

**Unaudited Half Year Financial Statements For The Period Ended 30 June 2016**

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

	Notes	Group		
		30/06/2016 S\$'000	30/06/2015 S\$'000	Change (%) increase / (decrease)
Revenue	Para 8.01	26,198	25,749	1.7%
Cost of sales		(18,357)	(19,530)	(6.0%)
Gross profit	Para 8.02	7,841	6,219	26.1%
Other income	(i) & Para 8.03	2,395	2,067	15.9%
Distribution expenses	Para 8.04	(1,132)	(1,089)	3.9%
Administrative expenses	(ii) & Para 8.05	(4,957)	(4,433)	11.8%
Other expenses	(iii) & Para 8.06	(322)	(63)	411.1%
Finance costs	(iv) & Para 8.07	(39)	(49)	(20.4%)
Profit before income tax	(v) & Para 8.08	3,786	2,652	42.8%
Income tax expenses	(vi) & Para 8.11(4)	(1,043)	(519)	101.0%
Profit for the financial period		2,743	2,133	28.6%
Attributable to: Owners of the parent		2,743	2,133	28.6%

Notes to the consolidated income statement

Notes		Note	Group	
			30/06/2016 S\$'000	30/06/2015 S\$'000
(i)	Other Income			
	Waste collection income		140	130
	Heat treatment and utilities income		163	218
	Rental and services income		1,430	1,210
	Gain on disposal of property, plant and equipment	(a)	-	4
	Government grants		484	317
	Reversal of doubtful trade receivables written off		57	73
	Other income		121	115
	Total		2,395	2,067



Notes		Note	Group	
			30/06/2016 S\$'000	30/06/2015 S\$'000
(ii)	Administrative expenses			
	Advertisement expenses / Marketing and promotion expenses		(93)	(39)
	Depreciation of property, plant and equipment		(924)	(860)
	Insurance expenses		(222)	(160)
	Legal and professional fee		(70)	(82)
	Property tax		(180)	(208)
	Rental expenses on premises		(496)	(514)
	Subletting fee		(53)	(57)
	Upkeep and maintenance expenses		(111)	(140)
(iii)	Other expenses			
	Foreign exchange loss, net		(278)	(55)
	Allowance for doubtful trade receivables		(44)	-
	Allowance for obsolete stock		-	(8)
	Total		(322)	(63)
(iv)	Finance costs			
	- Finance leases		(15)	(19)
	- Loan Interest		(24)	(30)
	Total		(39)	(49)
(v)	Profit before income tax is stated after (charging) / crediting			
	Non-audit fees paid to auditors of the Company		(16)	(22)
	Depreciation of property, plant and equipment – cost of sales		(861)	(920)
	Directors' fees		(97)	(68)
	Employee benefits expenses			
	-Post-employment benefits		(226)	(216)
	-Salaries wages and other costs		(3,622)	(3,294)
(vi)	Income tax expenses			
	Charge for income tax in respect of profit for the period:			
	-Current tax		(1,043)	(519)

There was no investment income during the period.

Note:

- (a) The Group has disposed off property, plant and equipment comprising rental pallets, forklift and motor vehicles with proceeds shown as below:

	30/06/2016 S\$'000	30/06/2015 S\$'000
Rental pallets	3	5
Equipment and machinery	-	2
Total	3	7

**Statement of Comprehensive Income for the Period Ended 30 June 2015**

	Group 30/06/2016 S\$'000	Group 30/06/2015 S\$'000	Change +/(-) %
Total profit for the period	2,743	2,133	28.6%
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(59)	(469)	(87.4%)
Total comprehensive income for the period	2,684	1,664	61.3%

Total comprehensive income attributable to:

Owners of the parent

<u>2,684</u>	<u>1,664</u>	61.3%
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**1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as the end of the immediately preceding financial year.****STATEMENTS OF FINANCIAL POSITION**

	Notes	Group		Company	
		As at 30/06/2016 S\$'000	As at 31/12/2015 S\$'000	As at 30/06/2016 S\$'000	As at 31/12/2015 S\$'000
Non-Current Assets	Para 8.09				
Property, plant and equipment		19,810	20,871	9,853	10,460
Investments					
-Subsidiary companies		-	-	13,951	13,951
-Investment Property		5,750	5,750	5,750	5,750
		25,560	26,621	29,554	30,161
Current Assets	Para 8.10				
Inventories		8,012	7,447	5,386	5,918
Trade receivables		10,670	9,934	8,555	7,706
Amounts due from subsidiary companies		-	-	5,287	3,751
Other receivables		1,338	781	678	159
Fixed deposits		171	171	-	-
Cash and cash equivalents		8,135	9,215	3,736	4,043
		28,326	27,548	23,642	21,577
Less:					
Current Liabilities	Para 8.11				
Trade payables and accruals		3,168	4,460	2,131	3,313
Amounts due to subsidiary companies		-	-	3,068	2,300
Other payables		828	792	536	529
Finance lease payables		442	502	91	141
Term loan, secured		983	978	983	978
Income tax payables		1,194	593	932	387
		6,615	7,325	7,741	7,648
Net Current Assets	Para 8.13	21,711	20,223	15,901	13,929
Less:					
Non-Current Liabilities	Para 8.12				
Finance lease payables		283	474	0	22
Term loan, secured		525	996	525	996
Deferred tax liabilities		1,255	1,253	495	495
		2,063	2,723	1,020	1,513
		45,208	44,121	44,435	42,577
Equity	Para 1 d(i)				
Share capital		24,621	24,621	24,621	24,621
Currency translation reserve		(2,102)	(2,043)	-	-
Asset revaluation reserve		1,376	1,376	1,376	1,376
Retained earnings		21,313	20,167	18,438	16,580
		45,208	44,121	44,435	42,577

**1(b)(ii) Aggregate amount of Group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,425	-	1,480	-

Amount repayable after one year

As at 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
808	-	1,470	-

Details of any collateral

The borrowings of the Group are secured by charges on motor vehicles, plant and machinery and legal mortgage on certain properties.

Term loan with a carrying amount of \$1.43 million are repayable within one year and bear interest at rates ranging from 2.5% to 3.25% (FY2015: 1.93% to 3.07%) per annum.

Term loan with a carrying amount of \$0.81 million are repayable after one year and bear interest at rates ranging from 2.5% to 3.25% (FY2015: 1.93% to 3.07%) per annum.

The bank overdraft facility granted by a bank to one of the subsidiaries was secured by fixed charge over the subsidiary's leasehold property.

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.****CONSOLIDATED STATEMENT OF CASH FLOWS**

	30/06/2016 S\$'000	30/06/2015 S\$'000
Operating activities:		
Profit before income tax	3,786	2,652
Adjustments for:		
Reversal of doubtful trade receivables written off	(57)	(73)
Allowance for obsolete stocks	-	8
Depreciation of property, plant and equipment	1,785	1,780
Gain on disposal of property, plant and equipment	-	(4)
Property, plant, equipment written off	30	12
Interest Income	(7)	(8)
Interest expense	39	49
Operating cash flow before movements in working capital	5,576	4,416
Changes in working capital:		
Increase in trade and other receivables	(1,253)	(930)
(Increase) / Decrease in inventories	(565)	1,847
Decrease in trade and other payables	(1,255)	(578)
Cash generated from operations	2,503	4,755
Interest received	7	8
Interest paid	(39)	(49)
Income taxes paid	(435)	(321)
Net cash from operating activities	2,036	4,393
Investing activities:		
Proceeds from disposal of property, plant and equipment	3	7
Purchase of property, plant and equipment	(819)	(1,710)
Net cash used in investing activities	(816)	(1,703)
Financing activities:		
Dividend paid	(1,597)	(1,491)
Increase in fixed deposit pledged	-	(12)
Repayment of finance lease obligations	(251)	(225)
Repayment of term loans	(466)	(452)
Net cash used in financing activities	(2,314)	(2,180)
Net change in cash and cash equivalents	(1,094)	510
Cash and cash equivalents at beginning of financial period	9,215	5,915
Net effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	14	(188)
Cash and cash equivalents at end of financial period	8,135	6,237

Cash and cash equivalents at end of financial period consist of:

	30/06/2016 S\$'000	30/06/2015 S\$'000
Cash and cash equivalents	8,135	6,237
Fixed deposits	171	186
Sub-total	8,306	6,423
Fixed deposits pledged with bank	(171)	(186)
Total	8,135	6,237



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	Asset revaluation reserve	Currency translation reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
Balance at 1 January 2016	24,621	1,376	(2,043)	20,167	44,121
Total comprehensive income for the period					
Profit for the year	-	-	-	2,743	2,743
Other comprehensive income:					
Exchange difference on translating foreign subsidiaries	-	-	(59)	-	(59)
Total comprehensive income for the period	-	-	(59)	2,743	2,684
Dividend paid	-	-	-	(1,597)	(1,597)
Balance at 30 June 2016	24,621	1,376	(2,102)	21,313	45,208
Balance at 1 January 2015	24,621	1,376	(888)	17,833	42,942
Total comprehensive income for the period					
Profit for the year	-	-	-	2,133	2,133
Other comprehensive income:					
Exchange difference on translating foreign subsidiaries	-	-	(469)	-	(469)
Total comprehensive income for the period	-	-	(469)	2,133	1,664
Dividend paid	-	-	-	(1,491)	(1,491)
Balance at 30 June 2015	24,621	1,376	(1,357)	18,475	43,115
Company					
Balance at 1 January 2016	24,621	1,376	-	16,580	42,577
Total comprehensive income for the period					
Profit for the year	-	-	-	3,455	3,455
Total comprehensive income for the period	-	-	-	3,455	3,455
Dividend paid	-	-	-	(1,597)	(1,597)
Balance at 30 June 2016	24,621	1,376	-	18,438	44,435
Balance at 1 January 2015	24,621	1,376	-	15,099	41,096
Total comprehensive income for the period					
Profit for the year	-	-	-	1,027	1,027
Total comprehensive income for the period	-	-	-	1,027	1,027
Dividend paid	-	-	-	(1,491)	(1,491)
Balance at 30 June 2015	24,621	1,376	-	14,635	40,632



- 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 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.**

There is no change in the Company's issued and paid-up capital nor any conversion and any outstanding convertibles for the period.

- 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.**

The total number of issued shares at the end of the financial period was 53,244,997 (As at 31 December 2015: 53,244,997).

- 1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.**

As at 30 June 2016, the Company did not hold any of its issued shares as treasury shares. (As at 30 June 2015: Nil).

- 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 the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2015. The adoption of the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") which are effective for financial period beginning on or after 1 January 2016 has no significant impact on the financial position or performance of the Group.

- 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.**

There are no changes in accounting policies and methods of computation used in the preparation of the financial information in this announcement.



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

	Group		
	30/06/2016	30/06/2015	
		As adjusted	As previously reported
Net Profit attributable to owners of the parent (S\$'000)	2,743	2,133	2,133
Weighted average number of shares in issue (in '000s)	53,245	53,245	212,980
Earnings per share (cents)			
(i) On basic	5.15	4.00	1.00
(ii) On a fully diluted basis	5.15	4.00	1.00

Note: Figures shown under "as adjusted" column are computed assuming that the share consolidation exercise was held and effective as from 1 January 2015.

On 21 August 2015, the Company completed the consolidation of four existing shares into one consolidated share. As a result of the exercise, the issued share capital of the Company comprises 53,244,997 shares.

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary share were accordingly the same as the earnings per ordinary share for the respective financial year.

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group			Company		
	30/06/2016	31/12/2015	+/(-)%	30/06/2016	31/12/2015	+/(-)%
Net asset value per Ordinary Share (cents) based on issued share capital at the end of financial period	84.91	82.86	2.47%	83.45	79.97	4.35%

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.

**8.01 Revenue:**

The Group's revenue for the six months period ended 30 June 2016 (HY2016) increased by 1.7% or \$0.45 million to \$26.20 million as compared with \$25.75 million for the six months period ended 30 June 2015 (HY2015).

The sale of pallets and packaging business increased by 1.4% or \$0.30 million from \$20.74 million to \$21.04 million due to stronger demand in HY2016.

The pallet rental income increased by 19.8% or \$0.42 million from \$2.12 million to \$2.54 million due to better product mix and larger customer base.

Technical Wood® and Technical Wood® related products decreased by 96.0% or \$0.12 million from \$0.125 million to \$0.003 million as more Technical Wood® are used for internal consumption and less for external sales.

Revenue from trading of timber related products has increased by 11.2% or \$0.19 million from \$1.70 million to \$1.89 million due to increase in market demand.

The revenue arising from the supply of woodchip decreased by 32.1% or \$0.34 million from \$1.06 million to \$0.72 million due to the decreased demand during the period.

8.02 Gross Profit and Gross Profit Margin:

The gross profit increased by 26.0% or \$1.62 million from \$6.22 million in HY2015 to \$7.84 million in HY2016 and the gross profit margin has improved by 5.7% to 29.9% in HY2016 as compared to 24.2% in HY2015.

8.03 Other Income:

Other income increased by 15.9% or \$0.33 million to \$2.40 million in HY2016 as compared to \$2.07 million in HY2015 due mainly to increases in waste collection income, rental and services income and government grants but offset by reductions in heat treatment and utilities income. Please refer to page 1, note (i).

8.04 Distribution Expenses:

Distribution expenses increased by 3.7% or \$0.04 million to \$1.13 million in HY2016 from \$1.09 million in HY2015 in line with revenue growth and higher transport charges.

8.05 Administrative Expenses:

Administrative expenses increased by 12.0% or \$0.53 million to \$4.96 million in HY2016 from \$4.43 million in HY2015 mainly due to the increases in administrative salaries and insurance. Please refer to page 2, note (ii) and (v).

8.06 Other Expenses:

Other expenses increased by approximately 433.3% or \$0.26 million to \$0.32 million in HY2016 from \$0.06 million in HY2015 mainly due to foreign exchange losses. Please refer to page 2, note (iii).

8.07 Finance Costs:

Finance costs decreased by 20.0% or \$0.01 million to \$0.04 million in HY2016 from \$0.05 million in HY2015 mainly due to reductions in finance leases and term loan financing for purchase of equipment and machinery.

8.08 Profit Before Income Tax:

The Group's profit before income tax increased by 43.0% or \$1.14 million to \$3.79 million in HY2016 as compared to \$2.65 million in HY2015 due mainly to the increase in revenue and mix with higher margin.

**8.09 Non-Current Assets:**

Non-current assets decreased by 4.0% or \$1.06 million from \$26.62 million as at 31 December 2015 (FY2015) to \$25.56 million as at 30 June 2016 (HY2016). The decrease was due to the depreciation of non-current assets for the period.

8.10 Current Assets:

The increase in current assets by 2.8% or \$0.78 million to \$28.33 million in HY2016 from \$27.55 million in FY2015 was attributable to:

- (1) an increase in inventory to \$8.01 million in HY2016 from \$7.45 million in FY2015 in line with anticipated higher sales volume;
- (2) an increase in trade receivables to \$10.67 million in HY2016 from \$9.93 million in FY2015 due to higher revenue;
- (3) an increase in other receivables to \$1.34 million in HY2016 from \$0.78 million in FY2015 due mainly to prepayment to suppliers; and offset by
- (4) a decrease in cash and cash equivalents to \$8.14 million in HY2016 from \$9.22 million in FY2015 due to operational use of funds.

8.11 Current Liabilities:

The current liabilities decreased by 9.7% or \$0.71 million to \$6.62 million in HY2016 compared to \$7.33 million in FY2015 mainly due to the following:

- (1) a decrease in trade payables and accruals to \$3.17 million in HY2016 from \$4.46 million in FY2015;
- (2) a decrease in finance lease payables to \$0.44 million from \$0.50 million; but
- (3) was partially offset by a slight increase of other payables to \$0.83 million in HY2016 from \$0.79 million in FY2015, and
- (4) an increase of income tax payable to \$1.19 million in HY2016 from \$0.59 million in FY2015 due to higher profits for the period.

8.12 Non-Current Liabilities:

The decrease of non-current liabilities by 24.3% or \$0.66 million to \$2.06 million in HY2016 from \$2.72 million in FY2015 was due to repayments of finance lease of \$0.19 million and term loan of \$0.47 million during the period.

8.13 Working Capital (Net Current Assets):

The Group's working capital increased by 7.4% or \$1.49 million to \$21.71 million in HY2016 from \$20.22 million in FY2015 due mainly to increases in inventories and trade receivables.

8.14 Consolidated Statement of Cash Flows:

The Group's cash and cash equivalents increased by 30.4% or \$1.90 million to \$8.14 million in HY2016 from \$6.24 million in HY2015. The net cash inflow generated from the operating activities was mainly used in purchases of plant and equipment, repayment of finance lease and term loan and the payment of dividend for the FY2015 period.

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

No forecast or prospect statement has been disclosed to shareholders previously.

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 view of the challenging market conditions and the uncertainties in the global economy, the Group maintains a cautious outlook for the coming months. Management will continue to remain vigilant and closely monitor costs.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately 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.

No interim dividend for the half year ended 30 June 2016 has been recommended.

13. Interested Person Transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial 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)
Hwee Wong Transport Trading Pte Ltd ('HWT')	HWT is providing transport services to the Company. \$525,339	-
Total	\$525,339	-

For interested person transactions above, no shareholders' mandate pursuant to Rule 920 has been obtained. There were no transactions with interested person as defined in the SGX's Listing Manual for the financial period ended 30 June 2016 that exceeded the stipulated threshold.

**14. Undertakings from directors and executive officers**

In view of the latest guideline from the Exchange in relation to rule 720 (1) of the SGX-ST Listing Manual, the Company has procured signed undertakings from all its directors and executive officers based on the latest revised form of Appendix 7.7 of the SGX-ST Listing Manual, which will replace and supersede the undertakings previously signed by the directors and executive officers.

BY ORDER OF THE BOARD

Yap Mui Kee
Executive Director

12 August 2016



BOARD NEGATIVE ASSURANCE CONFIRMATION
FOR HALF YEAR RESULTS

Confirmation by the Board on the Half Year to 30 June 2016 announcement

We, Ms Yap Mui Kee and Mr Tan Kok Hiang, being two directors of **LHT Holdings Limited** (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the half year financial results for the period ended 30 June 2016 to be false or misleading.

On behalf of the board of directors



Ms Yap Mui Kee
Executive Director



Mr Tan Kok Hiang
Non Executive, Lead Independent Director