

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 JUNE 2016**

LHN Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 13 April 2015. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**” or “**PPCF**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

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PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

- 1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ("3Q2016") AND NINE MONTHS ENDED 30 JUNE 2016 ("9M2016")

	Group					
	3 Months Ended 30 June			9 Months Ended 30 June		
	2016 (unaudited)	2015 (unaudited)	Change	2016 (unaudited)	2015 (unaudited)	Change
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	26,757	23,919	11.9	78,724	70,680	11.4
Cost of sales	(19,397)	(17,646)	9.9	(57,744)	(52,200)	10.6
Gross profit	7,360	6,273	17.3	20,980	18,480	13.5
Other operating income	537	614	(12.5)	2,140	1,960	9.2
Selling and distribution expenses	(398)	(579)	(31.3)	(1,448)	(1,355)	6.9
Administrative expenses	(4,867)	(4,851)	0.3	(14,366)	(13,054)	10.1
Other operating expenses	-	-	NM	(42)	-	NM
Finance costs	(151)	(127)	18.9	(455)	(322)	41.3
Share of associated companies' and joint venture results, net of tax	(107)	7	NM	(88)	22	NM
Profit from operations	2,374	1,337	77.6	6,721	5,731	17.3
IPO listing expenses	-	(136)	NM	-	(1,558)	NM
Profit before taxation	2,374	1,201	97.7	6,721	4,173	61.1
Taxation	(479)	(588)	(18.5)	(809)	(774)	4.5
Profit after taxation for the period	1,895	613	209.1	5,912	3,399	73.9
Other comprehensive income/(expenses) after tax						
<u>Item that will be reclassified subsequently to profit or loss</u>						
Currency translation differences arising from consolidation	33	(151)	NM	217	(148)	NM
Other comprehensive income/(expenses) after tax	33	(151)	NM	217	(148)	NM
Total comprehensive income for the year, net of tax	1,928	462	317.3	6,129	3,251	88.5
Profit attributable to:						
Equity owners of the Company	1,865	649	187.4	5,876	3,435	71.1
Non-controlling interests	30	(36)	NM	36	(36)	NM
Profit for the period	1,895	613	209.1	5,912	3,399	73.9
Total comprehensive income attributable to:						
Equity owners of the Company	1,899	502	278.3	6,091	3,292	85.0
Non-controlling interests	29	(40)	NM	38	(41)	NM
Total comprehensive income for the period	1,928	462	317.3	6,129	3,251	88.5
<i>NM – Not Meaningful</i>						

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1(a) (ii) Profit before income tax is arrived at after charging / (crediting) the following:

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,567	1,350	4,846	3,976
Interest income	(41)	(39)	(121)	(69)
Finance costs	151	127	455	322
Allowance for impairment of trade receivables	-	-	42	-
Foreign exchange (gain)/loss, net	(55)	253	(174)	258
Gain on disposal of property, plant and equipment, net	(47)	-	(14)	(13)
Property, plant and equipment written off	45	-	45	3

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

Statement of Financial Position

	Group		Company	
	As At 30/06/16 (unaudited) S\$'000	As At 30/09/15 (audited) S\$'000	As At 30/06/16 (unaudited) S\$'000	As At 30/09/15 (audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	27,753	26,635	-	-
Investment properties	31,754	31,305	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associated companies	112	88	-	-
Investment in joint venture	388	-	-	-
Deferred tax assets	334	334	-	-
Long-term prepayment	250	285	-	-
	60,591	58,647	32,727	32,727
Current assets				
Inventories	31	163	-	-
Trade and other receivables	16,730	14,346	17,081	11,445
Prepayments	3,800	3,212	15	13
Cash and bank balances	16,892	15,604	1,126	1,180
Fixed deposits	10,210	14,680	2,021	9,028
	47,663	48,005	20,243	21,666
TOTAL ASSETS	108,254	106,652	52,970	54,393
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	51,287	51,243	51,287	51,243
Reserves	8,473	4,191	1,090	2,128
	59,760	55,434	52,377	53,371
Non-controlling interests	(89)	(127)	-	-
TOTAL EQUITY	59,671	55,307	52,377	53,371
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	230	230	-	-
Obligations under finance lease	2,204	2,294	-	-
Bank borrowings	18,112	18,054	-	-
	20,546	20,578	-	-
Current liabilities				
Trade and other payables	23,970	26,466	593	1,022
Obligations under finance lease	1,508	1,533	-	-
Bank borrowings	1,543	1,421	-	-
Current tax payable	1,016	1,347	-	-
	28,037	30,767	593	1,022
TOTAL LIABILITIES	48,583	51,345	593	1,022
TOTAL EQUITY AND LIABILITIES	108,254	106,652	52,970	54,393

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1(b) (ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	Group	
	As At 30/06/16 (unaudited)	As At 30/09/15 (audited)
	S\$'000	S\$'000
Amount repayable in one year or less (secured and guaranteed)		
- Bank borrowings	1,543	1,421
- Obligations under finance lease	1,508	1,533
	3,051	2,954
Amount repayable after one year (secured and guaranteed)		
- Bank borrowings	18,112	18,054
- Obligations under finance lease	2,204	2,294
	20,316	20,348
Total borrowings	23,367	23,302

The Group does not have any unsecured borrowings and debt securities as at 30 June 2016 and 30 September 2015.

Details of any collaterals:

- Bank borrowings of approximately S\$19.7 million (30 September 2015 – S\$19.5 million) obtained by our subsidiaries are secured by legal mortgage of leasehold property at 72 Eunus Avenue 7 and 100 Eunus Avenue 7 and a corporate guarantee by the Group.
- Finance lease liabilities of the Group are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by certain directors of the Group and corporate guarantees provided by the Group.

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- 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 for Third Quarter and Nine Months Ended 30 June 2016

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before income tax	2,374	1,201	6,721	4,173
Share of associated companies' and joint venture results	107	(7)	88	(22)
Adjustments for:				
Depreciation of property, plant and equipment	1,567	1,350	4,846	3,976
Gain on disposal of property, plant and equipment	(47)	-	(14)	(13)
Property, plant and equipment written off	45	-	45	3
Waiver of debt from a director of subsidiaries	(22)	-	(57)	-
Employee performance shares expenses	-	-	44	-
Interest income	(41)	(39)	(121)	(69)
Interest expenses	151	127	455	322
Operating profit before working capital changes	4,134	2,632	12,007	8,370
Decrease/(increase) in inventories	24	(42)	132	(36)
Increase in work-in-progress	-	(24)	-	(106)
Increase in operating receivables	(1,028)	(1,633)	(2,971)	(7,335)
(Decrease)/increase in operating payables	(572)	1,371	(2,193)	520
Cash generated from operations	2,558	2,304	6,975	1,413
Interest expense paid	(176)	(127)	(448)	(322)
Income tax paid	(553)	(301)	(1,079)	(619)
Net cash generated from operating activities	1,829	1,876	5,448	472
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(1,513)	(1,336)	(5,440)	(2,503)
Acquisition of subsidiary, net of cash acquired	-	-	-	592
Incorporation of joint venture	(500)	-	(500)	-
Purchase of investment properties	-	-	-	(500)
Proceeds from disposals of property, plant and equipment	2	15	260	69
Interest received	41	39	90	69
Net cash used in investing activities	(1,970)	(1,282)	(5,590)	(2,273)
Cash flows from financing activities:				
Repayment of obligations under finance lease	(460)	(333)	(1,261)	(1,029)
Placements of deposits - current	(27)	(22)	(37)	(34)
Effect on non-controlling interest on newly incorporated subsidiaries	-	(32)	-	45
Proceeds from issuance of shares to a non-controlling interest of a subsidiary	-	-	-	100
Bank borrowings obtained	375	-	1,265	-
Bank borrowings repaid	(375)	(207)	(1,085)	(618)
Proceeds from Pre-IPO convertible loans	-	-	-	2,000
Proceeds from issuance of new shares	-	17,000	-	17,000
Share issuance expenses	-	(804)	-	(804)
Repayment to a director of subsidiaries	-	(212)	(167)	(689)
Dividend paid	(724)	-	(1,808)	(2,000)
Net cash (used in)/generated from financing activities	(1,211)	15,390	(3,093)	13,971

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- 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 for Third Quarter and Nine Months Ended 30 June 2016

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Net (decrease)/increase in cash and cash equivalents	(1,352)	15,984	(3,235)	12,170
Cash and cash equivalents at beginning of period	22,773	10,615	24,637	14,425
Effect of currency translation on cash and cash equivalents	(3)	(10)	16	(6)
Cash and cash equivalents at end of period	21,418	26,589	21,418	26,589
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	16,892	17,583	16,892	17,583
Fixed deposits	10,210	14,616	10,210	14,616
	27,102	32,199	27,102	32,199
Less: Pledged fixed deposits	(5,684)	(5,610)	(5,684)	(5,610)
Cash and cash equivalents as per consolidated statement of cash flows	21,418	26,589	21,418	26,589

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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.

Statements of Changes in Equity

GROUP (unaudited)	Share capital	Retained profits	Merger reserves	Reserve on disposal of non- controlling interests	Asset revaluation reserves	Currency translation reserves	Total attributable to equity holders of the Company	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01/04/15	35,047	31,785	(30,727)	269	2,189	(726)	37,837	46	37,883
Issue of new placement Shares	17,000	-	-	-	-	-	17,000	-	17,000
Less: Share issue expenses	(804)	-	-	-	-	-	(804)	-	(804)
Profit for the period	-	649	-	-	-	-	649	(36)	613
Other comprehensive expenses	-	-	-	-	-	(147)	(147)	(4)	(151)
Total comprehensive income/(expenses) for the period	-	649	-	-	-	(147)	502	(40)	462
Balance at 30/06/15	51,243	32,434	(30,727)	269	2,189	(873)	54,535	6	54,541
Balance at 01/04/16	51,287	36,148	(30,727)	269	2,443	(835)	58,585	(118)	58,467
Interim dividend for FY2016	-	(724)	-	-	-	-	(724)	-	(724)
Profit for the period	-	1,865	-	-	-	-	1,865	30	1,895
Other comprehensive income	-	-	-	-	-	34	34	(1)	33
Total comprehensive income for the period	-	1,865	-	-	-	34	1,899	29	1,928
Balance at 30/06/16	51,287	37,289	(30,727)	269	2,443	(801)	59,760	(89)	59,671

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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.

Statements of Changes in Equity (Cont'd)

COMPANY (unaudited)	Share capital	Retained Profits	Total
	S\$'000	S\$'000	S\$'000
Balance at 01/04/15	35,047	(426)	34,621
Issue of new placement Shares	17,000	-	17,000
Less: Share issuance expenses	(804)	-	(804)
Total comprehensive loss for the period		(1,324)	(1,324)
Balance at 30/06/15	51,243	(1,750)	49,493
Balance at 01/04/16	51,287	1,789	53,076
Interim dividend for FY2016	-	(724)	(724)
Total comprehensive income for the period	-	25	25
Balance at 30/06/16	51,287	1,090	52,377

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- 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.**

The share capital of the Company was S\$51,286,998 comprising 361,857,200 ordinary shares as at 30 June 2016. There was no change in the Company's share capital since 31 March 2016.

The Company did not have any outstanding options, convertibles or treasury shares as at 30 June 2016 and 30 June 2015.

- 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 ordinary shares as at 30 June 2016 was 361,857,200 (as at 30 September 2015: 361,524,300). The Company does not have any treasury shares during and as at the end of the current financial year reported on.

- 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. The Company did not have any treasury shares as at 30 June 2016.

- 2. Where 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 Company's 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.**

Save as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in preparation of the financial statements for the current reporting period compared with the audited financial statements as at 30 September 2015.

- 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.**

In the current financial period, the Group and the Company have adopted all the new revised Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2015. The adoption of these new/revised FRSs and INT FRSs did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior reporting periods.

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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			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Earnings per ordinary share ("EPS")				
(i) Basic EPS - Based on weighted average number of ordinary shares in issue (Singapore cents)	0.52	0.18	1.62	1.14
(ii) On a fully diluted basis (Singapore cents)	0.52	0.18	1.62	1.14
Weighted average number of shares (in '000)	361,857	351,778	361,660	300,685

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 30 June 2016 and 30 June 2015.

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

	Group		Company	
	As at 30/06/16 (unaudited)	As at 30/09/15 (audited)	As at 30/06/16 (unaudited)	As at 30/09/15 (audited)
Net asset value (S\$'000)	59,760	55,434	52,377	53,371
Number of ordinary shares in issue (in '000)	361,857	361,524	361,857	361,524
Net asset value per ordinary share (Singapore cents)	16.51	15.33	14.47	14.76

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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 affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review on Group's Financial Results

Revenue

S\$ (in million)	3Q2016	3Q2015	Variance		9M2016	9M2015	Variance	
			S\$	%			S\$	%
Industrial Properties	13.3	11.1	2.2	19.8	40.1	33.3	6.8	20.4
Commercial Properties	5.9	5.8	0.1	1.7	17.7	17.4	0.3	1.7
Residential Properties	0.4	0.6	(0.2)	(33.3)	0.6	1.9	(1.3)	(68.4)
Space Optimisation Business	19.6	17.5	2.1	12.0	58.4	52.6	5.8	11.0
Facilities Management Business	3.2	2.5	0.7	28.0	9.0	7.0	2.0	28.6
Logistics Services Business	4.0	3.9	0.1	2.6	11.3	11.1	0.2	1.8
Total	26.8	23.9	2.9	11.9	78.7	70.7	8.0	11.4

9 months ended 30 June 2016 (9M2016) vs 9 months ended 30 June 2015 (9M2015)

The Group's revenue increased by approximately S\$8.0 million or 11.4% from approximately S\$70.7 million in 9M2015 to approximately S\$78.7 million in 9M2016. The increase was due to increase in rental income (which includes warehousing service fees) from our Group's Space Optimisation Business, primarily driven by Industrial Properties, as well as increased revenue from our Facilities Management Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties increased by approximately S\$6.8 million or 20.4% from approximately S\$33.3 million in 9M2015 to approximately S\$40.1 million in 9M2016. The increase in revenue was mainly due to an increase in rental income from the new master leases secured by the Group.

The average occupancy rate of industrial properties managed by the Group in 9M2016 was approximately 94%.

Commercial Properties

Revenue derived from Commercial Properties increased by approximately S\$0.3 million or 1.7% from approximately S\$17.4 million in 9M2015 to approximately S\$17.7 million in 9M2016. The increase in revenue was mainly due to an increase in rental income from our existing commercial properties as a result of the increase in rental rate in the first quarter ended 31 December 2015.

The average occupancy rate of the Group's commercial properties was approximately 94% in 9M2016.

Residential Properties

Revenue derived from Residential Properties decreased by approximately S\$1.3 million or 68.4% from approximately S\$1.9 million in 9M2015 to approximately S\$0.6 million in 9M2016. The decrease was mainly due to the expiry of the lease of its managing agent contract on a residential property at 15 Robin Road in October 2015.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$2.0 million or 28.6% from approximately S\$7.0 million in 9M2015 to approximately S\$9.0 million in 9M2016. The increase was mainly due to an increase in revenue generated from security services and car park management services from both existing sites and new car parks managed by our Group.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$0.2 million or 1.8% from approximately S\$11.1 million in 9M2015 to approximately S\$11.3 million in 9M2016. The increase was mainly due to increase in revenue from our container depot business in Thailand.

Cost of sales increased by approximately S\$5.5 million or 10.6% from approximately S\$52.2 million in 9M2015 to approximately S\$57.7 million in 9M2016. The increase in cost of sales was mainly due to increased rental costs of approximately S\$5.4 million from the new secured sites managed by our Group.

As a result of the abovementioned, gross profit increased by approximately S\$2.5 million from approximately S\$18.5 million in 9M2015 to approximately S\$21.0 million in 9M2016 whereas gross profit margin as a percentage of revenue increased from 26.1% in 9M2015 to 26.7% in 9M2016. The increase in gross profit was mainly due to higher rental income from our Industrial Properties.

Other operating income increased by approximately S\$0.1 million or 9.2%, from approximately S\$2.0 million in 9M2015 to approximately S\$2.1 million in 9M2016. The increase was mainly due to higher income from administrative services provided.

Selling and distribution expenses increased by approximately S\$0.1 million or 6.9% from approximately S\$1.4 million in 9M2015 to approximately S\$1.5 million in 9M2016. The increase was mainly due to an increase in payment of agent commission of approximately S\$0.3 million from rental sales of the new master leases secured by our Group. This was partially offset by decrease in advertising, marketing and promotion expenses of approximately S\$0.2 million.

Administrative expenses increased by approximately S\$1.3 million or 10.1% from approximately S\$13.1 million in 9M2015 to approximately S\$14.4 million in 9M2016. The increase in administrative expenses was mainly due to increase in depreciation of approximately S\$0.9 million arising from the increase in property plant and equipment, increase in employee benefit cost of approximately S\$0.7 million and increase in miscellaneous expenses of approximately S\$0.1 million. These were offset by a decrease in foreign exchange loss of approximately S\$0.4 million.

Finance costs increased by approximately S\$0.2 million or 41.3% from approximately S\$0.3 million in 9M2015 to approximately S\$0.5 million in 9M2016. The increase was mainly due to increase in interest expense as a result of higher borrowings as compared to the previous corresponding period.

There were no IPO expenses incurred for 9M2016 as compared to approximately S\$1.5 million incurred for 9M2015.

As a result of the aforementioned, the Group's profit before income tax increased by approximately S\$2.5 million or 61.1% from approximately S\$4.2 million in 9M2015 to approximately S\$6.7 million in 9M2016.

Taxation remained relatively unchanged at approximately S\$0.8 million in 9M2016 and 9M2015.

3 months ended 30 June 2016 (3Q2016) vs 3 months ended 30 June 2015 (3Q2015)

The Group's revenue increased by approximately S\$2.9 million or 11.9% from approximately S\$23.9 million in 3Q2015 to approximately S\$26.8 million in 3Q2016. The increase was mainly due to increase in rental income from Industrial Properties, as well as increased revenue from our Facilities Management Business.

(a) Space Optimisation Business**Industrial Properties**

Revenue derived from Industrial Properties increased by approximately S\$2.2 million or 19.8% from approximately S\$11.1 million in 3Q2015 to approximately S\$13.3 million in 3Q2016. The increase in revenue was mainly due to an increase in rental income from the new master leases secured by the Group.

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Commercial Properties

Revenue derived from Commercial Properties increased by approximately S\$0.1 million or 1.7% from approximately S\$5.8 million in 3Q2015 to approximately S\$5.9 million in 3Q2016. The increase in revenue was mainly due to an increase in rental income.

Residential Properties

Revenue derived from Residential Properties decreased by approximately S\$0.2 million or 33.3% from approximately S\$0.6 million in 3Q2015 to approximately S\$0.4 million in 3Q2016. The decrease was mainly due to the expiry of the lease of its managing agent contract on a residential property at 15 Robin Road in October 2015.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$0.7 million or 28.0% from approximately S\$2.5 million in 3Q2015 to approximately S\$3.2 million in 3Q2016. The increase was mainly due to an increase in revenue generated from security services and car park management services from both existing sites and new car parks managed by our Group.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$0.1 million or 2.6% from approximately S\$3.9 million in 3Q2015 to approximately S\$4.0 million in 3Q2016. The increase was mainly due to increase in revenue from our container depot business in Thailand.

Cost of sales increased by approximately S\$1.8 million or 9.9% from approximately S\$17.6 million in 3Q2015 to approximately S\$19.4 million in 3Q2016. The increase in cost of sales was mainly due to the increase of the following:-

- (a) rental costs of approximately S\$1.3 million in relation to the new secured sites managed by our Group;
- (b) upkeep and maintenance costs of approximately S\$0.3 million;
- (c) direct labour costs of approximately S\$0.1 million; and
- (d) sub-contracting costs of approximately S\$0.1 million.

As a result of the abovementioned, gross profit increased by approximately S\$1.1 million from approximately S\$6.3 million in 3Q2015 to approximately S\$7.4 million in 3Q2016. The increase was mainly due to higher rental income from our Industrial Properties.

Other operating income decreased by approximately S\$0.1 million or 12.5%, from approximately S\$0.6 million in 3Q2015 to approximately S\$0.5 million in 3Q2016. The decrease was mainly due to lower income from administrative services provided.

Selling and distribution expenses decreased by approximately S\$0.2 million or 31.3% from approximately S\$0.6 million in 3Q2015 to approximately S\$0.4 million in 3Q2016. The decrease was mainly due to a decrease in advertising expenses of approximately S\$0.2 million.

Administrative expenses was approximately S\$4.9 million for both 3Q2016 and 3Q2015. Depreciation expenses and miscellaneous expenses increase by approximately S\$0.2 million and S\$0.1 million respectively. This was offset by a decrease in foreign exchange loss of approximately S\$0.3 million.

Finance costs increased by approximately S\$0.1 million or 18.9% from approximately S\$0.1 million in 3Q2015 to approximately S\$0.2 million in 3Q2016. The increase was mainly due to increase in interest expense as result of higher borrowings as compared to the previous corresponding period.

There were no IPO expenses incurred for 3Q2016 as compared to approximately S\$0.1 million incurred for 3Q2015.

As a result of the aforementioned, the Group's profit before income tax increased by approximately S\$1.2 million or 97.7% from approximately S\$1.2 million in 3Q2015 to approximately S\$2.4 million in 3Q2016.

Taxation decreased by approximately S\$0.1 million from approximately S\$0.6 million in 3Q2015 to approximately S\$0.5 million in 3Q2016.

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Review of Statements of Financial Position**Group****Non-current assets**

Non-current assets increased by approximately S\$2.0 million from approximately S\$58.6 million as at 30 September 2015 to approximately S\$60.6 million as at 30 June 2016. The increase was mainly due to increase in property, plant and equipment, largely attributable to the capitalisation of renovation costs of new leased sites of approximately S\$1.1 million, increase in investment properties of approximately S\$0.5 million and investment in joint venture of approximately S\$0.4 million.

Current assets

Current assets decreased by approximately S\$0.3 million from approximately S\$48.0 million as at 30 September 2015 to approximately S\$47.7 million as at 30 June 2016. Fixed deposits decreased by approximately S\$4.5 million which was partially utilised for expansion of our operations. Inventories decreased by approximately S\$0.1 million. The decrease was offset by increase in trade and other receivables of approximately S\$2.4 million, prepayment of approximately S\$0.6 million and cash and balances of approximately S\$1.3 million. Increase in trade and other receivables of approximately S\$2.4 million was mainly due to increase in trade receivables of approximately S\$0.5 million and increase in other receivables of approximately S\$1.9 million. Increase in other receivables consist of mainly loan advanced to joint venture company of approximately S\$2.8m partially offset by the decrease in net GST receivables of approximately S\$0.9 million.

Non-current liabilities

Non-current liabilities decreased by approximately S\$0.1 million from approximately S\$20.6 million as at 30 September 2015 to approximately S\$20.5 million as at 30 June 2016. The decrease was mainly due to decrease in obligations under finance lease of approximately S\$0.1 million.

Current liabilities

Current liabilities decreased by approximately S\$2.8 million from approximately S\$30.8 million as at 30 September 2015 to approximately S\$28.0 million as at 30 June 2016. The decrease was mainly due to decrease in trade and other payables of approximately S\$2.5 million and decrease in current tax payables of approximately S\$0.4 million. These were partially offset against increase in bank borrowings of approximately S\$0.1 million.

Review of Statement of Cash Flows**9M2016**

In 9M2016, we recorded net cash generated from operating activities of approximately S\$5.5 million, which was a result of operating cash flows before changes in working capital of S\$12.0 million and net working capital outflow of approximately S\$5.0 million, adjusted for income tax paid of approximately S\$1.1 million and net interest expense paid of approximately S\$0.4 million. Our working capital outflows were mainly due to an increase in operating receivables of approximately S\$2.9 million and a decrease in operating payables of approximately S\$2.2 million. These were partially offset by a decrease in inventories of approximately S\$0.1 million.

Net cash used in investing activities amounted to approximately S\$5.6 million, which was mainly due to the acquisition of property, plant and equipment of approximately S\$5.4 million and incorporation of joint venture of approximately S\$0.5 million. These were partially offset by proceeds from disposals of property, plant and equipment of approximately S\$0.3 million.

Net cash used in financing activities amounted to approximately S\$3.1 million which was due to the repayment of finance lease of approximately S\$1.3 million, repayment of bank borrowings of approximately S\$1.1 million, repayment of amount due to a director of our subsidiaries of approximately S\$0.2 million and dividend paid of approximately S\$1.8 million. These were partially offset by proceeds received from bank borrowings obtained of approximately S\$1.3 million.

As a result of the above, the cash and cash equivalents decreased by of approximately S\$3.2 million, amounting to S\$21.4 million as at 30 June 2016.

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3Q2016

In 3Q2016, we recorded net cash generated from operating activities of approximately S\$1.8 million, which was a result of operating cash flows before changes in working capital of S\$4.1 million and net working capital outflow of approximately S\$1.6 million, adjusted for income tax paid of approximately S\$0.5 million and net interest expense paid of approximately S\$0.2 million. Our working capital outflows were mainly due to an increase in operating receivables of approximately S\$1.0 million and a decrease in operating payables of approximately S\$0.6 million.

Net cash used in investing activities amounted to approximately S\$2.0 million, which was mainly due to the acquisition of property, plant and equipment of approximately S\$1.5 million and incorporation of joint venture of approximately S\$0.5 million.

Net cash used in financing activities amounted to approximately S\$1.2 million which was due to the repayment of finance lease liabilities of approximately S\$0.5 million, repayment of bank borrowings of approximately S\$0.4 million and dividend paid of approximately S\$0.7 million. These were partially offset by proceeds received from bank borrowings obtained of approximately S\$0.4 million.

As a result of the above, the cash and cash equivalents decreased by of approximately S\$1.4 million amounting to S\$21.4 million as at 30 June 2016.

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

There was no forecast or prospect statements previously disclosed to shareholders.

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.

LHN Group's main revenue generator remains its Space Optimisation Business. Its strategy to focus on growing its portfolio of industrial and commercial properties outside the CBD has continued to pay off. Specifically, the response to its new project at 18 Tampines Industrial Crescent has been very encouraging.

The overall muted global economy has led to a slowdown in the real estate sector as businesses downsize and/or hold off expansion plans. An oversupply of industrial and commercial space has also dampened demand. However, the Group will continue to maintain occupancies and it remains cautiously optimistic about the mid to long term period as it focuses more on securing tenants from growth industries such as the infocomm and e-commerce sectors.

In other positive developments, the Group had on 12 May 2016 announced the completion of the purchase of 38 Ang Mo Kio Industrial Park 2. On 29 June 2016, it also announced that it has exercised the option to purchase a carpark property located at Golden Mile Tower for a cash consideration of S\$26 million. Both of these will expand the net lettable area as well as the number of car parks under the Group's management. Most recently on 27 July 2016, LHN announced it had entered into another 50% joint venture for the proposed acquisition of Four Star Industries Pte Ltd, a company engaged in the business of manufacture and wholesale trade of mattresses and related furniture products. The proposed acquisition, which is at a purchase consideration of S\$900,000, includes a JTC Corporation leasehold 6-storey purpose built flatted factory building with approximately 17 years remaining on the lease. This development paves the way for LHN to employ its space optimisation expertise on the furniture business and property.

Barring unforeseen circumstances, the Group is cautiously optimistic about the average occupancy rate across its property portfolio remaining stable. It is constantly in active negotiations with landlords to secure more master leases of strategically located properties with good leasing potential.

Beyond Singapore, LHN Group's operations in Indonesia, Thailand and Myanmar remain stable and the Group continues to be on the lookout for expansion opportunities in the ASEAN region through acquisitions, joint ventures and strategic alliances which will give it access to new markets and customers.

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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) **The date the dividend is payable.**

Not applicable.

- (d) **Books closure date.**

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

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13. If the group has obtained 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.

Other than the Restructuring Exercise and interested person transactions as disclosed on pages 82 to 84, 235 to 236 and 239 to 240 of the Offer Document dated 1 April 2015, there were additional interested person transactions of S\$100,000 and above during the financial period under review. Details of the additional interested person transactions of S\$100,000 and above are as follows:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$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 S\$100,000)	
	3 months ended 30 June 2016 S\$'000	9 months ended 30 June 2016 S\$'000	3 months ended 30 June 2016 S\$'000	9 months ended 30 June 2016 S\$'000
<u>Payments received by our Group PJS Companies*</u>				
- Property leases or sub-leases	-	-	131	374
- Facilities management services	-	-	2	12
<u>LHN Culinary Group and its subsidiaries**</u>				
- Facilities management services	-	-	24	73
	-	-	157	459
<u>Payments paid by our Group PJS Companies*</u>				
- Purchase of food and beverage products and services	-	-	1	3
<u>LHN Culinary Group and its subsidiaries**</u>				
- Purchase of food and beverage products and services	-	-	22	38
	-	-	23	41
Total	-	-	180	500

* PJS Companies comprises Café @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd. as disclosed on page 241 of the Offer Document dated 1 April 2015.

** LHN Culinary Group and its subsidiaries comprises LHN Culinary Concepts Pte. Ltd. and its subsidiaries, namely, Alkaff Mansion Ristorante Pte. Ltd. and Parco Caffè Holdings Pte. Ltd. as disclosed on page 236 of the Offer Document dated 1 April 2015.

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14. Utilisation of Proceeds from the Initial Public Offering (“IPO”)

The following table sets out the breakdown of the use of proceeds from the IPO as at the date of announcement:

S/N	Purpose of IPO Proceeds	Amount Allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
1	To grow our property portfolio and acquire our own properties	5,000	5,000	-
2	Expansion of our Logistics Services Business and Facilities Management Business	3,000	1,137	1,863
3	Expansion of our operations in existing markets and into new markets	3,000	3,000	-
4	Development of technological capability	500	142	358
5	General working capital	2,931	2,536	395
6	Listing expenses	2,569	2,569	-
	Total	17,000	14,384	2,616

The above utilisation is in accordance with the intended use of proceeds of IPO as stated in the Offer Document dated 1 April 2015.

Amount utilised for general working capital of approximately S\$2.5 million consisted of payment for:

- (i) partial rental cost and security deposit of approximately S\$0.4 million in relation to master lease secured for our second GreenHub Suited Offices in Jakarta; and
- (ii) renovation costs of approximately S\$2.1 million in relation to master leases secured for our Space Optimisation Business.

The Company will continue to make periodic announcement via SGXNET on the utilisation of the balance of the gross proceeds from the IPO as and when such proceeds are materially disbursed.

15. Negative Confirmation of Interim Financial Results pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the third quarter and nine months ended 30 June 2016 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

By Order of the Board
Kelvin Lim
Executive Chairman and Group Managing Director
10 August 2016