LH GROUP LIMITED
Reg. No.: 198203779D

Second Quarter and Half-Year Unaudited Financial Statements and Dividend Announcement for the Six Months Ended 30 June 2015

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group					
	2nd quarter ended 30 June			1st half ended 30 June		
	2015 S$'000	2014 S$'000	Changes %	2015 S$'000	2014 S$'000	Changes %
Revenue	5,840	8,343	(30.00)	12,084	14,128	(14.47)
Cost of sales	(6,166)	(7,695)	(19.87)	(13,805)	(12,724)	8.50
Gross (loss)/profit	(326)	648	N.m.	(1,721)	1,404	N.m.
Other operating (loss)/income	(112)	604	N.m.	234	650	(64.00)
Expenses:						
Distribution	(75)	(97)	(22.68)	(159)	(180)	(11.67)
Administrative	(628)	(778)	(19.28)	(1,482)	(1,493)	(0.74)
Other operating	(125)	(358)	(65.08)	(243)	(674)	(63.95)
Finance	(4)	(8)	(50.00)	(9)	(12)	(25.00)
	(832)	(1,241)	(32.96)	(1,893)	(2,359)	(19.75)
(Loss)/Profit before income tax [1]	(1,270)	11	N.m.	(3,380)	(305)	1,008.20
Income tax expense	-	-	N.m.	-	-	N.m.
Net (loss)/profit for the financial period	**(1,270)**	**11**	**N.m.**	**(3,380)**	**(305)**	**1,008.20**
Other comprehensive (loss)/income, net of tax:						
Items that may be reclassified subsequently to profit or loss						
-Currency translation differences arising from consolidation	20	45	(55.56)	(13)	28	N.m.
Total comprehensive (loss)/income for the financial period	**(1,250)**	**56**	**N.m.**	**(3,393)**	**(277)**	**1,124.91**
Net (loss)/profit attributable to:						
Equity holders of the Company	(1,156)	175	N.m.	(3,124)	34	N.m.
Non-controlling interest	(114)	(164)	(30.49)	(256)	(339)	(24.48)
	(1,270)	**11**	**N.m.**	**(3,380)**	**(305)**	**1,008.20**
Total comprehensive (loss)/income attributable to:						
Equity holders of the Company	(1,146)	198	N.m.	(3,130)	48	N.m.
Non-controlling interest	(104)	(142)	(26.76)	(263)	(325)	(19.08)
	(1,250)	**56**	**N.m.**	**(3,393)**	**(277)**	**1,124.91**

N.m: Not meaningful

1(a)(i) Other disclosures to Group Income Statement

		2nd quarter ended 30 June		1st half ended 30 June	
		2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Note 1					
	(Loss)/Profit before income tax has been arrived at after charging / (crediting):				
1.a:	Allowances for doubtful debts	-	330	-	356
1.b:	Allowances for slow-moving inventories	(4)	38	4	38
1.c:	Amortisation of intellectual properties	52	49	104	98
1.d:	Bad trade debts written off	3	-	3	-
1.e:	Depreciation of property, plant and equipment	136	193	286	374
1.f	Employee share options expense	(22)	66	44	88
1.g:	Fair value loss on financial assets, at fair value through profit or loss	2	1	1	1
1.h:	Foreign exchange loss/(gain)(net)	178	(132)	(68)	11
1.i:	Loss on disposal of property, plant and equipment	2	-	2	-
1.j:	Interest income	(16)	(9)	(29)	(9)
1.k:	Reversal of allowances for doubtful debts	-	(599)	(13)	(599)
1.l:	Reversal of write down of inventories	(3)	-	(7)	-

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

	The Group		The Company	
	30/06/2015 S$'000	31/12/2014 S$'000	30/06/2015 S$'000	31/12/2014 S$'000
ASSETS				
Current assets				
Cash and bank balances	10,880	9,281	8,086	7,539
Financial assets, at fair value through profit or loss	6	7	-	-
Trade receivables	13,715	15,351	987	1,883
Other receivables and other current assets	3,075	3,245	16,016	15,533
Inventories	3,496	4,965	-	-
Due from customers on construction contracts	418	923	-	-
	31,590	33,772	25,089	24,955
Non-current assets				
Investment in subsidiaries	-	-	3,941	3,941
Intangible assets	1,844	1,909	-	-
Property, plant and equipment	1,290	1,545	155	209
	3,134	3,454	4,096	4,150
Total assets	**34,724**	**37,226**	**29,185**	**29,105**
LIABILITIES				
Current liabilities				
Trade payables	5,037	4,299	-	-
Other payables	983	1,450	175	296
Borrowings	495	356	-	14
Current tax liabilities	38	37	-	-
Due to customers on construction contracts	2,644	2,185	-	-
Provision for warranty	1,736	1,759	-	-
	10,933	10,086	175	310
Total liabilities	**10,933**	**10,086**	**175**	**310**
NET ASSETS	**23,791**	**27,140**	**29,010**	**28,795**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	48,196	48,196	48,196	48,196
Reserves	(23,857)	(20,771)	(19,186)	(19,401)
	24,339	**27,425**	**29,010**	**28,795**
Non-controlling interest	(548)	(285)	-	-
Total equity	**23,791**	**27,140**	**29,010**	**28,795**

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

Amount repayable in one year or less, or on demand

As at 30/06/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
S$495,000	-	S$356,000	-

Amount repayable after one year

As at 30/06/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The borrowings are secured over:

(i) fixed deposits of S$5,033,000 (31 Dec 2014: S$5,041,000); and

(ii) motor vehicles with net book value amounting to S$Nil (31 Dec 2014: S$126,000).

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			
	2nd quarter ended 30 June		1st half ended 30 June	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Cash Flow from Operating Activities				
(Loss)/Profit before income tax	(1,270)	11	(3,380)	(305)
Adjustments for:				
Amortisation of intellectual properties	52	49	104	98
Depreciation of property, plant and equipment	136	193	286	374
Loss on disposal of property, plant and equipment	2	-	2	-
Interest expense	4	8	9	12
Interest income	(16)	(9)	(29)	(9)
Employee share options expense	(22)	66	44	88
Unrealised foreign exchange loss/(gain)	97	(24)	(41)	9
Operating cash flow before working capital changes	(1,017)	294	(3,005)	267
Movement in working capital				
Changes in inventories and construction contracts	1,105	(805)	2,433	(1,135)
Changes in trade, other receivables and other current assets	(334)	(2,135)	1,806	(1,596)
Changes in financial assets, at fair value through profit or loss	2	1	1	1
Changes in trade, other payables and provision for warranty	(377)	1,145	248	231
Cash (used in)/generated from operations	(621)	(1,500)	1,483	(2,232)
Interest received	16	9	29	9
Interest paid	(4)	(8)	(9)	(12)
Net cash (used in)/generated from operating activities	(609)	(1,499)	1,503	(2,235)
Cash Flows from Investing Activities				
Additions to property, plant and equipment	-	(50)	(45)	(167)
Net cash used in investing activities	-	(50)	(45)	(167)
Cash Flows from Financing Activities				
Movement in fixed deposits pledged with banks	(12)	(8)	8	1,998
Increase in bank borrowings	135	11	142	6
Repayment of finance leases liabilities	-	(13)	(14)	(27)
Net cash generated from/(used in) financing activities	123	(10)	136	1,977
Net (decrease)/increase in cash and cash equivalents	(486)	(1,559)	1,594	(425)
Effect of currency translation on cash and cash equivalents	9	10	2	6
Cash and cash equivalents at beginning of financial period	6,212	1,667	4,139	537
Cash and cash equivalents at end of financial period	5,735	118	5,735	118
Cash and cash equivalents comprises:				
Cash and bank balances	10,880	6,018	10,880	6,018
Less: Fixed deposits pledged	(5,033)	(5,024)	(5,033)	(5,024)
Less: Bank overdraft	(112)	(876)	(112)	(876)
Cash and cash equivalents	5,735	118	5,735	118

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.

	← Attributable to equity holders of the Company →							
	Share capital S$'000	Accumulated losses S$'000	Share options reserve S$'000	Other reserves S$'000	Currency translation reserve S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
The Group								
Balance at 1 January 2015	48,196	(19,871)	219	(1,150)	31	27,425	(285)	27,140
Net loss for the financial period	-	(1,968)	-	-	-	(1,968)	(142)	(2,110)
Other comprehensive loss for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	(16)	(16)	(17)	(33)
Total comprehensive loss for the financial period	-	(1,968)	-	-	(16)	(1,984)	(159)	(2,143)
Grant of employee share options	-	-	66	-	-	66	-	66
Balance at 31 March 2015	48,196	(21,839)	285	(1,150)	15	25,507	(444)	25,063
Net loss for the financial period	-	(1,156)	-	-	-	(1,156)	(114)	(1,270)
Other comprehensive income for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	10	10	10	20
Total comprehensive (loss)/income for the financial period	-	(1,156)	-	-	10	(1,146)	(104)	(1,250)
Grant of employee share options	-	-	(22)	-	-	(22)	-	(22)
Balance at 30 June 2015	48,196	(22,995)	263	(1,150)	25	24,339	(548)	23,791
Balance at 1 January 2014	48,196	(20,764)	-	(1,150)	50	26,332	301	26,633
Net loss for the financial period	-	(141)	-	-	-	(141)	(175)	(316)
Other comprehensive loss for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	(9)	(9)	(8)	(17)
Total comprehensive loss for the financial period	-	(141)	-	-	(9)	(150)	(183)	(333)
Grant of employee share options	-	-	22	-	-	22	-	22
Balance at 31 March 2014	48,196	(20,905)	22	(1,150)	41	26,204	118	26,322
Net profit/(loss) for the financial period	-	175	-	-	-	175	(164)	11
Other comprehensive income for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	23	23	22	45
Total comprehensive income/(loss) for the financial period	-	175	-	-	23	198	(142)	56
Grant of employee share options	-	-	66	-	-	66	-	66
Balance at 30 June 2014	48,196	(20,730)	88	(1,150)	64	26,468	(24)	26,444

	Share capital S$'000	Accumulated losses S$'000	Share options reserve S$'000	Other reserves S$'000	Total S$'000
The Company					
Balance at 1 January 2015	48,196	(18,150)	219	(1,470)	28,795
Total comprehensive income for the period	-	161	-	-	161
Grant of employee share options	-	-	66	-	66
Balance at 31 March 2015	48,196	(17,989)	285	(1,470)	29,022
Total comprehensive income for the period	-	10	-	-	10
Grant of employee share options	-	-	(22)	-	(22)
Balance at 30 June 2015	48,196	(17,979)	263	(1,470)	29,010
Balance at 1 January 2014	48,196	(18,525)	-	(1,470)	28,201
Total comprehensive loss for the period	-	(31)	-	-	(31)
Grant of employee share options	-	-	22	-	22
Balance at 31 March 2014	48,196	(18,556)	22	(1,470)	28,192
Total comprehensive loss for the period	-	(97)	-	-	(97)
Grant of employee share options	-	-	66	-	66
Balance at 30 June 2014	48,196	(18,653)	88	(1,470)	28,161

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 or 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 the end of the corresponding period of the immediately preceding financial year.

As at 30 June 2015 and 31 December 2014, there have been no changes in the issued share capital of the Company since the end of the last financial year.

As at 30 June 2015, the unissued shares of the Company under option are as follows:

Date of grant of options	Exercise price per share	Balance as at 1.1.15	Forfeited during the period	Balance as at 30.06.15	Exercise period
		'000	'000	'000	
3.3.2014	S$0.007	118,300	(30,100)	88,200	3.3.15-2.3.19

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.

As at 30 June 2015 and 31 December 2014, the total number of issued ordinary shares was 3,946,428,548. The Company did not have any treasury shares.

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 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 or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 accounting policies and methods of computation applied by the Group in the financial statements for the current reporting period are consistent with those applied in the Company's audited financial statements for the financial year ended 31 December 2014.

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.

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	2nd quarter ended 30 June		1st half ended 30 June	
(Loss)/Earnings per share for the period after deducting any provision for preference dividends (cents)	2015	2014	2015	2014
(a) Based on weighted average number of ordinary shares in issue	(0.029)	0.004	(0.079)	0.001
(b) On a fully diluted basis*	(0.029)	0.004	(0.079)	0.001

(Loss)/Earnings per share for the 6 months ended 30 June 2015 was computed based on the net (loss)/income attributable to equity holders of the Company of (S$3,124,000) (30 June 2014: S$34,000) and divided by the weighted average number of shares in issue during the period as follows:

	Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares		
(a) Based on weighted average number of ordinary shares in issue; and	3,946,428,548	3,946,428,548
(b) On fully diluted basis*	3,946,428,548	3,946,428,548

*The Company has outstanding share options granted to employees amounted to 88,200,000 as at 30 June 2015 (30 June 2014: 119,400,000). The exercise price of these share options are above the quoted market price of the Company's shares for the periods, the options are non-dilutive. As such, the options have no dilution effect on the earnings per share of the Group for the periods.

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

	The Group		The Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Net asset backing per ordinary share based on existing issued share capital as at the end of the period/year (cents)	0.60	0.69	0.74	0.73

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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Profit and loss

The Group's revenue for 2Q2015 decreased to S$5.8 million from S$8.3 million in 2Q2014. The lower revenue was due mainly to a decrease in revenue from the Aluminium Division. The revenue for the Aluminium Division decreased to S$5.7 million in 2Q2015 from S$7.7 million in 2Q2014 due mainly to decrease in execution of projects in order book. The revenue for the Vehicle Division decreased to S$0.1 million in 2Q2015 from S$0.6 million in 2Q2014 due mainly to decrease in sales of air filter to a customer as a result of reduction of price by the customer.

The Group recognised a gross loss of S$326,000 in 2Q2015 compared with gross profit of S$648,000 in 2Q2014. The Aluminium Division recognised a gross loss of S$299,000 in 2Q2015 as compared to gross profits of S$730,000 in 2Q2014 due mainly to the execution of lower margin projects and aggravated by costs overrun for some key materials cost and higher manpower costs as a result of labour shortage, higher foreign workers levy and projects acceleration. The Vehicle Division recognised a gross loss of S$27,000 in 2Q2015 (2Q2014: S$82,000) due mainly to decrease in revenue.

The Group recognised other operating losses of $$112,000 in 2Q2015 compared to other operating income of S$604,000 in 2Q2014 due mainly to decreases in (i) foreign exchange gain of S$178,000 and (ii) reversal of allowance for doubtful debts of S$599,000 in 2Q2015.

Distribution expenses decreased to S$75,000 in 2Q2015 compared to S$97,000 in 2Q2014 due mainly to decrease in travelling expenses.

Administrative expenses decreased to S$628,000 in 2Q2015 compared to S$778,000 in 2Q2014 due mainly to (i) decreases in depreciation expenses on plant and equipment by S$47,000 and share option expenses by S$88,000; and (ii) increase in consulting fee by S$45,000.

Other operating expenses decreased to S$125,000 in 2Q2015 compared to S$358,000 in 2Q2014 due mainly to allowance for doubtful debts of S$356,000 and reversal of foreign exchange loss of S$132,000 in 2Q2014.

The Group reported net loss after income tax of S$1.3 million for 2Q2015 as compared to net profit after income tax of S$11,000 in 2Q2014.

Balance sheet

The movements of balance sheet items are as follows:

(i) Increase in cash and bank balances due mainly to increase in cash flows generated from operations.
(ii) Decrease in trade receivables due mainly to decrease in revenue and receipts of payments for certified works in 2Q2015.
(iii) Decrease in other receivables and other current assets due mainly to decrease in prepayments to suppliers for materials and services.
(iv) Decrease in inventories due mainly to certain projects completion in 2Q2015 and decrease in the number of projects undertaken by the Aluminium Division.
(v) Decrease in property, plant and equipment due mainly to depreciation charge for the period.
(vi) Increase in trade payables due mainly to increase in accruals costs for projects undertaken.
(vii) Decrease in other payables due mainly to payment of FY2014 directors' fee in 2Q2015 and decrease in GST payables in 2Q2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Board had on 30 July 2015 issued a profit guidance announcement and the results for 2Q2015 are consistent with the guidance issued.

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 construction sector is slowing down and the number of building projects decreased. The operating environment for the Aluminium Division is expected to be more challenging because of keen competition and this may have an impact on the Aluminium Division winning new orders. The operating environment for the Vehicle Division is also expected to continue to be tough and challenging.

The Group's gross order book stands at S$43.8 million. The projects for the Aluminium Division are typically carried out over a period of 1 to 3 years depending on the size and schedule of the project. These confirmed orders are, however, subject to cancellation, deferral, rescheduling or variations by customers.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on? None.

(b) Corresponding period of the immediate preceding year

Any dividend declared for the corresponding period of the immediate preceding financial year? None.

(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 aggregate value of interested person transactions for the financial period ended 30 June 2015 was as follows:

Nature of transaction and name of Interested Person	Aggregate value of all interested person transactions conducted during the period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	S$'000	S$'000
Wee Poh Construction Co. Pte Ltd		
- Contract income from project fabrication	-	188

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

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

Not applicable.

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

Not applicable.

16. A breakdown of sales.

Not applicable.

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

Not applicable.

18. Confirmation by the board pursuant to rule 705(5) of the listing manual

We, Tan Hai Peng Micheal and Chng Hee Kok, being the directors of LH Group Limited ("the Company"), do hereby confirm on behalf of the 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 of the Company and of the Group for the three months ended 30 June 2015 to be materially false or misleading.

On behalf of the Board of Directors of
LH GROUP LIMITED

Tan Hai Peng Micheal
Executive Chairman

Chng Hee Kok
Managing Director

Singapore, 6 August 2015