LH GROUP LIMITED
Reg. No.: 198203779D

Second Quarter and Half-Year Unaudited Financial Statements and Dividend Announcement for the Six Months Ended 30 June 2014

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group					
	2nd quarter ended 30 June			1st half ended 30 June		
	2014 S$'000	2013 S$'000	Changes %	2014 S$'000	2013 S$'000	Changes %
Revenue	8,343	3,122	167.23	14,128	6,531	116.32
Cost of sales	(7,695)	(3,092)	148.87	(12,724)	(6,100)	108.59
Gross profit	648	30	2,060.00	1,404	431	225.75
Other operating income	604	50	1,108.00	650	192	238.54
Expenses:						
Distribution	(97)	(72)	34.72	(180)	(146)	23.29
Administrative	(778)	(611)	27.33	(1,493)	(1,297)	15.11
Other operating	(358)	(176)	103.41	(674)	(290)	132.41
Finance	(8)	(122)	(93.44)	(12)	(241)	(95.02)
	(1,241)	(981)	26.50	(2,359)	(1,974)	19.50
Profit/(Loss) before income tax [1]	11	(901)	N.m.	(305)	(1,351)	(77.42)
Income tax expense	-	-	N.m.	-	22	N.m.
Net profit/(loss) for the financial period	**11**	**(901)**	**N.m.**	**(305)**	**(1,329)**	**(77.05)**
Other comprehensive income/(loss), net of tax:						
Items that may be reclassified subsequently to profit or loss						
-Currency translation differences arising from consolidation	45	(14)	N.m.	28	1	N.m.
Total comprehensive income/(loss) for the financial period	**56**	**(915)**	**N.m.**	**(277)**	**(1,328)**	**(79.14)**
Net Profit/(Loss) attributable to:						
Equity holders of the Company	175	(684)	N.m.	34	(996)	N.m.
Non-Controlling interest	(164)	(217)	(24.42)	(339)	(333)	1.80
	11	**(901)**	**N.m.**	**(305)**	**(1,329)**	**(77.05)**
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	198	(692)	N.m.	48	(996)	N.m.
Non-Controlling interest	(142)	(223)	(36.32)	(325)	(332)	(2.11)
	56	**(915)**	**N.m.**	**(277)**	**(1,328)**	**(79.14)**

N.m: Not meaningful

1(a)(i) Other disclosures to Group Income Statement

		2nd quarter ended 30 June		1st half ended 30 June	
		2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Note 1					
	Profit/(Loss) before income tax has been arrived at after charging / (crediting):				
1.a:	Allowances for doubtful debts	330	-	356	3
1.b:	Allowances for slow-moving inventories	38	3	38	3
1.c:	Amortisation of intellectual properties	49	48	98	96
1.d:	Depreciation of property, plant and equipment	193	147	374	291
1.e	Employee share options expense	66	-	88	-
1.f:	Fair value loss on financial assets, at fair value through profit or loss	1	2	1	2
1.g:	Foreign exchange (gain)/loss (net)	(132)	51	11	40
1.h:	Gain on disposal of property, plant and equipment	-	-	-	(58)
1.i:	Interest income	(9)	(15)	(9)	(31)
1.j:	Reversal of allowances for doubtful debts	(599)	(31)	(599)	(31)
1.k:	Reversal of write down of inventories	-	(4)	-	(4)

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

	The Group		The Company	
	30/06/2014 S$'000	31/12/2013 S$'000	30/06/2014 S$'000	31/12/2013 S$'000
ASSETS				
Current assets				
Cash and bank balances	6,018	7,907	5,041	7,069
Financial assets, at fair value through profit or loss	10	11	-	-
Trade receivables	15,415	13,264	1,716	2,110
Other receivables and other current assets	4,325	4,880	17,961	15,421
Inventories	5,828	4,389	-	-
Due from customers on construction contracts	1,428	1,865	-	-
	33,024	32,316	24,718	24,600
Non-current assets				
Investment in subsidiaries	-	-	3,941	3,941
Intangible assets	1,900	2,027	-	-
Property, plant and equipment	1,793	1,958	279	329
	3,693	3,985	4,220	4,270
Total assets	**36,717**	**36,301**	**28,938**	**28,870**
LIABILITIES				
Current liabilities				
Trade payables	4,014	3,282	-	-
Other payables	1,268	1,512	275	312
Borrowings	1,163	643	502	343
Current tax liabilities	34	34	-	-
Due to customers on construction contracts	2,322	2,455	-	-
Provision for warranty	1,472	1,728	-	-
	10,273	9,654	777	655
Non-current liabilities				
Borrowings	-	14	-	14
	-	14	-	14
Total liabilities	**10,273**	**9,668**	**777**	**669**
NET ASSETS	**26,444**	**26,633**	**28,161**	**28,201**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	48,196	48,196	48,196	48,196
Reserves	(21,728)	(21,864)	(20,035)	(19,995)
	26,468	**26,332**	**28,161**	**28,201**
Non-controlling interest	(24)	301	-	-
Total equity	**26,444**	**26,633**	**28,161**	**28,201**

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S$1,163,000	-	S$643,000	-

Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
-	-	S$14,000	-

Details of any collateral

The borrowings are secured over:

(i) fixed deposits of S$5,024,000 (31/12/2013: S$7,022,000); and

(ii) motor vehicles with net book value amounting to S$145,000 (31/12/2013: S$165,000).

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group			
	2nd quarter ended 30 June		1st half ended 30 June	
	2014 S$'000	2013 S$'000	2014 S$'000	2013 S$'000
Cash Flow from Operating Activities				
Profit/(Loss) before income tax	11	(901)	(305)	(1,351)
Adjustments for:				
Amortisation of intellectual properties	49	48	98	96
Depreciation of property, plant and equipment	193	147	374	291
Gain on disposal of property, plant and equipment	-	-	-	(58)
Interest expense	8	122	12	241
Interest income	(9)	(15)	(9)	(31)
Employee share options expense	66	-	88	-
Unrealised foreign exchange (gain)/loss	(24)	53	9	76
Operating cash flow before working capital changes	294	(546)	267	(736)
Movement in working capital				
Changes in inventories and construction contracts	(805)	(99)	(1,135)	(687)
Changes in trade, other receivables and other current assets	(2,135)	(111)	(1,596)	393
Changes in financial assets, at fair value through profit or loss	1	2	1	2
Changes in trade, other payables and provision for warranty	1,145	(214)	231	(217)
Cash used in operations	(1,500)	(968)	(2,232)	(1,245)
Interest received	9	15	9	31
Interest paid	(8)	(4)	(12)	(7)
Net cash used in operating activities	(1,499)	(957)	(2,235)	(1,221)
Cash Flows from Investing Activities				
Additions to property, plant and equipment	(50)	(48)	(167)	(389)
Proceeds from disposal of plant and equipment	-	-	-	132
Net cash used in investing activities	(50)	(48)	(167)	(257)
Cash Flows from Financing Activities				
Movement in fixed deposits pledged with banks	(8)	(10)	1,998	(21)
Increase in bank borrowings	11	113	6	113
Repayment of finance leases liabilities	(13)	(14)	(27)	(28)
Net cash (used in)/generated from financing activities	(10)	89	1,977	64
Net decrease in cash and cash equivalents	(1,559)	(916)	(425)	(1,414)
Effect of currency translation on cash and cash equivalents	10	(1)	6	2
Cash and cash equivalents at beginning of financial period	1,667	7,374	537	7,869
Cash and cash equivalents at end of financial period	118	6,457	118	6,457
Cash and cash equivalents comprises:				
Cash and bank balances	6,018	13,519	6,018	13,519
Less: Fixed deposits pledged	(5,024)	(7,062)	(5,024)	(7,062)
Less: Bank overdraft	(876)	-	(876)	-
Cash and cash equivalents	118	6,457	118	6,457

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 S$'000	Accumulated losses S$'000	Share options reserve S$'000	Other reserves S$'000	Currency translation reserve S$'000	Total S$'000	Non-controlling interest S$'000	Total equity S$'000
The Group								
Balance at 1 January 2014	48,196	(20,764)	-	(1,150)	50	26,332	301	26,633
Net loss for the financial period	-	(141)	-	-	-	(141)	(175)	(316)
Other comprehensive loss for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	(9)	(9)	(8)	(17)
Total comprehensive loss for the financial period	-	(141)		-	(9)	(150)	(183)	(333)
Grant of employee share options	-	-	22	-	-	22	-	22
Balance at 31 March 2014	48,196	(20,905)	22	(1,150)	41	26,204	118	26,322
Net profit for the financial period	-	175	-	-	-	175	(164)	11
Other comprehensive loss for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	23	23	22	45
Total comprehensive income for the financial period	-	175	-	-	23	198	(142)	56
Grant of employee share options	-	-	66	-	-	66	-	66
Balance at 30 June 2014	48,196	(20,730)	88	(1,150)	64	26,468	(24)	26,444
Balance at 1 January 2013	48,196	(22,453)	-	(4,879)	3	20,867	690	21,557
Net loss for the financial period	-	(312)	-	-	-	(312)	(116)	(428)
Other comprehensive loss for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	8	8	7	15
Total comprehensive loss for the financial period	-	(312)	-	-	8	(304)	(109)	(413)
Balance at 31 March 2013	48,196	(22,765)	-	(4,879)	11	20,563	581	21,144
Net loss for the financial period	-	(684)	-	-	-	(684)	(217)	(901)
Other comprehensive loss for the year, net of tax:								
Currency translation differences arising from consolidation	-	-	-	-	(8)	(8)	(6)	(14)
Total comprehensive loss for the financial period	-	(684)	-	-	(8)	(692)	(223)	(915)
Balance at 30 June 2013	48,196	(23,449)	-	(4,879)	3	19,871	358	20,229

The Company	Share capital S$'000	Accumulated losses S$'000	Share options reserve S$'000	Other reserves S$'000	Total S$'000
Balance at 1 January 2014	48,196	(18,525)	-	(1,470)	28,201
Total comprehensive loss for the period	-	(31)	-	-	(31)
Grant of employee share options	-	-	22	-	22
Balance at 31 March 2014	48,196	(18,556)	22	(1,470)	28,192
Total comprehensive loss for the period	-	(97)	-	-	(97)
Grant of employee share options	-	-	66	-	66
Balance at 30 June 2014	48,196	(18,653)	88	(1,470)	28,161
Balance at 1 January 2013	48,196	(19,811)	-	(5,199)	23,186
Total comprehensive loss for the period	-	(42)	-	-	(42)
Balance at 31 March 2013	48,196	(19,853)	-	(5,199)	23,144
Total comprehensive loss for the period	-	(59)	-	-	(59)
Balance at 30 June 2013	48,196	(19,912)	-	(5,199)	23,085

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.

As at 30 June 2014 and 31 December 2013, there have been no changes in the issued share capital of the Company since the end of the last financial year.

As at 30 June 2014, there were 119,400,000 (31 December 2013: Nil) unissued ordinary shares relating to options granted and unexercised under the LHG Employee Share Option Scheme.

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.

As at 30 June 2014 and 31 December 2013, the total number of issued ordinary shares was 3,946,428,548. The Company did not have any treasury shares.

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.

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 our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 accounting policies and methods of computation applied by the Group in the financial statements for the current reporting year are consistent with those applied in the Company's audited financial statements for the financial year ended 31 December 2013.

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.

Not applicable.

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

	2nd quarter ended 30 June		1st half ended 30 June	
Earnings/(Loss) per share for the period after deducting any provision for preference dividends (cents)	2014	2013	2014	2013
(a) Based on weighted average number of ordinary shares in issue	0.004	(0.017)	0.001	(0.025)
(b) On a fully diluted basis	0.004	(0.017)	0.001	(0.025)

Earnings/(Loss) per share for the 6 months ended 30 June 2014 was computed based on the net income/(loss) attributable to equity holders of the Company of S$34,000 (30/06/2013: (S$996,000)) and divided by the weighted average number of shares in issue during the period as follows:

	Six months ended 30 June	
	2014	2013
Weighted average number of ordinary shares		
(a) Based on weighted average number of ordinary shares in issue; and	3,946,428,548	3,946,428,548
(b) On fully diluted basis.	3,986,228,548	3,946,428,548

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

	The Group		The Company	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Net asset backing per ordinary share based on existing issued share capital as at the end of the period/year (cents)	0.67	0.67	0.71	0.71

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.

Profit and loss

The Group's revenue for 2Q2014 increased to $8.3 million from $3.1 million in 2Q2013. The higher revenue was due mainly to an increase in revenue from the aluminium division. The revenue for the Aluminium Division increased to $7.7 million in 2Q2014 from $2.1 million in 2Q2013 due mainly to increase in execution of projects in order book. The revenue for the Vehicle Division decreased to $636,000 in 2Q2014 from $1.1 million in 2Q2013 due mainly to decrease in demand by certain customers in 2Q2014.

The Group recognised a gross profit of $648,000 in 2Q2014 compared with gross profit of $30,000 in 2Q2013 due mainly to the increase in revenue.

The increase in other operating income in 2Q2014 to $604,000 compared with $50,000 in 2Q2013 was due mainly to the write back of allowances for doubtful debts of $599,000 subsequent to the satisfactory settlement of outstanding receivables for two projects completed in prior years.

The increase in administrative expenses in 2Q2014 to $778,000 compared with $611,000 in 2Q2013 was due mainly to the recognition of share option expenses of $66,000 for the LHG employee share options granted in 1Q2014.

The increase in other operating expenses was due mainly to allowance for doubtful debts of $356,000 in 2Q2014 as a customer of the Aluminium Division was in financial difficulties and had applied for judicial management. This increase was offset by a decrease in foreign exchange loss of $132,000.

The Group reported net profit after income tax of $11,000 for 2Q2014 as compared to net loss after income tax of $901,000 in 2Q2013. However, the Group reported net loss after income tax of $305,000 for 1H2014 as compared to net loss after income tax of $1.3 million in 1H2013.

Balance sheet

The movements of balance sheet items are as follows:

(i) Decrease in cash and bank balances due mainly to cash used in operations and acquisition of property, plant and equipment.
(ii) Increase in trade receivables due mainly to the increase in revenue.
(iii) Increase in inventories due mainly to increase in the number of projects undertaken by the Aluminium Division.
(iv) Increase in trade payables due mainly to the increase in cost.
(v) Increase in borrowings due mainly to the drawdown of overdraft by the Aluminium Division for working capital purposes.

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

The Board had on 4 August 2014 issued a profit guidance announcement and the results for 1H2014 is consistent with the guidance issued.

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 addition to the series of cooling measures in the property market, the Housing and Development Board ("HDB") has also announced that after 3 years of intense ramp-up, HDB is going to taper their building program in 2014. The current policy of restructuring the Singapore economy has also a negative impact on labour supply in project implementation. As such, the operating environment for the Aluminium Division is expected to be more

competitive and this may have an impact on the Division winning new orders. The operating environment for the Vehicle Division is also expected to continue to be competitive.

The Group's gross order book stands at $59.5 million. The projects for the Aluminium Division are typically carried out over a period of 1 to 3 years depending on the size and schedule of the project. These confirmed orders are, however, subject to cancellation, deferral, rescheduling or variations by customers.

11. Dividend

(a) Current financial period reported on

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

(b) Corresponding period of the immediate preceding year

Any dividend declared for the corresponding period of the immediate 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.

Not applicable.

13. If the Group has obtained a general 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.

The aggregate value of interested person transactions for the financial period ended 30 June 2014 was as follows:

Nature of transaction and name of Interested Person	Aggregate value of all interested person transactions conducted during the 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 $100,000)
	S$'000	S$'000
Wee Poh Construction Co. Pte Ltd		
- Contract income from project fabrication	-	136

PART II- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 and Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

16. A breakdown of sales.

Not applicable.

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

18. Confirmation by the board pursuant to rule 705(5) of the listing manual

We, Tan Hai Peng Micheal and Chng Hee Kok, being the directors of LH Group Limited ("the Company"), do hereby confirm on behalf of the directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial results of the Company and of the Group for the six months ended 30 June 2014 to be materially false or misleading.

On behalf of the Board of Directors of
LH GROUP LIMITED

Tan Hai Peng Micheal
Executive Chairman

Chng Hee Kok
Managing Director

Singapore, 7 August 2014