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Logistics Holdings' 1H FY2014 profit to shareholders up 17.0% to S\$2.6 million

- **1H FY2014 revenue surged 57.6% to S\$64.8 million on revenue recognised for work completed on new projects awarded and substantial progress of on-going projects**
- **Newly secured S\$31.7 million HDB design and build contract boosts order book to S\$245.9 million**
- **Group has taken over vacant possession of freehold property located at 21 Paya Lebar Crescent ("Freehold Property"), commences planning and redevelopment**
- **Expected strong construction demand for 2014 bodes well for the Group's business**

Singapore, 13 February 2014 – Logistics Holdings Limited (寶特控股有限公司) ("**Logistics Holdings**", and together with its subsidiaries, the "**Group**") reported an increase of 17.0% in its profit attributable to equity holders to S\$2.6 million for the half year ended 31 December 2013 ("**1H FY2014**").

The Group's earnings improvement came on the back of a 57.6% year-on-year ("**yoY**") increase in its revenue to S\$64.8 million, mainly attributable to revenue recognised for work completed on new projects awarded and the substantial progress of on-going projects.

Table 1: Financial Highlights

	1H FY2014 S\$'000	1H FY2013 S\$'000	% Change
Revenue	64,790	41,106	57.6
Gross Profit	5,151	4,142	24.4
Profit attributable to equity holders	2,562	2,189	17.0

The gross profit margin for 1H FY2014 was lower than that for the half year ended 31 December 2012 (“**1H FY2013**”) mainly due to higher subcontracting and labour costs. Despite the lower gross profit margin, the Group’s 1H FY2014 gross profit improved 24.4% yoy to S\$5.2 million.

The Group’s operating expenses has increased largely due to higher payroll expenses as a result of increased headcount and salary adjustments, director fees and depreciation in relation to the Group’s leasehold headquarters property, workers dormitory and computer equipment.

As a result of the above factors, the Group’s profit attributable to equity holders increased by 17.0% yoy to S\$2.6 million for 1H FY2014.

Starting 2014 on a strong note, the Group has recently secured a S\$31.7 million contract through its wholly-owned subsidiary, Logistics Construction Pte Ltd, from the Housing & Development Board (“**HDB**”) for the design and build of upgrading projects and contingency works in three HDB precincts.

The contract involves the design and build of electrical substations and switch rooms, and other related works in three precincts, namely Blocks 113 to 120 at Potong Pasir Avenue 1, Blocks 173 to 181 at Bishan Street 13 and Blocks 238 to 246 at Serangoon Avenues 2 and 3. This latest contract win lifted the Group’s order book to S\$245.9 million, with projects lasting till 2016.

Mr Phua Lam Soon, PBM (潘南舜), Chief Executive Officer of Logistics Holdings, commented, ***“Our strong construction order book will enable us to sustain our revenue growth for the financial year ending 30 June 2014. We will continue to leverage on our established track record and capabilities to secure more projects.”***

On the property development front, the Group had on 28 January 2014 taken over the vacant possession of the Freehold Property it acquired en bloc last year. The Group has commenced the planning and redevelopment of this site according to schedule.

On its precast business, the set-up works of the proposed precast plant in Iskandar, Johor, Malaysia is ongoing. The precast factory is expected to be completed by June 2014 and operational thereafter.

In its news release dated 9 January 2014, the Building and Construction Authority announced that the construction demand for 2014 is expected to remain strong with public construction demand at an estimated S\$19 billion to S\$22 billion¹. With our track record in the public sector, the expected strong construction demand in 2014 bodes well for the Group to secure more projects.

Notwithstanding, the Group is wary of costs pressure relating to construction materials and subcontractors. Recently, the ban on granite export by the Indonesian authority has caused a temporary disruption to the granite supply². The Group will be watchful over its costs and reliance on subcontractors. One such measure is the use of precast components in the construction process. The Group's precast factory, expected to be operational by the first half of 2015, is expected to bring about some operational productivity and cost efficiency for the Group by catering to the Group's public and private residential and commercial projects in Singapore.

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About Logistics Holdings Limited

Logistics Holdings Limited, through its wholly-owned subsidiaries Logistics Construction Pte Ltd and Apex Projects Pte Ltd, is principally engaged in providing building construction services as well as supply and installation of furniture/interior fitting-out works in Singapore. The Group has a track record of more than 27 years in the construction business in Singapore, having undertaken numerous projects where the Group acts mainly as a main contractor for primarily the Singapore government and Singapore government-related bodies.

In June 2013, the Group incorporated an indirect wholly-owned subsidiary, Le Premier Development Pte Ltd, to expand into property development and marked the Group's first foray into private residential project by acquiring a freehold residential site located at 21 Paya Lebar Crescent, with the intention to redevelop the site into high-end cluster houses.

In September 2013, the Group established a joint venture company with a view to set up a precast manufacturing operation in the Iskandar region, Johor, Malaysia, to improve the Group's operational productivity and cost efficiency. The precast manufacturing operation will primarily serve the Group's public and private residential and/or commercial projects in Singapore. Any excess supply of precast products may also be channelled to external customers in Singapore or possibly also the Iskandar region.

Logistics Holdings Limited was listed on Catalist of the Singapore Exchange Securities Trading Limited on 18 January 2013.

¹ BCA News Release dated 9 January 2014, http://www.bca.gov.sg/Newsroom/pr09012014_BCA.html

² News reports on Indonesia granite ban: <http://www.straitstimes.com/breaking-news/singapore/story/government-charging-more-granite-stockpile-20140206>, <http://business.asiaone.com/news/indonesian-export-ban-leaves-s%E2%80%99pore-short-granite>, <http://www.channelnewsasia.com/news/singapore/granite-supply-disruption/982598.html>

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The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 January 2013. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

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