,213	(11.4%)
Profit after tax reported for the second half of the year	<b>7,374</b>	7,153	3.1%

**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	Previous Full
Interim Dividends	<b>4,745</b>	4,745
Final Dividend *	<b>4,746</b>	4,746
Total:	<b>9,491</b>	9,491

\* For FY2016, Final Dividend is computed based on the number of shares in issue as at 31 Dec 2016 of 474,551,093.

**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
Lee Lin Poey	58	Brother of Lee Heng Thiam, Lee Hock Seng, Lee Siew Khim and Lee Siew Choo.	Executive Chairman and Director of Lee Metal Group Ltd ("LMG") since December 1982.	No Change
Lee Heng Thiam	53	Brother of Lee Lin Poey, Lee Hock Seng, Lee Siew Khim and Lee Siew Choo.	Executive Director of LMG since January 1984 and Managing Director of LMG since March 2011.	No Change
Lee Hock Seng	63	Brother of Lee Lin Poey, Lee Heng Thiam, Lee Siew Khim and Lee Siew Choo.	Executive Director of wholly-owned subsidiary of LMG, Lee Welded Mesh Singapore Pte Ltd from April 2013.	No Change
Lee Siew Khim	55	Sister of Lee Lin Poey, Lee Heng Thiam, Lee Hock Seng and Lee Siew Choo.	Administration & Human Resource Manager of LMG since January 1984.	No Change

Note - Lee Lin Poey, Lee Heng Thiam, Lee Hock Seng, Lee Siew Khim and Lee Siew Choo are substantial shareholders of Lee Metal Group Ltd.

Lee Lin Poey and Lee Heng Thiam are also Executive Directors of Lee Metal Group Ltd.

**BY ORDER OF THE BOARD**

Foo Soon Soo  
Company Secretary  
21 February 2017