



**LEE METAL GROUP LTD**

REG. No. 198205439C

**Second Quarter and Half 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 Second Quarter and Half Year ended 30 June 2014.

**INCOME STATEMENT FOR SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014**

	Notes	2nd Qtr ended 30 Jun			Half Year ended 30 Jun		
		2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
<b>Turnover</b>		<b>144,640</b>	180,875	(20.0%)	<b>249,414</b>	335,506	(25.7%)
Other operating income	A	<b>915</b>	1,726	(47.0%)	<b>1,183</b>	1,530	(22.7%)
Changes in inventories of finished goods and work-in-progress, raw materials and consumables used and finished goods purchased		<b>(122,458)</b>	(155,739)	(21.4%)	<b>(205,410)</b>	(285,941)	(28.2%)
Employee benefits expense	B	<b>(5,703)</b>	(6,318)	(9.7%)	<b>(11,056)</b>	(12,312)	(10.2%)
Depreciation and amortisation	C	<b>(2,494)</b>	(1,646)	51.5%	<b>(4,852)</b>	(3,265)	48.6%
Insurance, freight and transportation	D	<b>(813)</b>	(545)	49.2%	<b>(1,334)</b>	(1,018)	31.0%
Rental and utilities	E	<b>(2,210)</b>	(1,782)	24.0%	<b>(4,077)</b>	(3,443)	18.4%
Repair and maintenance	F	<b>(1,131)</b>	(845)	33.8%	<b>(2,058)</b>	(1,599)	28.7%
Other operating expenses	G	<b>(2,706)</b>	(2,792)	(3.1%)	<b>(5,664)</b>	(5,610)	1.0%
Financial expense	H	<b>(1,030)</b>	(854)	20.6%	<b>(1,879)</b>	(1,637)	14.8%
Financial income		<b>209</b>	221	(5.4%)	<b>416</b>	412	1.0%
Share of results of associate	I	<b>11,200</b>	(34)	n.m	<b>11,177</b>	70	15867.1%
<b>Profit before tax</b>		<b>18,419</b>	12,267	50.2%	<b>25,860</b>	22,693	14.0%
Income tax expense		<b>(1,216)</b>	(2,103)	(42.2%)	<b>(2,500)</b>	(3,878)	(35.5%)
<b>Profit attributable to equity holders of the Company</b>		<b>17,203</b>	10,164	69.3%	<b>23,360</b>	18,815	24.2%

**STATEMENTS OF COMPREHENSIVE INCOME FOR SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014**

	2nd Qtr ended 30 Jun			Half Year ended 30 Jun		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
<b>Profit attributable to equity holders of the Company</b>	<b>17,203</b>	10,164	69.3%	<b>23,360</b>	18,815	24.2%
Other comprehensive income (Item that may be reclassified subsequently to profit or loss):-						
- Foreign currency translation reserve	<b>(267)</b>	518	n.m	<b>(354)</b>	1,041	n.m
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>16,936</b>	10,682	58.5%	<b>23,006</b>	19,856	15.9%

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

	2nd Qtr ended 30 Jun			Half Year ended 30 Jun		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
A) Other operating income comprises the following:						
- Bad debts recovered	-	1,033	(100.0%)	-	1,033	(100.0%)
- Net gain in foreign exchange	<b>273</b>	442	(38.2%)	-	229	(100.0%)
- Gain on disposal of property, plant and equipment, net	<b>3</b>	-	n.m	<b>24</b>	-	n.m
- Commission income	<b>63</b>	15	320.0%	<b>72</b>	32	125.0%
- Gain on disposal of unquoted equity investment	-	234	(100.0%)	-	234	(100.0%)
- Rental income	<b>512</b>	-	n.m	<b>1,023</b>	-	n.m
- Sundry income	<b>64</b>	2	3100.0%	<b>64</b>	2	3100.0%
	<b>915</b>	1,726	(47.0%)	<b>1,183</b>	1,530	(22.7%)

B) Employee benefits expense decreased by 9.7% in 2nd Quarter and 10.2% in half year ended 30 June 2014 mainly due to lower personnel costs in line with lower turnover in both Fabrication & Manufacturing business and Steel Merchandising business.

- C) Depreciation and amortisation expense increased by 51.5% in 2nd Quarter 2014 and 48.6% in half year ended 30 June 2014 due to higher capital expenditure in the Fabrication & Manufacturing business and acquisition of investment properties on October 2013.
- D) Insurance, freight and transportation increased by 49.2% in 2nd Quarter 2014 and 31.0% in half year ended 30 June 2014 due to the increase in value-added activities in the Fabrication & Manufacturing business.
- E) Rental and utilities increased by 24.0% in 2nd Quarter 2014 and 18.4% in half year ended 30 June 2014 mainly due to additional storage space for increased inventory level in Singapore and higher utilities in line with higher value-added activities in the Fabrication & Manufacturing business.
- F) Repair and maintenance increased by 33.8% in 2nd Quarter 2014 and 28.7% in half year ended 30 June 2014 due to higher costs incurred for upkeep and servicing of more machineries and factory.

	2nd Qtr ended 30 Jun			Half Year ended 30 Jun		
	2014 \$'000	2013 \$'000	+ / (-) %	2014 \$'000	2013 \$'000	+ / (-) %
G) Other operating expenses include:						
- Outsourcing of labour	673	833	(19.2%)	1,321	1,604	(17.6%)
- Worker's dormitories and related costs	349	289	20.8%	685	565	21.2%
- Tools and consumables	308	310	(0.6%)	604	557	8.4%
- Insurance	304	280	8.6%	625	504	24.0%
- Bank charges	127	153	(17.0%)	230	347	(33.7%)
- Trade commission	66	87	(24.1%)	121	272	(55.5%)
- Professional fees	128	102	25.5%	248	241	2.9%
- Travelling	173	151	14.6%	315	269	17.1%
- Printing and stationery	105	81	29.6%	264	196	34.7%
- Net loss in foreign exchange	-	-	n.m	340	-	n.m
- Property, plant and equipment written off	-	31	(100.0%)	-	224	(100.0%)
- Loss on disposal of property, plant and equipment, net	-	59	(100.0%)	-	59	(100.0%)
- Other miscellaneous expenses	473	416	13.7%	911	772	18.0%
	<b>2,706</b>	<b>2,792</b>	<b>(3.1%)</b>	<b>5,664</b>	<b>5,610</b>	<b>1.0%</b>

- H) Financial expense increased by 20.6% in 2nd Quarter 2014 and 14.8% in half year ended 30 June 2014 mainly due to acquisition of investment properties in October 2013.
- I) Share of results of associate in 2nd Quarter 2014 and half year ended 30 June 2014 of S\$11.2m were due to the share of profit of our joint venture executive condominium project, Austville Residences which obtained Temporary Occupation Permit (TOP) in April 2014.

J) n.m means not meaningful

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

ASSETS	Notes	Group		Company	
		30.06.2014 \$'000	31.12.2013 \$'000	30.06.2014 \$'000	31.12.2013 \$'000
<b>Non-current assets</b>					
Property, plant and equipment		39,578	38,365	4,644	4,809
Investment properties		16,940	17,558	-	-
Investment in subsidiaries		-	-	20,490	20,490
Investment in associate	1	11,614	437	-	-
Club memberships		611	642	233	240
		<b>68,743</b>	<b>57,002</b>	<b>25,367</b>	<b>25,539</b>
<b>Current assets</b>					
Inventories	2	192,256	156,948	-	-
Trade receivables		73,741	71,339	-	-
Other receivables and deposits		650	539	11	8
Prepayments		947	1,093	10	3
Forward exchange contracts		-	409	-	-
Due from subsidiaries (non trade)		-	-	18,915	17,395
Loans to associate		16,704	16,349	-	-
Fixed deposits		37,114	65,219	5,000	16,100
Cash and bank balances		65,727	49,950	337	764
		<b>387,139</b>	<b>361,846</b>	<b>24,273</b>	<b>34,270</b>
<b>Total assets</b>		<b>455,882</b>	<b>418,848</b>	<b>49,640</b>	<b>59,809</b>

EQUITY AND LIABILITIES	Notes	Group		Company	
		30.06.2014	31.12.2013	30.06.2014	31.12.2013
		\$'000	\$'000	\$'000	\$'000
<b>Current liabilities</b>					
Trade payables	2	6,171	24,015	24	-
Bills payable to banks (secured)	2	218,410	163,230	-	-
Other payables and accruals	3	8,290	14,975	362	454
Advance payment from customers		8,690	7,764	-	-
Provision for onerous contracts		6,645	6,645	-	-
Forward exchange contracts		69	-	-	-
Hire purchase creditors		4,434	4,326	-	-
Bank term loans (secured)		3,370	3,370	-	-
Income tax payable		8,022	9,384	509	479
		<b>264,101</b>	<b>233,709</b>	<b>895</b>	<b>933</b>
<b>Net current assets</b>		<b>123,038</b>	<b>128,137</b>	<b>23,378</b>	<b>33,337</b>
<b>Non-current liabilities</b>					
Hire purchase creditors		12,529	14,435	-	-
Bank term loans (secured)		8,783	10,468	-	-
Deferred tax liabilities		184	144	281	242
		<b>21,496</b>	<b>25,047</b>	<b>281</b>	<b>242</b>
<b>Total liabilities</b>		<b>285,597</b>	<b>258,756</b>	<b>1,176</b>	<b>1,175</b>
<b>Net assets</b>		<b>170,285</b>	<b>160,092</b>	<b>48,464</b>	<b>58,634</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>131,510</b>	<b>120,963</b>	<b>1,991</b>	<b>12,161</b>
<b>Foreign currency translation reserve</b>		<b>(7,698)</b>	<b>(7,344)</b>	<b>-</b>	<b>-</b>
		<b>170,285</b>	<b>160,092</b>	<b>48,464</b>	<b>58,634</b>

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

- Investment in associate increased by \$11.2m due to the share of profit of associate following the completion of our joint venture executive condominium project, Austville Residences which obtained Temporary Occupation Permit (TOP) in April 2014.
- Inventories increased by \$35.3m due to higher stock position in the Fabrication & Manufacturing business but partly offset by lower stock position in the Steel Merchandising business. Correspondingly, bills payable to banks increased but offset by decrease in trade payables.
- Other payables and accruals decreased by \$6.7m mainly due to lower operating expenses accrued in 2nd Quarter 2014 compared to year end as at 31 December 2013.

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

Amount repayable in one year or less, or on demand

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
226,214	-	170,926	-

Amount repayable after one year

As at 30.06.2014		As at 31.12.2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
21,312	-	24,903	-

## Details of collateral

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

- (a) corporate guarantees given by the Company and certain subsidiaries to the banks;
- (b) 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, charge over fixed deposits and floating charge over trade receivables.
- (d) the bank term loans are secured by legal mortgages over the leasehold investment properties of the Group with a net book value of \$16.9 million as at 30 June 2014 (31 December 2013: \$17.6m).

## 1(c) CONSOLIDATED STATEMENT OF CASH FLOWS FOR SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014

	Notes	2nd Qtr ended 30 Jun		Half Year ended 30 Jun	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Operating activities</b>					
Profit before tax		18,419	12,267	25,860	22,693
Adjustments for:					
Amortisation of club memberships		15	4	31	8
Depreciation of property, plant and equipment		2,170	1,642	4,203	3,257
Depreciation of investment properties		309	-	618	-
Property, plant and equipment written off		-	31	-	224
(Gain)/loss on disposal of property, plant and equipment, net		(3)	59	(24)	59
Gain on disposal of unquoted equity investment		-	(234)	-	(234)
Interest expense		1,030	854	1,879	1,637
Interest income		(209)	(221)	(416)	(412)
Net fair value (gain)/loss on forward exchange contracts		(164)	(585)	478	(561)
Foreign currency translation adjustments		480	240	(224)	1,091
Share of results of associate		(11,200)	34	(11,177)	(70)
<b>Operating cash flows before changes in working capital</b>		<b>10,847</b>	<b>14,091</b>	<b>21,228</b>	<b>27,692</b>
(Increase)/decrease in:					
Inventories		11,190	(22,712)	(35,307)	(24,093)
Trade receivables		(8,821)	(7,926)	(2,402)	(3,728)
Other receivables, deposits and prepayments		155	(2,335)	35	(4,872)
Increase/(decrease) in:					
Trade payables		(10,103)	450	(17,844)	(43,592)
Other payables and accruals		(2,013)	15,672	(5,759)	13,496
<b>Cash flows from / (used in) operations</b>		<b>1,255</b>	<b>(2,760)</b>	<b>(40,049)</b>	<b>(35,097)</b>
Interest paid		(1,030)	(854)	(1,879)	(1,637)
Interest received		209	221	416	412
Income taxes paid		(3,849)	(2,447)	(3,822)	(2,623)
<b>Net cash flows used in operating activities</b>	4	<b>(3,415)</b>	<b>(5,840)</b>	<b>(45,334)</b>	<b>(38,945)</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment		(2,769)	(1,197)	(5,228)	(3,379)
Purchase of club memberships		-	-	-	(86)
Proceeds from disposal of property, plant and equipment		6	-	126	-
Proceeds from disposal of unquoted equity investment		-	234	-	234
(Increase) / decrease in loans to associate		(180)	1,931	(355)	1,745
<b>Net cash flows (used in) / from investing activities</b>	5	<b>(2,943)</b>	<b>968</b>	<b>(5,457)</b>	<b>(1,486)</b>
<b>Financing activities</b>					
(Increase) / decrease in fixed deposits - pledged		(1,053)	(2,133)	(5,235)	289
Increase in bills payable to banks (secured)		12,132	23,680	55,180	61,175
Repayment of bank term loans		(843)	(220)	(1,685)	(551)
(Repayment of) / proceeds from hire purchase, net		(1,009)	731	(2,076)	3,846
Dividends paid on ordinary shares		(12,813)	(8,067)	(12,813)	(8,067)
<b>Net cash flows (used in) / from financing activities</b>	6	<b>(3,586)</b>	<b>13,991</b>	<b>33,371</b>	<b>56,692</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(9,944)</b>	<b>9,119</b>	<b>(17,420)</b>	<b>16,261</b>
Effect of exchange rate changes on cash and cash equivalents		(743)	266	(143)	(92)
Cash & cash equivalents at beginning of the period		107,843	68,043	114,719	61,259
<b>Cash &amp; cash equivalents at end of the period</b>	7	<b>97,156</b>	<b>77,428</b>	<b>97,156</b>	<b>77,428</b>

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

- 4) Net cash flows used in operating activities decreased by \$2.4m from \$5.8m to \$3.4m in 2nd Quarter 2014 mainly due to decrease in trade payables and other payables and accruals but offset by decrease in inventories. Net cash flows used in operating activities increased by \$6.4m from \$38.9m to \$45.3m in half year ended 30 June 2014 mainly due to increase in inventories and decrease in trade payables and other payables and accruals.
- 5) Net cash flows used in investing activities in 2nd Quarter 2014 was \$2.9m compared to net cash flows from investing activities of S\$1.0m last year. For the half year ended 30 June 2014, net cash flows used in investing activities increased by \$4.0m from \$1.5m to \$5.5m. These were mainly due to absence of repayment of loans from associate and higher acquisition of new plant and equipment in the Fabrication & Manufacturing business.
- 6) Net cash flows used in financing activities in 2nd Quarter 2014 was \$3.6m compared to net cash flows from financing activities of \$14.0m. For half year ended 30 June 2014, net cash flows from financing activities decreased by \$23.3m from \$56.7m to \$33.4m. These were mainly due to increase in fixed deposits - pledged, repayment of hire purchase and higher dividends payment to shareholders, and partially offset by the increase in bills payable to banks,
- 7) Cash and cash equivalents as at 2nd Quarter and Half Year ended 30 Jun comprised the following:-

	<u>2014</u>	<u>2013</u>
	\$'000	\$'000
Cash and bank balances	65,727	23,499
Fixed deposits	37,114	66,333
Less: Fixed deposits pledged	(5,685)	(12,404)
	<u>97,156</u>	<u>77,428</u>

Fixed deposits of \$5.7m (2013: \$12.4m) 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	Share Capital	Translation Reserve	Revenue Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance as at 01.01.2014	46,473	(7,344)	120,963	160,092
Changes in equity for the period:				
Total comprehensive income for the period	-	(354)	23,360	23,006
Dividends on ordinary shares	-	-	(12,813)	(12,813)
Balance as at 30.06.2014	<u>46,473</u>	<u>(7,698)</u>	<u>131,510</u>	<u>170,285</u>

Balance as at 01.01.2013	46,473	(8,358)	92,677	130,792
Changes in equity for the period:				
Total comprehensive income for the period	-	1,041	18,815	19,856
Dividends on ordinary shares	-	-	(8,067)	(8,067)
Balance as at 30.06.2013	<u>46,473</u>	<u>(7,317)</u>	<u>103,425</u>	<u>142,581</u>

COMPANY	Share Capital	Revenue Reserve	Total Equity
	\$'000	\$'000	\$'000
Balance as at 01.01.2014	46,473	12,161	58,634
Changes in equity for the period:			
Total comprehensive income for the period	-	2,643	2,643
Dividends on ordinary shares	-	(12,813)	(12,813)
Balance as at 30.06.2014	<u>46,473</u>	<u>1,991</u>	<u>48,464</u>

Balance as at 01.01.2013	46,473	9,215	55,688
Changes in equity for the period:			
Total comprehensive income for the period	-	4,240	4,240
Dividends on ordinary shares	-	(8,067)	(8,067)
Balance as at 30.06.2013	<u>46,473</u>	<u>5,388</u>	<u>51,861</u>

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

<b>Share Capital</b>	<u>Number of shares</u>	<u>\$'000</u>
<b><u>Ordinary share issued &amp; fully paid</u></b>		
Balance as at 01.01.2014 & 30.06.2014	<u><b>474,551,093</b></u>	<u><b>46,473</b></u>

There was no movement in the issued and paid-up capital of the Company since 31 December 2013.

There were no outstanding convertibles as at 30.06.2014 (30.06.2013: Nil)

The Company has no treasury shares as at 30.06.2014 (30.06.2013: 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 2013.

## 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 2014. 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>2nd Qtr ended 30 Jun</u>		<u>Half Year ended 30 Jun</u>	
	<u>2014</u>	2013	<u>2014</u>	2013
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>3.63cents</b>	2.14cents	<b>4.92cents</b>	3.96cents
(b) On a fully diluted basis	<b>3.63cents</b>	2.14cents	<b>4.92cents</b>	3.96cents

Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of ordinary shares issued during 2Q14 and 1H14 of 474,551,093 shares (2Q13 and 1H13: 474,551,093 shares).

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

## 7 Net asset value per ordinary share

	<b>Group as at:</b>		<b>Company as at:</b>	
	<b>30.06.2014</b>	31.12.2013	<b>30.06.2014</b>	31.12.2013
Net asset value per share based on existing issued share capital as at end of the respective dates	<b>35.88cents</b>	33.74cents	<b>10.21cents</b>	12.36cents

Net asset value is computed based on the number of shares in issue as at 30 June 2014 & 31 December 2013 of 474,551,093 shares.

## 8 Performance Review

Group turnover in 2nd Quarter 2014 decreased by 20.0% to \$144.6m from \$180.9m in the corresponding quarter last year. This was due to a decline in turnover of the Steel Merchandising business by 30.1% to \$54.7m from \$78.3m and Fabrication & Manufacturing business by 12.4% to \$89.9m from \$102.6m.

For the half year ended 30 June 2014, Group turnover decreased by 25.7% to \$249.4m from \$335.5m last year. Turnover of the Steel Merchandising business decreased by 49.7% to \$71.9m from \$142.9m and Fabrication & Manufacturing business turnover decreased by 7.8% to \$177.5m from \$192.6m.

For 2nd Quarter and half year ended 30 Jun 2014, weak demand has led to a lower turnover in the Steel Merchandising business. The lower turnover in Fabrication & Manufacturing business was due to weaker steel prices of the reinforcement steel rebar and mesh products in our domestic market.

Group gross profit margin as percentage of turnover in 2nd Quarter 2014 increased to 15.3% from 13.9% in the same quarter last year. For the half year ended 30 June 2014, Group gross profit margin increased to 17.6% from 14.8%. These were attributable to higher contribution from Fabrication & Manufacturing business.

As the Group continues to gear up capacity for Fabrication & Manufacturing business, costs increases were incurred in the following areas:

- Depreciation and amortisation;
- Insurance, freight and transportation;
- Rental and utilities; and
- Repair and maintenance.

The Group's first joint venture executive condominium project, Austville Residences, was fully sold and obtained Temporary Occupation Permit (TOP) in April 2014. Thus, the Group had recognized share of profit of associate for \$11.2m in 2nd Quarter 2014 and half year ended 30 June 2014.

For the half year ended 30 June 2014, net cash flows used in operating activities amounted to \$45.3m. This was mainly due to increase in inventories and decrease in trade payables and other payables and accruals. Net cash flows used in investing activities amounted to \$5.5m. This was mainly due to acquisition of new plant and equipment in the Fabrication & Manufacturing business. With net cash flows from financing activities of \$33.4m, cash and cash equivalents as at 30 June 2014 amounted to \$97.2m, down from \$114.7m as at 1 January 2014.

The Balance Sheet remained strong. The net asset value per share as at 30 June 2014 increased to 35.88 cents up from 33.74 cents as at 31 December 2013.

## 9 Variance from Prospect Statement

No variance from previous statement.

## 10 Prospect Statement

Our Steel Merchandising business continues to face weak demand and stiff competition. We expect the operating environment to remain difficult.

In Singapore, the construction demand is expected to remain strong in 2014 with Building and Construction Authority (BCA) forecasting construction demand to be between \$31 billion and \$38 billion. Despite the strong construction demand, the Group expects stiff competition, and anticipates rising labour and financing costs. With the increased capacity, the Group is focused on customer-oriented delivery of value-added products at the right pricing and with timely delivery.

## 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 2014	Interim payable on 16 September 2014
Dividend Type	Cash	Cash
Dividend Rate	0.20 cent per ordinary share	0.50 cent per ordinary share
Tax Rate	One-tier tax exempt	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 2013	Interim paid on 16 September 2013
Dividend Type	Cash	Cash
Dividend Rate	0.20 cent per ordinary share	0.50 cent per ordinary share
Tax Rate	One-tier tax exempt	One-tier tax exempt

### (c) Date payable

16 September 2014.

### (d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 3rd September 2014 after 5.00 p.m. for the purpose of determining shareholders' entitlement to the interim dividend of 0.50 cent per ordinary share.

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 3rd September 2014 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 3rd September 2014 will be entitled to such proposed dividend. In this respect, the 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 705(5) of the SGX Listing Manual

We, Lee Lin Poey and Lee Heng Thiam, being two directors of Lee Metal Group Ltd, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the 2nd Quarter ended 30 June 2014 to be false or misleading in any material aspects.

### BY ORDER OF THE BOARD

Foo Soon Soo  
Company Secretary  
8 August 2014