

**LHN LIMITED**

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND  
QUARTER AND HALF YEAR ENDED 31 MARCH 2017**

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This announcement has been prepared by LHN Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (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 Ms Gillian Goh, Director, Head of 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 SECOND QUARTER ("2Q2017") AND HALF YEAR ENDED 31 MARCH 2017 ("1H2017")**

	Group					
	3 Months Ended 31 March			6 Months Ended 31 March		
	2017 (unaudited)	2016 (unaudited)	Change	2017 (unaudited)	2016 (unaudited)	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	27,145	26,020	4.3	53,584	51,967	3.1
Cost of sales	(20,123)	(18,819)	6.9	(40,217)	(38,346)	4.9
<b>Gross profit</b>	7,022	7,201	(2.5)	13,367	13,621	(1.9)
Other operating income	430	1,032	(58.3)	1,305	1,603	(18.6)
Selling and distribution expenses	(277)	(470)	(41.1)	(562)	(1,051)	(46.5)
Administrative expenses	(5,660)	(5,094)	11.1	(11,052)	(9,499)	16.3
Other operating expenses	(159)	(42)	>100	(161)	(42)	>100
Finance costs	(154)	(153)	0.7	(304)	(304)	-
Share of results of associates and joint ventures, net of tax	(9)	13	NM	3,877	19	>100
Fair value loss on investment properties	(1,439)	-	NM	(1,439)	-	NM
<b>(Loss)/profit before taxation</b>	(246)	2,487	NM	5,031	4,347	15.7
Taxation	177	5	>100	(52)	(330)	(84.2)
<b>(Loss)/profit after taxation for the period</b>	(69)	2,492	NM	4,979	4,017	23.9
<b>Other comprehensive (expenses)/income after tax</b>						
<u>Item that will be reclassified subsequently to profit or loss</u>						
Currency translation differences arising from consolidation	(51)	11	NM	(1)	184	NM
<u>Item that will not be reclassified subsequently to profit or loss</u>						
Revaluation gains on leasehold building	279	-	NM	279	-	NM
Other comprehensive income after tax	228	11	>100	278	184	51.1
<b>Total comprehensive income for the year, net of tax</b>	159	2,503	(93.6)	5,257	4,201	25.1
(Loss)/profit attributable to:						
Equity holders of the Company	(177)	2,477	NM	4,707	4,011	17.4
Non-controlling interests	108	15	>100	272	6	>100
<b>(Loss)/profit for the period</b>	(69)	2,492	NM	4,979	4,017	23.9
Total comprehensive income attributable to:						
Equity holders of the Company	51	2,486	(97.9)	4,987	4,192	19.0
Non-controlling interests	108	17	>100	270	9	>100
<b>Total comprehensive income for the period</b>	159	2,503	(93.6)	5,257	4,201	25.1
NM – Not Meaningful						

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

	Group			
	3 Months Ended 31 March		6 Months Ended 31 March	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,503	1,618	3,050	3,279
Interest income	(127)	(38)	(148)	(80)
Finance costs	154	153	304	304
Allowance for impairment of trade receivables	31	42	33	42
Foreign exchange loss/(gain), net	246	163	(80)	(119)
(Gain)/loss on disposal of property, plant and equipment, net	(67)	44	(75)	33
Property, plant and equipment written off	14	-	15	-

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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.**

**Statements of Financial Position**

	Group		Company	
	As At 31/03/17 (unaudited)	As At 30/09/16 (audited)	As At 31/03/17 (unaudited)	As At 30/09/16 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	16,856	26,453	-	-
Investment properties	27,405	37,472	-	-
Subsidiaries	-	-	32,727	32,727
Associates	122	111	-	-
Joint ventures	11,752	7,294	-	-
Deferred tax assets	394	441	-	-
Long-term prepayments	545	658	-	-
	57,074	72,429	32,727	32,727
<b>Current assets</b>				
Inventories	13	18	-	-
Trade and other receivables	21,864	19,831	19,657	19,824
Prepayments	3,134	3,652	228	19
Cash and bank balances	16,634	19,926	464	2,872
Fixed deposits	5,711	5,706	-	-
	47,356	49,133	20,349	22,715
Non-current assets classified as held-for-sale	20,000	-	-	-
	67,356	49,133	20,349	22,715
<b>TOTAL ASSETS</b>	124,430	121,562	53,076	55,442
<b>EQUITY</b>				
<b>Capital and Reserves</b>				
Share capital	51,287	51,287	51,287	51,287
Treasury shares	(186)	(245)	(186)	(245)
Reserves	21,900	18,506	1,525	3,070
	73,001	69,548	52,626	54,112
Non-controlling interests	151	(119)	-	-
<b>TOTAL EQUITY</b>	73,152	69,429	52,626	54,112
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	304	267	-	-
Provision for reinstatement cost	203	351	-	-
Other payables	19	7	-	-
Obligations under finance lease	2,840	2,401	-	-
Bank borrowings	17,329	18,187	-	-
	20,695	21,213	-	-
<b>Current liabilities</b>				
Trade and other payables	25,742	26,390	414	1,256
Provision for reinstatement cost	152	-	-	-
Obligations under finance lease	1,522	1,363	-	-
Bank borrowings	1,904	1,817	-	-
Current tax payable	1,263	1,350	36	74
	30,583	30,920	450	1,330
<b>TOTAL LIABILITIES</b>	51,278	52,133	450	1,330
<b>TOTAL EQUITY AND LIABILITIES</b>	124,430	121,562	53,076	55,442

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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:**

	<b>Group</b>	
	<b>As At 31/03/17 (unaudited)</b>	<b>As At 30/09/16 (audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Amount repayable in one year or less (secured and guaranteed)</b>		
- Bank borrowings	1,904	1,817
- Obligations under finance lease	1,522	1,363
	3,426	3,180
<b>Amount repayable after one year (secured and guaranteed)</b>		
- Bank borrowings	17,329	18,187
- Obligations under finance lease	2,840	2,401
	20,169	20,588
<b>Total borrowings</b>	<b>23,595</b>	<b>23,768</b>

The Group does not have any unsecured borrowings and debt securities as at 31 March 2017 and 30 September 2016.

**Details of any collaterals:**

- Bank borrowings of approximately S\$19.2 million (30 September 2016 – S\$20.0 million) obtained by our subsidiaries are secured by legal mortgage of leasehold property at 72 Eunus Avenue 7 and 100 Eunus Avenue 7, corporate guarantees by the Group and assignment of rental proceeds of the mortgaged properties.
- 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 Second Quarter and Half Year Ended 31 March 2017**

	Group			
	3 Months Ended 31 March		6 Months Ended 31 March	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
(Loss)/profit before income tax	(246)	2,487	5,031	4,347
Share of results of associates and joint ventures	9	(13)	(3,877)	(19)
Adjustments for:				
Depreciation of property, plant and equipment	1,503	1,618	3,050	3,279
(Gain)/loss on disposal of property, plant and equipment	(67)	44	(75)	33
Property, plant and equipment written off	14	-	15	-
Fair value loss on investment properties	1,439	-	1,439	-
Waiver of debt from a director of subsidiaries	(2)	(36)	(22)	(36)
Employee performance shares expenses	87	44	87	44
Interest income	(127)	(38)	(148)	(80)
Interest expenses	154	153	304	304
<b>Operating profit before working capital changes</b>	<b>2,764</b>	<b>4,259</b>	<b>5,804</b>	<b>7,872</b>
Decrease in inventories	9	5	5	108
Decrease/(Increase) in operating receivables	112	(736)	(610)	(1,943)
Decrease in operating payables	(2,046)	(260)	(863)	(1,620)
<b>Cash generated from operations</b>	<b>839</b>	<b>3,268</b>	<b>4,336</b>	<b>4,417</b>
Interest expense paid	(195)	(121)	(295)	(272)
Income tax paid	(27)	(453)	(54)	(526)
<b>Net cash generated from operating activities</b>	<b>617</b>	<b>2,694</b>	<b>3,987</b>	<b>3,619</b>
<b>Cash flows from investing activities:</b>				
Acquisition of property, plant and equipment	(1,482)	(1,766)	(2,107)	(3,927)
Addition of investment properties	(83)	-	(955)	-
Acquisition of a joint venture	-	-	(150)	-
Advances to joint ventures, net	(1,050)	-	(970)	-
Proceeds from disposals of property, plant and equipment	71	4	79	258
Interest received	18	8	26	49
<b>Net cash used in investing activities</b>	<b>(2,526)</b>	<b>(1,754)</b>	<b>(4,077)</b>	<b>(3,620)</b>
<b>Cash flows from financing activities:</b>				
Repayment of obligations under finance lease	(404)	(404)	(811)	(802)
Placements of deposits - current	-	-	(5)	(10)
Bank borrowings obtained	-	890	-	890
Bank borrowings repaid	(386)	(355)	(770)	(709)
Repayment to a director of subsidiaries	-	-	-	(166)
Dividend paid	(1,622)	(1,085)	(1,622)	(1,085)
<b>Net cash used in financing activities</b>	<b>(2,412)</b>	<b>(954)</b>	<b>(3,208)</b>	<b>(1,882)</b>
Net decrease in cash and cash equivalents	(4,321)	(14)	(3,298)	(1,883)
Cash and cash equivalents at beginning of period	20,989	22,791	19,926	24,638
Effect of currency translation on cash and cash equivalents	(34)	(4)	6	18
<b>Cash and cash equivalents at end of period</b>	<b>16,634</b>	<b>22,773</b>	<b>16,634</b>	<b>22,773</b>
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	16,634	16,728	16,634	16,728
Fixed deposits	5,711	11,701	5,711	11,701
	22,345	28,429	22,345	28,429
Less: Pledged fixed deposits	(5,711)	(5,656)	(5,711)	(5,656)
<b>Cash and cash equivalents as per consolidated statement of cash flows</b>	<b>16,634</b>	<b>22,773</b>	<b>16,634</b>	<b>22,773</b>

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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	Treasury shares	Retained profits	Merger reserves	Capital 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	S\$'000
<b>Balance at 01/01/16</b>	51,243	-	34,756	(30,727)	-	269	2,443	(844)	57,140	(135)	57,005
Issue of shares for employee performance	44	-	-	-	-	-	-	-	44	-	44
Dividend paid for FY2015	-	-	(1,085)	-	-	-	-	-	(1,085)	-	(1,085)
Profit for the period	-	-	2,477	-	-	-	-	-	2,477	15	2,492
Other comprehensive income	-	-	-	-	-	-	-	9	9	2	11
Total comprehensive income for the period	-	-	2,477	-	-	-	-	9	2,486	17	2,503
<b>Balance at 31/03/16</b>	51,287	-	36,148	(30,727)	-	269	2,443	(835)	58,585	(118)	58,467
<b>Balance at 01/01/17</b>	51,287	(245)	51,391	(30,727)	-	269	3,202	(692)	74,485	43	74,528
Issuance of treasury shares for employee performance	-	59	-	-	28	-	-	-	87	-	87
Dividend paid for FY2016	-	-	(1,622)	-	-	-	-	-	(1,622)	-	(1,622)
(Loss)/profit for the period	-	-	(177)	-	-	-	-	-	(177)	108	(69)
Other comprehensive (expense)/ income	-	-	-	-	-	-	279	(51)	228	-	228
Total comprehensive (expense)/ income for the period	-	-	(177)	-	-	-	279	(51)	51	108	159
<b>Balance at 31/03/17</b>	51,287	(186)	49,592	(30,727)	28	269	3,481	(743)	73,001	151	73,152

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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)**

<b>COMPANY (unaudited)</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Capital reserve</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 01/01/16</b>	51,243	-	-	2,146	53,389
Issue of shares for employee performance	44	-	-	-	44
Dividend paid for FY2015	-	-	-	(1,085)	(1,085)
Total comprehensive income for the period	-	-	-	728	728
<b>Balance at 31/03/16</b>	<b>51,287</b>	<b>-</b>	<b>-</b>	<b>1,789</b>	<b>53,076</b>
<b>Balance at 01/01/17</b>	51,287	(245)	-	3,097	54,139
Issuance of treasury shares for employee performance	-	59	28	-	87
Dividend paid for FY2016	-	-	-	(1,622)	(1,622)
Total comprehensive income for the period	-	-	-	22	22
<b>Balance at 31/03/17</b>	<b>51,287</b>	<b>(186)</b>	<b>28</b>	<b>1,497</b>	<b>52,626</b>



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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 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 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.**

As at 31 March 2017, the share capital of the Company amounted to S\$51,286,998 comprising 360,445,400 issued ordinary shares excluding treasury shares (as at 31 March 2016: S\$51,286,998 comprising 361,857,200 issued ordinary shares).

During the second quarter ended 31 March 2017, there was no issuance of new ordinary shares.

The Company did not have any outstanding options, convertibles or subsidiary holdings as at 31 March 2017 and 31 March 2016.

- 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 (excluding treasury shares) as at 31 March 2017 was 360,445,400 (as at 30 September 2016: 360,004,200).

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

	Number of Shares	Treasury Shares S\$'000
Balance at 1 January 2017	1,853,000	245
Treasury shares transferred	(441,200)	(59)
Balance at 31 March 2017	1,411,800	186

During the second quarter ended 31 March 2017, 441,200 treasury shares were transferred to participants of the LHN Performance Share Plan. After the transfer, the balance of treasury shares as at 31 March 2017 was 1,411,800 shares, representing approximately 0.392% of the total issued shares of the Company.

- 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 as the Company did not hold any subsidiary holdings as at the end of the current financial period reported on.

- 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.

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**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 for the last report ended 30 September 2016.

**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 2016. The adoption of these new/revised FRSs and INT FRSs does 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.

**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 31 March		6 Months Ended 31 March	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<b>Earnings per ordinary share ("EPS")</b>				
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	(0.05)	0.69	1.31	1.11
(ii) On a fully diluted basis (Singapore Cents)	(0.05)	0.69	1.31	1.11
Weighted average number of shares (in '000)	360,362	361,601	360,181	361,563

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2017 and 31 March 2016.

**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 31/03/17 (unaudited)	As at 30/09/16 (audited)	As at 31/03/17 (unaudited)	As at 30/09/16 (audited)
Net asset attributable to Shareholders (S\$ '000)	73,001	69,548	52,626	54,112
Number of ordinary shares in issue (in '000)	360,445	360,004	360,445	360,004
Net asset value per ordinary share (Singapore Cents)	20.25	19.32	14.60	15.03

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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)	2Q2017	2Q2016	Variance		1H2017	1H2016	Variance	
			S\$	%			S\$	%
Industrial Properties	11.0	13.4	(2.4)	(17.9)	22.0	26.7	(4.7)	(17.6)
Commercial Properties	5.8	5.8	-	-	11.8	11.8	-	-
Residential Properties	0.6	0.1	0.5	>100	0.8	0.3	0.5	>100
<b>Space Optimisation Business</b>	17.4	19.3	(1.9)	(9.8)	34.6	38.8	(4.2)	(10.8)
<b>Facilities Management Business</b>	4.1	3.0	1.1	36.7	7.9	5.9	2.0	33.9
<b>Logistics Services Business</b>	5.6	3.7	1.9	51.4	11.1	7.3	3.8	52.1
<b>Total</b>	27.1	26.0	1.1	4.3	53.6	52.0	1.6	3.1

**6 months ended 31 March 2017 (1H2017) vs 6 months ended 31 March 2016 (1H2016)**

The Group's revenue increased by approximately S\$1.6 million or 3.1% from approximately S\$52.0 million in 1H2016 to approximately S\$53.6 million in 1H2017. The increase in revenue was from our Facilities Management Business and Logistics Services Business, partially offset by the decrease in revenue from the Space Optimisation Business in the Industrial Properties.

**(a) Space Optimisation Business**

**Industrial Properties**

Revenue derived from Industrial Properties decreased by approximately S\$4.7 million or 17.6% from approximately S\$26.7 million in 1H2016 to approximately S\$22.0 million in 1H2017. The decrease in revenue was mainly due to the expiry of some head leases and movement of tenants arising from renewal of sub-leases.

The average occupancy rate of industrial properties managed by the Group in 1H2017 was approximately 89%.

**Commercial Properties**

Revenue derived from Commercial Properties remained unchanged at S\$11.8 million for 1H2016 and 1H2017.

The average occupancy rate of the Group's commercial properties was approximately 90% in 1H2017.

**Residential Properties**

Revenue derived from Residential Properties increased by approximately S\$0.5 million or 166.7% from approximately S\$0.3 million in 1H2016 to approximately S\$0.8 million in 1H2017. The increase was mainly due to increase in rental income from our Residential Property in Myanmar.

**(b) Facilities Management Business**

Revenue derived from our Facilities Management Business increased by approximately S\$2.0 million or 33.9% from approximately S\$5.9 million in 1H2016 to approximately S\$7.9 million in 1H2017. The increase was mainly due to an increase in revenue from security services and car park management services. The increase in revenue from car park management services was due to increase in car park rate of its 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\$3.8 million or 52.1% from approximately S\$7.3 million in 1H2016 to approximately S\$11.1 million in 1H2017. The increase in revenue was mainly from our container depot business arising from increase in demand of storage and repairs of leasing containers contributed by slow-down of shipments worldwide and transportation services.

Cost of sales increased by approximately S\$1.9 million or 4.9% from approximately S\$38.3 million in 1H2016 to approximately S\$40.2 million in 1H2017. The increase in cost of sales was mainly due to an increase in upkeep and maintenance costs of approximately S\$0.8 million, transportation costs of approximately S\$0.7 million, direct labour cost of approximately S\$0.3 million and sub-contractor costs of approximately S\$0.1 million, in line with the increase in revenue.

In view of the above mentioned, gross profit decreased by approximately S\$0.2 million from approximately S\$13.6 million in 1H2016 to approximately S\$13.4 million in 1H2017.

Other operating income decreased by approximately S\$0.3 million or 18.6%, from approximately S\$1.6 million in 1H2016 to approximately S\$1.3 million in 1H2017. The decrease was mainly due to lower government grant received.

Selling and distribution expenses decreased by approximately S\$0.5 million or 46.5% from approximately S\$1.1 million in 1H2016 to approximately S\$0.6 million in 1H2017. The decrease was mainly due to decrease in agent commission of approximately S\$0.5 million.

Administrative expenses increased by approximately S\$1.5 million or 16.3% from approximately S\$9.5 million in 1H2016 to approximately S\$11.0 million in 1H2017. The increase in administrative expenses was mainly due to increase in employee benefit cost of approximately S\$1.1 million, professional fees of approximately S\$0.2 million and increase in miscellaneous expenses of approximately S\$0.4 million. The increase was partially offset by a decrease in depreciation of approximately S\$0.2 million.

Other operating expenses increased by approximately S\$0.1 million or 283.3% from approximately S\$0.1 million in 1H2016 to approximately S\$0.2 million in 1H2017.

Finance costs remained relatively unchanged at approximately S\$0.3 million in 1H2016 and 1H2017.

Share of results of associates and joint ventures increased by approximately S\$3.8 million from approximately S\$0.02 million in 1H2016 to S\$3.8 million in 1H2017. The increase was mainly due to a non-recurring gain of approximately S\$3.8 million representing our proportionate share of the excess of the net fair value of the joint venture's identifiable assets and liabilities over the cost of investment following the finalisation of the purchase price allocation exercise.

Fair value loss on investment properties of approximately S\$1.4 million in 1H2017 was mainly due to the decrease in valuation of industrial property in Singapore of approximately S\$0.5 million and the decrease in valuation of commercial property in Indonesia of approximately S\$0.9 million.

As a result of the aforementioned, the Group's profit before income tax increased by approximately S\$0.7 million or 15.7% from approximately S\$4.3 million in 1H2016 to approximately S\$5.0 million in 1H2017.

Taxation decreased by approximately S\$0.3 million from S\$0.3 million in 1H2016 to approximately S\$0.05 million in 1H2017. The decrease was mainly due to lower taxable profit and higher Group Relief received.

**3 months ended 31 March 2017 (2Q2017) vs 3 months ended 31 March 2016 (2Q2016)**

The Group's revenue increased by approximately S\$1.1 million or 4.3% from approximately S\$26.0 million in 2Q2016 to approximately S\$27.1 million in 2Q2017. The increase was due to increase in revenue from our Facilities Management Business and Logistics Services Business, partially offset by the decrease in revenue from the Space Optimisation Business in the Industrial Properties.

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

Revenue derived from Industrial Properties decreased by approximately S\$2.4 million or 17.9% from approximately S\$13.4 million in 2Q2016 to approximately S\$11.0 million in 2Q2017. The decrease in revenue was mainly due to the expiry of some head leases and movement of tenants arising from renewal of sub-leases.

Commercial Properties

Revenue derived from Commercial Properties remained unchanged at S\$5.8 million in 2Q2016 and 2Q2017.

Residential Properties

Revenue derived from Residential Properties increased by approximately S\$0.5 million or 500.0% from approximately S\$0.1 million in 2Q2016 to approximately S\$0.6 million in 2Q2017. The increase was mainly due to increase in rental income from our Residential Property in Myanmar.

**(b) Facilities Management Business**

Revenue derived from our Facilities Management Business increased by approximately S\$1.1 million or 36.7% from approximately S\$3.0 million in 2Q2016 to approximately S\$4.1 million in 2Q2017. The increase was mainly due to an increase in revenue from security services and car park management services. The increase in revenue from car park management services was due to increase in car park rate of its 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\$1.9 million or 51.4% from approximately S\$3.7 million in 2Q2016 to approximately S\$5.6 million in 2Q2017. The increase revenue was mainly from our container depot business arising from the increase in demand of storage and repairs of leasing containers contributed by slow-down of shipments worldwide and transportation services.

Cost of sales increased by approximately S\$1.3 million or 6.9% from approximately S\$18.8 million in 2Q2016 to approximately S\$20.1 million in 2Q2017. The increase in cost of sales was mainly due to an increase in upkeep and maintenance costs of approximately S\$0.5 million, rental costs of approximately S\$0.3 million, transportation costs of approximately S\$0.2 million, direct labour cost of approximately S\$0.2 million and sub-contractor costs of approximately S\$0.1 million, in line with the increase with revenue.

In view of the above mentioned, gross profit decreased by approximately S\$0.2 million from approximately S\$7.2 million in 2Q2016 to approximately S\$7.0 million in 2Q2017.

Other operating income decreased by approximately S\$0.6 million or 58.3%, from approximately S\$1.0 million in 2Q2016 to approximately S\$0.4 million in 2Q2017. The decrease was mainly due to lower government grant received.

Selling and distribution expenses decreased by approximately S\$0.2 million or 41.1% from approximately S\$0.5 million in 2Q2016 to approximately S\$0.3 million in 2Q017. The decrease was mainly due to decrease in agent commission of approximately S\$0.2 million.

Administrative expenses increased by approximately S\$0.6 million or 11.1% from approximately S\$5.1 million in 2Q2016 to approximately S\$5.7 million in 2Q2017. The increase in administrative expenses was mainly due to increase in employee benefit cost of approximately S\$0.5 million, professional fees of approximately S\$0.1 million and miscellaneous expenses of approximately S\$0.1 million. The increase was partially offset by a decrease in depreciation of approximately S\$0.1 million.

Other operating expenses increased by approximately S\$0.1 million or 278.6% from approximately S\$0.04 million in 2Q2016 to approximately S\$0.1 million in 2Q2017.

Finance costs remained relatively unchanged at approximately S\$0.2 million in 2Q2016 and 2Q2017.

Share of results of associates and joint ventures remained unchanged in 2Q2017 as the operating loss of approximately S\$0.3 million was offset by an adjustment of approximately S\$0.3 million in relation to the acquisition of Four Star Industries Pte. Ltd.

Fair value loss on investment properties of approximately S\$1.4 million in 2Q2017 was mainly due to the decrease in valuation of industrial property in Singapore of approximately S\$0.5 million and the decrease in valuation of commercial property in Indonesia of approximately S\$0.9 million.

As a result of the aforementioned, the Group's profit before income tax decreased by approximately S\$2.7 million from approximately S\$2.5 million in 2Q2016 to a loss of approximately S\$0.2 million in 2Q2017.

Taxation decreased by approximately S\$0.2 million mainly due to lower taxable profit and higher Group Relief received.

### **Review of Statements of Financial Position**

#### **Group**

##### **Non-current assets**

Non-current assets decreased by approximately S\$15.3 million from approximately S\$72.4 million as at 30 September 2016 to approximately S\$57.1 million as at 31 March 2017. The decrease was mainly due to the reclassification of non-current assets of approximately S\$20.0 million to current assets held-for-sale. In addition, there was a decrease in valuation of investment properties of approximately S\$1.4 million. The decrease was partially offset by an increase in property, plant and equipment and investment properties of approximately S\$1.6 million and an increase in investment in joint ventures of approximately S\$4.5 million.

##### **Current assets**

Current assets increased by approximately S\$18.2 million from approximately S\$49.1 million as at 30 September 2016 to approximately S\$67.3 million as at 31 March 2017. The increase was mainly due to reclassification of non-current asset classified as held-for-sale of approximately S\$20.0 million and an increase in trade and other receivables of approximately S\$2.0 million. These were partially offset by the decrease in cash and bank balances of approximately S\$3.3 million and prepayments of approximately S\$0.5 million.

The increase in trade and other receivables of approximately S\$2.0 million was mainly due to an increase in trade receivables of approximately S\$1.2 million and other receivables of approximately S\$0.8 million, largely attributable to the amount due from joint ventures. Cash and bank balances decreased by approximately S\$3.3 million was largely due to the payment of dividend of approximately S\$1.6 million and advances to joint ventures of approximately S\$1.0 million.

##### **Non-current liabilities**

Non-current liabilities decreased by approximately S\$0.5 million from approximately S\$21.2 million as at 30 September 2016 to approximately S\$20.7 million as at 31 March 2017. The decrease was mainly due to repayment of bank borrowings of approximately S\$0.9 million partially offset by increase in obligations under finance lease of approximately S\$0.4 million.

##### **Current liabilities**

Current liabilities decreased by approximately S\$0.3 million from approximately S\$30.9 million as at 30 September 2016 to approximately S\$30.6 million as at 31 March 2017. The decrease was mainly due to decrease in trade and other payables of approximately S\$0.6 million partially offset by increase in obligations under finance lease of approximately S\$0.2 million and bank borrowings of approximately S\$0.1 million.



**Review of Statement of Cash Flows**

**1H2017**

In 1H2017, the Group recorded net cash generated from operating activities of approximately S\$4.0 million, which was a result of operating cash flows before changes in working capital of S\$5.8 million and net working capital outflow of approximately S\$1.4 million, adjusted for income tax paid of approximately S\$0.1 million and net interest expense paid of approximately S\$0.3 million. The Group's working capital outflows were mainly due to an increase in operating receivables of approximately S\$0.6 million and a decrease in operating payables of approximately S\$0.8 million.

Net cash used in investing activities amounted to approximately S\$4.1 million, which was mainly due to the acquisition of property, plant and equipment of approximately S\$2.1 million, addition of investment properties of approximately S\$1.0 million and advances to joint ventures of approximately S\$1.0 million.

Net cash used in financing activities amounted to approximately S\$3.2 million, which was due to the repayment of obligations under finance lease of approximately S\$0.8 million, repayment of bank borrowings of approximately S\$0.8 million and dividend payment of approximately S\$1.6 million.

As a result of the above, the cash and cash equivalents decreased by approximately S\$3.3 million, amounting to S\$16.6 million as at 31 March 2017.

**2Q2017**

In 2Q2017, the Group recorded net cash generated from operating activities of approximately S\$0.6 million, which was a result of operating cash flows before changes in working capital of S\$2.7 million and net working capital outflow of approximately S\$1.9 million, adjusted for net interest expense paid of approximately S\$0.2 million. The Group's working capital outflows were mainly due to a decrease in operating payables of approximately S\$2.0 million partially offset by decrease in operating receivables of approximately S\$0.1 million.

Net cash used in investing activities amounted to approximately S\$2.5 million, which was mainly due to the acquisition of property, plant and equipment of approximately S\$1.5 million and advances to joint ventures of approximately S\$1.0 million.

Net cash used in financing activities amounted to approximately S\$2.4 million, which was due to the repayment of obligations under finance lease of approximately S\$0.4 million, repayment of bank borrowings of approximately S\$0.4 million and dividend paid of approximately S\$1.6 million.

As a result of the above, the cash and cash equivalents decreased by approximately S\$4.3 million, amounting to S\$16.6 million as at 31 March 2017.

**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 statement previously disclosed to shareholders.

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**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 its twice yearly Macroeconomic Review released on 25 October 2016, the Monetary Authority of Singapore said the global economy was expected to expand at a "steady but mediocre pace" in 2017 and on the back of this, demand would remain uneven across Singapore's key export markets.

Singapore's small, trade-dependent economy is currently going through a cyclical downturn as trade-related sectors struggle and this has in turn led to a weakening in the performance of Singapore's property rental market across all segments.

As such, we expect demand to remain lacklustre, while the oversupply of commercial and industrial spaces will cause further downward pressure on rents. However, we expect the performance of our Facilities Management Services business and Logistics Services business to remain stable.

On 5 May 2017, the Company announced it was seeking a proposed dual primary listing of its ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited. The Board believes that having a primary listing status in both Singapore and Hong Kong is beneficial to the Group as this gives it ready access to these different equity markets in the Asia Pacific region as and when opportunities arise and it is also an excellent opportunity for the Group to further enhance its profile as it seeks to further expand regionally.

**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?

Name of Dividend	Interim Dividend
Dividend Type	Cash
Dividend Amount per share	S\$0.002 per ordinary share
Tax rate	Tax exempt (one-tier)

**(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.**

No dividend has been declared or recommended for 2Q2017.



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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 31 March 2017 S\$'000	6 months ended 31 March 2017 S\$'000	3 months ended 31 March 2017 S\$'000	6 months ended 31 March 2017 S\$'000
<u>Payments received by our Group</u>				
PJS Companies*				
- Property leases or sub-leases	-	-	130	261
- Facilities management services	-	-	2	3
	-	-	132	264
<u>Payments paid by our Group</u>				
PJS Companies*				
- Purchase of food and beverage products and services	-	-	-	1
	-	-	-	1
<b>Total</b>	-	-	132	265

- \* 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.

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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	3,000	-
3	Expansion of our operations in existing markets and into new markets	3,000	3,000	-
4	Development of technological capability	500	234	266
5	General working capital	2,931	2,931	-
6	Listing expenses	2,569	2,569	-
	<b>Total</b>	<b>17,000</b>	<b>16,734</b>	<b>266</b>

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\$2.9 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 cost of approximately S\$2.5 million in relation to master leases secured for our Space Optimisation Business.

The Company will continue to make periodic announcements 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 second quarter and six months ended 31 March 2017 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**  
**15 May 2017**