

Unaudited Half Year Financial Statements For The Period Ended 30 June 2017

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		
		30/06/2017 S\$'000	30/06/2016 S\$'000	Change (%) increase / (decrease)
Revenue	Para 8.01	19,957	26,198	(23.8%)
Cost of sales		(13,959)	(18,357)	(24.0%)
Gross profit	Para 8.02	5,998	7,841	(23.5%)
Other income	(i) & Para 8.03	1,644	2,395	(31.4%)
Distribution expenses	Para 8.04	(780)	(1,132)	(31.1%)
Administrative expenses	(ii) & Para 8.05	(4,711)	(4,957)	(5.0%)
Other expenses	(iii) & Para 8.06	(394)	(322)	22.4%
Finance costs	(iv) & Para 8.07	(15)	(39)	(61.5%)
Profit before income tax	(v) & Para 8.08	1,742	3,786	(54.0%)
Income tax expenses	(vi) & Para 8.11(4)	(369)	(1,043)	(64.6%)
Profit for the financial period		1,373	2,743	(49.9%)
Attributable to: Owners of the parent		1,373	2,743	(49.9%)

Notes to the consolidated income statement

Notes		Note	Group	
			30/06/2017 S\$'000	30/06/2016 S\$'000
(i)	Other Income			
	Waste collection income		103	140
	Heat treatment and utilities income		173	163
	Rental and services income		1,039	1,430
	Gain on disposal of property, plant and equipment	(a)	53	-
	Government grants		167	484
	Reversal of doubtful trade receivables written off		40	57
	Other income		69	121
	Total		1,644	2,395

Notes	Note	Group	
		30/06/2017 S\$'000	30/06/2016 S\$'000
(ii)	Administrative expenses		
	Advertisement expenses / Marketing and promotion expenses	(31)	(93)
	Depreciation of property, plant and equipment	(901)	(924)
	Insurance expenses	(240)	(222)
	Legal and professional fee	(89)	(70)
	Property tax	(180)	(180)
	Rental expenses on premises	(472)	(496)
	Subletting fee	(37)	(53)
	Upkeep and maintenance expenses	(88)	(111)
(iii)	Other expenses		
	Foreign exchange loss, net	(394)	(278)
	Allowance for doubtful trade receivables	-	(44)
	Total	(394)	(322)
(iv)	Finance costs		
	- Finance leases	(6)	(15)
	- Loan Interest	(9)	(24)
	Total	(15)	(39)
(v)	Profit before income tax is stated after (charging) / crediting		
	Non-audit fees paid to auditors of the Company	(10)	(16)
	Depreciation of property, plant and equipment – cost of sales	(819)	(861)
	Directors' fees	(94)	(97)
	Employee benefits expenses		
	-Post-employment benefits	(240)	(226)
	-Salaries wages and other costs	(3,750)	(3,622)
(vi)	Income tax expenses		
	Charge for income tax in respect of profit for the period:		
	-Current tax	(369)	(1,043)

Note:

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

	30/06/2017 S\$'000	30/06/2016 S\$'000
Rental pallets	58	3
Equipment and machinery	6	-
Total	64	3

Statement of Comprehensive Income

	Group 30/06/2017 S\$'000	Group 30/06/2016 S\$'000	Change + / (-) %
Total profit for the period	1,373	2,743	(49.9%)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(80)	(59)	35.6%
Total comprehensive income for the period	1,293	2,684	(51.8%)

Total comprehensive income attributable to:

Owners of the parent

1,2932,684

(51.8%)

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 30/06/2017 S\$'000	As at 31/12/2016 S\$'000	As at 30/06/2017 S\$'000	As at 31/12/2016 S\$'000
Non-Current Assets	Para 8.09				
Property, plant and equipment		17,438	18,754	8,581	9,315
Investments					
-Subsidiary companies		-	-	12,345	12,345
-Investment Property		5,750	5,750	5,750	5,750
		23,188	24,504	26,676	27,410
Current Assets	Para 8.10				
Inventories		5,957	6,981	4,338	5,047
Trade receivables		8,412	8,554	6,534	6,613
Amounts due from subsidiary companies		-	-	3,910	4,471
Other receivables		883	731	407	132
Fixed deposits		155	173	-	-
Cash and cash equivalents		11,930	13,039	5,693	7,108
		27,337	29,478	20,882	23,371
Less:					
Current Liabilities	Para 8.11				
Trade payables and accruals		2,591	3,630	1,731	2,373
Amounts due to subsidiary companies		-	-	3,055	2,691
Other payables		546	685	434	456
Finance lease payables		155	288	-	22
Term loan, secured		464	907	464	907
Income tax payables		747	892	395	574
		4,503	6,402	6,079	7,023
Net Current Assets	Para 8.13	22,834	23,076	14,803	16,348
Less:					
Non-Current Liabilities	Para 8.12				
Finance lease payables		127	186	-	-
Term loan, secured		-	130	-	130
Deferred tax liabilities		993	993	549	549
		1,120	1,309	549	679
		44,902	46,271	40,930	43,079
Equity	Para 1 d(i)				
Share capital		24,621	24,621	24,621	24,621
Currency translation reserve		(2,369)	(2,289)	-	-
Asset revaluation reserve		1,376	1,376	1,376	1,376
Retained earnings		21,274	22,563	14,933	17,082
		44,902	46,271	40,930	43,079

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

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
619	-	1,195	-

Amount repayable after one year

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
127	-	316	-

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.

Borrowings with a carrying amount of \$0.62 million (FY2016: \$1.19 million) are repayable within one year and bear interest at rates ranging from 2.37% to 3.36% (FY2016: 1.88% to 3.66%) per annum.

Borrowings with a carrying amount of \$0.13 million (FY2016: \$0.32 million) are repayable after one year and bear interest at rates ranging from 2.37% to 3.36% (FY2016: 1.88% to 3.66%) 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

	30/06/2017 S\$'000	30/06/2016 S\$'000
Operating activities:		
Profit before income tax	1,742	3,786
Adjustments for:		
Reversal of doubtful trade receivables written off	(40)	(57)
Depreciation of property, plant and equipment	1,720	1,785
Gain on disposal of property, plant and equipment	(53)	-
Property, plant, equipment written off	14	30
Interest Income	(10)	(7)
Interest expense	15	39
Operating cash flow before movements in working capital	3,388	5,576
Changes in working capital:		
Decrease in inventories	1,024	(565)
Increase in trade and other receivables	(13)	(1,253)
Decrease in trade and other payables	(1,178)	(1,255)
Cash generated from operations	3,221	2,503
Interest received	10	7
Interest paid	(15)	(39)
Income taxes paid	(472)	(435)
Net cash from operating activities	2,744	2,036
Investing activities:		
Proceeds from disposal of property, plant and equipment	64	3
Purchase of property, plant and equipment	(484)	(819)
Net cash used in investing activities	(420)	(816)
Financing activities:		
Dividend paid	(2,662)	(1,597)
Decrease in fixed deposits	18	-
Repayment of finance lease obligations	(192)	(251)
Repayment of term loans	(573)	(466)
Net cash used in financing activities	(3,409)	(2,314)
Net change in cash and cash equivalents	(1,085)	(1,094)
Cash and cash equivalents at beginning of financial period	13,039	9,215
Net effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	(24)	14
Cash and cash equivalents at end of financial period	11,930	8,135

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

	30/06/2017 S\$'000	30/06/2016 S\$'000
Cash and cash equivalents	11,930	8,135
Fixed deposits	155	171
Sub-total	12,085	8,306
Fixed deposits pledged with bank	(155)	(171)
Total	11,930	8,135

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 2017	24,621	1,376	(2,289)	22,563	46,271
Total comprehensive income for the period					
Profit for the year	-	-	-	1,373	1,373
Other comprehensive income:					
Exchange difference on translating foreign subsidiaries	-	-	(80)	-	(80)
Total comprehensive income for the period	-	-	(80)	1,373	1,293
Dividend paid	-	-	-	(2,662)	(2,662)
Balance at 30 June 2017	24,621	1,376	(2,369)	21,274	44,902
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
Company					
Balance at 1 January 2017	24,621	1,376	-	17,082	43,079
Total comprehensive income for the period					
Profit for the year	-	-	-	513	513
Total comprehensive income for the period	-	-	-	513	513
Dividend paid	-	-	-	(2,662)	(2,662)
Balance at 30 June 2017	24,621	1,376	-	14,933	40,930
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



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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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, treasury shares and subsidiary holdings 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 2016: 53,244,997).

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

As at 30 June 2017, the Company did not hold any of its issued shares as treasury shares. (As at 30 June 2016: Nil).

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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 2016. 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		
	30/06/2017	30/06/2016	+/(-)%
Net Profit attributable to owners of the parent (S\$'000)	1,373	2,743	(49.9%)
Weighted average number of shares in issue (in '000s)	53,245	53,245	-
Earnings per share (cents)			
(i) On basic	2.58	5.15	(49.9%)
(ii) On a fully diluted basis	2.58	5.15	(49.9%)

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		
	30/06/2017	31/12/2016	+/(-)%	30/06/2017	31/12/2016	+/(-)%
Net asset value per Ordinary Share (cents) based on issued share capital at the end of financial period	84.33	86.90	(3.0%)	76.87	80.91	(5.0%)

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 2017 (HY2017) decreased by



23.8% or \$6.24 million to \$19.96 million as compared with \$26.20 million for the six months period ended 30 June 2016 (HY2016).

The sale of pallets and packaging business decreased by 28.2% or \$5.94 million from \$21.04 million to \$15.10 million due to much weaker economic conditions in HY2017.

The pallet rental income decreased by 8.6% or \$0.22 million from \$2.55 million to \$2.33 million due to shorter rental periods and lower transportation revenue.

Technical Wood® and Technical Wood® related products decreased by 70.8% or \$0.17 million from \$0.24 million to \$0.07 million as more Technical Wood® are used for internal consumption and less for external sales.

Revenue from trading and timber related products has decreased by 7.9% or \$0.15 million from \$1.89 million to \$1.74 million due to decrease in market demand arising from weaker economic conditions.

The revenue arising from the supply of woodchip increased by 46.9% or \$0.23 million from \$0.49 million to \$0.72 million due to increased woodchip prices during the period.

8.02 Gross Profit:

The gross profit decreased by 23.5% or \$1.84 million from \$7.84 million in HY2016 to \$6.0 million in HY2017 on lower total turnover.

8.03 Other Income:

Other income decreased by 31.4% or \$0.75 million to \$1.64 million in HY2017 as compared to \$2.39 million in HY2016 due mainly to decreases in rental and services income, waste collection and other income. Please refer to page 1, note (i).

8.04 Distribution Expenses:

Distribution expenses decreased by 31.0% or \$0.35 million to \$0.78 million in HY2017 from \$1.13 million in HY2016 in line with reduction in total revenue.

8.05 Administrative Expenses:

Administrative expenses decreased by 5.0% or \$0.25 million to \$4.71 million in HY2017 from \$4.96 million in HY2016 mainly due to the decreases in advertisements and promotional expenses, depreciation and sublet fees. Please refer to page 2, note (ii) and (v).

8.06 Other Expenses:

Other expenses increased by approximately 21.9% or \$0.07 million to \$0.39 million in HY2017 from \$0.32 million in HY2016 mainly due to foreign exchange losses. Please refer to page 2, note (iii).

8.07 Finance Costs:

Finance costs decreased by 75.0% or \$0.03 million to \$0.01 million in HY2017 from \$0.04 million in HY2016 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 decreased by 54.1% or \$2.05 million to \$1.74 million in HY2017 as compared to \$3.79 million in HY2016 due mainly to decreases in revenue.

8.09 Non-Current Assets:

Non-current assets decreased by 5.3% or \$1.31 million from \$24.50 million as at 31 December 2016 (FY2016) to \$23.19 million as at 30 June 2017 (HY2017). The decrease was due to the depreciation of non-current assets for the period.

8.10 Current Assets:

The decrease in current assets by 7.3% or \$2.14 million to \$27.34 million in HY2017 from \$29.48 million in FY2016 was attributable to:

- (1) a decrease in inventory to \$5.96 million in HY2017 from \$6.98 million in FY2016 in line with lower sales volume;
- (2) a decrease in trade receivables to \$8.4 million in HY2017 from \$8.6 million in FY2016 in line with lower revenue;
- (3) a slight increase in other receivables to \$0.88 million in HY2017 from \$0.73 million in FY2016; and
- (4) a decrease in cash and cash equivalents (inclusive of fixed deposit) to \$12.08 million in HY2017 from \$13.21 million in FY2016 due to operational use of funds.

8.11 Current Liabilities:

The current liabilities decreased by 29.7% or \$1.90 million to \$4.50 million in HY2017 compared to \$6.40 million in FY2016 mainly due to the following:

- (1) a decrease in trade payables and accruals to \$2.59 million in HY2017 from \$3.63 million in FY2016;
- (2) a decrease in finance lease payables to \$0.16 million from \$0.29 million;
- (3) a decrease in other payables to \$0.55 million in HY2017 from \$0.69 million in FY2016, and
- (4) a decrease in income tax payable to \$0.75 million in HY2017 from \$0.89 million in FY2016 due to lower profits for the period.

8.12 Non-Current Liabilities:

The decrease of non-current liabilities by 14.5% or \$0.19 million to \$1.12 million in HY2017 from \$1.31 million in FY2016 was due to repayments of finance lease and term loan during the period.

8.13 Working Capital (Net Current Assets):

The Group's working capital decreased slightly by 1.1% or \$0.25 million to \$22.83 million in HY2017 from \$23.08 million in FY2016 due mainly to decreases in inventories, trade receivables and other receivables.

8.14 Consolidated Statement of Cash Flows:

The Group's cash and cash equivalents increased by 46.6% or \$3.79 million to \$11.93 million in HY2017 from \$8.14 million in HY2016. 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 FY2016 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 increasingly challenging market conditions and the uncertainties in the economy, the Group maintains a cautious outlook for the coming months. Management will continue to remain vigilant and closely monitor costs.

The Company has received notification from its lessor informing that as part of the lessor's plans to

upgrade the infrastructure for the Sungei Kadut estate, the Company's property located at 44 Sungei Kadut Street 1 will be affected and required to be relocated by 2020, ahead of the lease expiry in 2025. The Company is now in the process of discussion with the lessor on relocation plans moving forward.

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 2017 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. \$429,131	\$0
Leayong Trading ("LT")	LT is providing transport services to subsidiaries of the Company. \$57,265	\$0
Gold Leayong Trading ("GLT")	GLT is providing transport services to subsidiaries of the Company. \$23,344	\$0



	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)
Total	\$509,740	\$0

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 2017 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
Managing Director

11 August 2017



BOARD NEGATIVE ASSURANCE CONFIRMATION
FOR HALF YEAR RESULTS

Confirmation by the Board on the Half Year to 30 June 2017 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 2017 to be false or misleading.

On behalf of the board of directors

Ms Yap Mui Kee
Managing Director

Mr Tan Kok Hiang
Non-Executive, Lead Independent Director