LH GROUP LIMITED
Reg. No.: 198203779D

Unaudited Financial Statements and Dividend Announcement for the Full Year Ended 31 December 2014

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

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

	The Group		
	Financial year ended 31 December		
	2014 S$'000	**2013 S$'000**	**Changes %**
Revenue	32,573	17,450	86.66
Cost of sales	(29,590)	(13,991)	111.49
Gross profit	2,983	3,459	(13.76)
Other operating income	2,161	2,489	(13.18)
Expenses:			
Distribution	(328)	(281)	16.73
Administrative	(3,157)	(2,785)	13.36
Other operating	(1,305)	(1,302)	0.23
Finance	(29)	(332)	(91.27)
	(4,819)	(4,700)	2.53
Profit before income tax [1]	325	1,248	(73.96)
Income tax expense	(1)	7	N.m.
Net profit for the financial year	**324**	**1,255**	**(74.18)**
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
-Currency translation differences arising from consolidation	(36)	92	N.m.
Total comprehensive income for the financial year	**288**	**1,347**	**(78.62)**
Net Profit / (Loss) attributable to:			
Equity holders of the Company	893	1,689	(47.13)
Non-Controlling interest	(569)	(434)	31.11
	324	**1,255**	**(74.18)**
Total comprehensive income / (loss) attributable to:			
Equity holders of the Company	874	1,736	(49.65)
Non-Controlling interest	(586)	(389)	50.64
	288	**1,347**	**(78.62)**

N.m: Not meaningful

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

		Financial year ended 31 December	
		2014 S$'000	2013 S$'000
Note 1			
	Profit before income tax has been arrived at after charging / (crediting):		
1.a:	Allowances for doubtful debts	752	807
1.b:	Allowances for slow-moving inventories	136	3
1.c:	Amortisation of intellectual properties	196	194
1.d:	Bad debts written off	26	-
1.e:	Depreciation of property, plant and equipment	689	616
1.f:	Employee share options expense	219	-
1.g:	Fair value loss on financial assets, at fair value through profit or loss	4	3
1.h:	Foreign exchange (gain) (net)	(144)	(203)
1.i:	Gain on disposal of property, plant and equipment	(7)	(59)
1.j:	Gain on Profit Target	-	(1,871)
1.k:	Interest income	(30)	(58)
1.l:	Other creditor written back	(500)	-
1.m:	Reversal of allowances for doubtful debts	(1,264)	(67)
1.n:	Reversal of provision for warranty	(64)	(71)
1.o:	Reversal of write down of inventories	(8)	(27)

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	
	31/12/2014 S$'000	31/12/2013 S$'000	31/12/2014 S$'000	31/12/2013 S$'000
ASSETS				
Current assets				
Cash and bank balances	9,281	7,907	7,539	7,069
Financial assets, at fair value through profit or loss	7	11	-	-
Trade receivables	15,351	13,264	1,883	2,110
Other receivables and other current assets	3,245	4,880	15,533	15,421
Inventories	4,965	4,389	-	-
Due from customers on construction contracts	923	1,865	-	-
	33,772	32,316	24,955	24,600
Non-current assets				
Investment in subsidiaries	-	-	3,941	3,941
Intangible assets	1,909	2,027	-	-
Property, plant and equipment	1,545	1,958	209	329
	3,454	3,985	4,150	4,270
Total assets	**37,226**	**36,301**	**29,105**	**28,870**
LIABILITIES				
Current liabilities				
Trade payables	4,299	3,282	-	-
Other payables	1,450	1,512	296	312
Borrowings	356	643	14	343
Current tax liabilities	37	34	-	-
Due to customers on construction contracts	2,185	2,455	-	-
Provision for warranty	1,759	1,728	-	-
	10,086	9,654	310	655
Non-current liabilities				
Borrowings	-	14	-	14
	-	14	-	14
Total liabilities	**10,086**	**9,668**	**310**	**669**
NET ASSETS	**27,140**	**26,633**	**28,795**	**28,201**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	48,196	48,196	48,196	48,196
Reserves	(20,771)	(21,864)	(19,401)	(19,995)
	27,425	**26,332**	**28,795**	**28,201**
Non-controlling interest	(285)	301	-	-
Total equity	**27,140**	**26,633**	**28,795**	**28,201**

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

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S$356,000	-	S$643,000	-

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
-	-	S$14,000	-

Details of any collateral

The borrowings are secured over:

(i) fixed deposits of S$5,041,000 (31/12/2013: S$7,022,000); and

(ii) motor vehicles with net book value amounting to S$126,000 (31/12/2013: S$165,000).

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 Financial year ended 31 December	
	2014 S$'000	**2013 S$'000**
Cash Flow from Operating Activities		
Profit before income tax	325	1,248
Adjustments for:		
Amortisation of intellectual properties	196	194
Depreciation of property, plant and equipment	689	616
Gain on disposal of property, plant and equipment	(7)	(59)
Interest expense	29	332
Interest income	(30)	(58)
Employee share options expense	219	-
Unrealised foreign exchange (gain)/loss	(121)	57
Operating cash flow before working capital changes	1,300	2,330
Movement in working capital		
Changes in inventories and construction contracts	96	(2,486)
Changes in trade, other receivables and other current assets	(452)	(5,034)
Changes in financial assets, at fair value through profit or loss	4	3
Changes in trade, other payables and provision for warranty	986	(1,806)
Cash generated from / (used in) operations	1,934	(6,993)
Interest received	30	58
Interest paid	(29)	(17)
Income tax paid	2	-
Net cash generated from / (used in) operating activities	1,937	(6,952)
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(328)	(500)
Proceeds from disposal of plant and equipment	66	138
Net cash used in investing activities	(262)	(362)
Cash Flows from Financing Activities		
Movement in fixed deposits pledged with banks	1,981	19
Increase in bank borrowings	-	20
Repayment of finance leases liabilities	(55)	(55)
Net cash generated from/(used in) financing activities	1,926	(16)
Net increase/(decrease) in cash and cash equivalents	3,601	(7,330)
Effect of currency translation on cash and cash equivalents	1	(2)
Cash and cash equivalents at beginning of financial year	537	7,869
Cash and cash equivalents at end of financial year	4,139	537
Cash and cash equivalents comprises:		
Cash and bank balances	9,281	7,907
Less: Fixed deposits pledged	(5,041)	(7,022)
Less: Bank overdraft	(101)	(348)
Cash and cash equivalents	4,139	537

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 2014	48,196	(20,764)	-	(1,150)	50	26,332	301	26,633
Net profit / (loss) for the financial year	-	893	-	-	-	893	(569)	324
Other comprehensive income / (loss) for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	(19)	(19)	(17)	(36)
Total comprehensive income / (loss) for the financial year	-	893	-	-	(19)	874	(586)	288
Grant of employee share options	-	-	219	-	-	219	-	219
Balance at 31 December 2014	48,196	(19,871)	219	(1,150)	31	27,425	(285)	27,140
Balance at 1 January 2013	48,196	(22,453)	-	(4,879)	3	20,867	690	21,557
Cancellation of option to acquire non-controlling interest of a subsidiary	-	-	-	3,729	-	3,729	-	3,729
Total transactions with owners in their capacity as owners	-	-	-	3,729	-	3,729	-	3,729
Net profit / (loss) for the financial year	-	1,689	-	-	-	1,689	(434)	1,255
Other comprehensive income / (loss) for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	47	47	45	92
Total comprehensive income / (loss) for the financial year	-	1,689	-	-	47	1,736	(389)	1,347
Balance at 31 December 2013	48,196	(20,764)	-	(1,150)	50	26,332	301	26,633

	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 2014	48,196	(18,525)	-	(1,470)	28,201
Net profit for the financial year	-	375	-	-	375
Other comprehensive income / (loss) for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	375	-	-	375
Grant of employee share options	-	-	219	-	219
Balance at 31 December 2014	48,196	(18,150)	219	(1,470)	28,795
Balance at 1 January 2013	48,196	(19,811)	-	(5,199)	23,186
Cancellation of option to acquire non-controlling interest of a subsidiary	-	-	-	3,729	3,729
Net profit for the financial year	-	1,286	-	-	1,286
Other comprehensive income / (loss) for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	1,286	-	-	1,286
Balance at 31 December 2013	48,196	(18,525)	-	(1,470)	28,201

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 31 December 2014 and 31 December 2013, there have been no changes in the issued share capital of the Company since the end of the last financial year.

As at 31 December 2014, the unissued shares of the Company under option are as follows:

Date of grant of options	Exercise price per share	Balance as at 1.1.14	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 31.12.14	Exercise period
3.3.2014	S$0.007	-	119,400,000	-	(1,100,000)	118,300,000	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 31 December 2014 and 31 December 2013, 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 year are consistent with those applied in the Company's audited financial statements for the financial year ended 31 December 2013.

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.

	Financial year ended 31 December	
Earnings per share for the period after deducting any provision for preference dividends (cents)	2014	2013
(a) Based on weighted average number of ordinary shares in issue	0.023	0.043
(b) On a fully diluted basis	0.022	0.043

Earnings per share for the financial year ended 31 December 2014 was computed based on the net profit attributable to equity holders of the Company of S$893,000 (31/12/2013: S$1,689,000) and divided by the weighted average number of shares in issue during the period as follows:

	Financial year ended 31 December	
	2014	2013
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	4,045,011,881	3,946,428,548

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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Net asset backing per ordinary share based on existing issued share capital as at the end of the year (cents)	0.69	0.67	0.73	0.71

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 FY2014 increased to $32.6 million from $17.5 million in FY2013. The higher revenue was due mainly to an increase in revenue from the Aluminium Division. The revenue for the Aluminium Division increased to $29.7 million in FY2014 as compared with $12.9 million in FY2013. The revenue for the Vehicle Division decreased to $2.9 million in FY2014 from $4.6 million in FY2013 due mainly to a poor sales in winter as there was little snowfall in South Korea.

The Group recognised a gross profit of $3.0 million in FY2014 compared with gross profit of $3.5 million in FY2013 due mainly to the decrease in revenue for the Vehicle Division.

The increase in administrative expenses in FY2014 to $3.2 million compared with $2.8 million in FY2013 was due mainly to the recognition of share option expenses of $219,000 for the LHG employee share options granted in 1Q2014.

The Group reported net profit after income tax of $324,000 for FY2014 as compared to net profit after income tax of $1.2 million in FY2013.

Balance sheet

The movements of balance sheet items are as follows:

(i) Increase in cash and bank balances due mainly to cash generated from operations.
(ii) Increase in trade receivables due mainly to the increase in revenue.
(iii) Decrease in other receivables and other current assets due mainly to the decrease in prepayments to suppliers for materials and services.
(iv) Increase in inventories due mainly to increase in the number of projects undertaken by the Aluminium Division.
(v) Decrease in due from customers on construction contracts due mainly to completion of certain projects by the Aluminium Division in 4Q2014.
(vi) Increase in trade payables due mainly to the increase in cost.
(vii) Decrease in due to customers on construction contracts due mainly to settlement of a project completed in prior years.
(viii) Decrease in borrowings due mainly to the decrease in overdraft utilised by the Aluminium Division for working capital purposes.

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

There is no significant variance between the previous disclosures and the actual results.

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.

In addition to the series of cooling measures in the property market, the Housing and Development Board ("HDB") has also announced that HDB is going to taper their building program after 2014. The operating environment for the Aluminium Division is expected to remain competitive and this may have an impact on the Division winning new orders. The current policy of restructuring the Singapore economy has also a negative impact on labour supply in project implementation. The operating environment for the Vehicle Division is also expected to continue to be competitive.

The Group's gross order book stands at $64.7 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 31 December 2014 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	-	2,561

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.

Business segment

The Group's operating segments are its strategic business units which offer different products and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:
(i) Aluminium - includes trading, project fabrication and contract manufacturing;
(ii) Vehicle - includes manufacturing and distribution of vehicle traction devices and other vehicle parts; and
(iii) Others - includes corporate office and investment holding activities which are not directly attributable to a particular business segment above.

	Aluminium		Vehicle		Others		Elimination		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
TURNOVER										
External sales	29,631	12,855	2,942	4,595	-	-	-	-	32,573	17,450
Inter-segment sales	-	-	-	-	1,891	1,906	(1,891)	(1,906)	-	-
Total turnover	29,631	12,855	2,942	4,595	1,891	1,906	(1,891)	(1,906)	32,573	17,450
Segment result	1,251	167	(1,220)	(334)	422	1,684	(99)	63	354	1,580
Finance costs									(29)	(332)
Profit before income tax									325	1,248
Income tax									(1)	7
Net profit after income tax									324	1,255
Segment assets	23,839	24,565	6,968	7,849	12,354	12,781	(13,474)	(15,963)	29,687	29,232
Add:										
Unallocated assets									7,539	7,069
									37,226	36,301
Segment liabilities	20,776	22,664	10,105	9,999	310	381	(21,142)	(23,410)	10,049	9,634
Add: Income tax									37	34
									10,086	9,668
OTHER INFORMATION										
Additions to:										
- Plant and equipment	75	54	207	397	46	49	-	-	328	500
Depreciation	231	191	368	334	90	91	-	-	689	616
Amortisation	-	-	196	194	-	-	-	-	196	194
Impairment for:										
- Trade receivables	752	806	-	1	-	-	-	-	752	807
- Investment in subsidiaries	-	-	-	-	-	955	-	(955)	-	-

Geographical segment

Geographical, management manages and monitors the business in two primary geographic areas: Singapore and South Korea. The segments in Singapore derive revenue mainly from construction projects, while South Korea derives revenue mainly from trading activities which is categorised as vehicle segment.

Sales are based on the country in which the customers are located. Non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets	
Group	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	29,631	12,855	279	479
South Korea	2,942	4,595	3,175	3,506
Total	32,573	17,450	3,454	3,985

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.

Please refer to item 8 and 14.

16. A breakdown of sales.

	Group		
	2014 S$'000	2013 S$'000	% Change
Sales reported for first half year	14,128	6,531	116.32
Operating profit/(loss) after tax and non-controlling interests reported for first half year	34	(996)	N.m.
Sales reported for second half year	18,445	10,919	68.93
Operating profit after tax and non-controlling interests reported for second half year	859	2,685	(68.00)

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

	Latest year S$'000	Previous year S$'000
Ordinary	-	-

18. 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). 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
Tan Hai Peng Micheal	44	Brother of Non-Executive Director, Tan Hai Seng Benjamin and son of Tan Thuan Teck, a substantial shareholder.	Executive Chairman	No change.
Tan Hai Seng Benjamin	47	Brother of Executive Chairman, Tan Hai Peng Micheal and son of Tan Thuan Teck, a substantial shareholder.	Non-Executive Director	No change.

On behalf of the Board of Directors of
LH GROUP LIMITED

Tan Hai Peng Micheal
Executive Chairman

Chng Hee Kok
Managing Director

Singapore, 27 February 2015