LH GROUP LIMITED
Reg. No.: 198203779D

First Quarter Unaudited Financial Statements and Dividend Announcement for the Three Months Ended 31 March 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 3 months ended 31 March		
	2014 S$'000	2013 S$'000	Changes %
Revenue	5,785	3,409	69.70
Cost of sales	(5,029)	(3,008)	67.19
Gross profit	756	401	88.53
Other operating income	46	142	(67.61)
Expenses:			
Distribution	(83)	(74)	12.16
Administrative	(715)	(686)	4.23
Other operating	(316)	(114)	177.19
Finance	(4)	(119)	(96.64)
	(1,118)	(993)	12.59
Loss before income tax [1]	(316)	(450)	(29.78)
Income tax expense	-	22	N.m.
Net loss for the financial period	**(316)**	**(428)**	**(26.17)**
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
-Currency translation differences arising from consolidation	(17)	15	N.m.
Total comprehensive loss for the financial period	**(333)**	**(413)**	**(19.37)**
Net loss attributable to:			
Equity holders of the Company	(141)	(312)	(54.81)
Non-Controlling interest	(175)	(116)	50.86
	(316)	**(428)**	**(26.17)**
Total comprehensive loss attributable to:			
Equity holders of the Company	(150)	(304)	(50.66)
Non-Controlling interest	(183)	(109)	67.89
	(333)	**(413)**	**(19.37)**

N.m:Not meaningful

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

		3 months ended 31 March	
		2014	2013
		S$'000	S$'000
Note 1			
	Loss before income tax has been arrived at after charging / (crediting):		
1.a:	Allowances for doubtful debts	26	3
1.b:	Amortisation of intellectual properties	49	48
1.c:	Depreciation of property, plant and equipment	181	144
1.d:	Employee share options expense	22	-
1.e:	Foreign exchange loss/(gain) (net)	143	(11)
1.f:	Gain on disposal of property, plant and equipment	-	58
1.g:	Interest income	-	(16)

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	
	31/03/2014 S$'000	31/12/2013 S$'000	31/03/2014 S$'000	31/12/2013 S$'000
ASSETS				
Current assets				
Cash and bank balances	6,683	7,907	5,136	7,069
Financial assets, at fair value through profit or loss	11	11	-	-
Trade receivables	12,937	13,264	1,889	2,110
Other receivables and other current assets	4,668	4,880	17,348	15,421
Inventories	5,453	4,389	-	-
Due from customers on construction contracts	1,405	1,865	-	-
	31,157	32,316	24,373	24,600
Non-current assets				
Investment in subsidiaries	-	-	3,941	3,941
Intangible assets	1,962	2,027	-	-
Property, plant and equipment	1,864	1,958	312	329
	3,826	3,985	4,253	4,270
Total assets	**34,983**	**36,301**	**28,626**	**28,870**
LIABILITIES				
Current liabilities				
Trade payables	2,557	3,282	-	-
Other payables	1,331	1,512	379	312
Borrowings	290	643	55	343
Current tax liabilities	34	34	-	-
Due to customers on construction contracts	2,729	2,455	-	-
Provision for warranty	1,720	1,728	-	-
	8,661	9,654	434	655
Non-current liabilities				
Borrowings	-	14	-	14
	-	14	-	14
Total liabilities	**8,661**	**9,668**	**434**	**669**
NET ASSETS	**26,322**	**26,633**	**28,192**	**28,201**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	48,196	48,196	48,196	48,196
Reserves	(21,992)	(21,864)	(20,004)	(19,995)
	26,204	**26,332**	**28,192**	**28,201**
Non-controlling interest	118	301	-	-
Total equity	**26,322**	**26,633**	**28,192**	**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 31/03/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S$290,000	-	S$643,000	-

Amount repayable after one year

As at 31/03/2014		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$5,016,000 (31/12/2013: S$7,022,000); and

(ii) motor vehicles with net book value amounting to S$155,000 (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 3 months ended 31 March	
	2014 S$'000	2013 S$'000
Cash Flow from Operating Activities		
Loss before income tax	(361)	(450)
Adjustments for:		
Amortisation of intellectual properties	49	48
Depreciation of property, plant and equipment	181	144
Gain on disposal of property, plant and equipment	-	(58)
Interest expense	4	119
Interest income	-	(16)
Employee share options expense	22	-
Unrealised foreign exchange loss	33	23
Operating cash flow before working capital changes	(27)	(190)
Movement in working capital		
Changes in inventories and construction contracts	(330)	(588)
Changes in trade, other receivables and other current assets	539	504
Changes in trade, other payables and provision for warranty	(914)	(3)
Cash used in operations	(732)	(277)
Interest received	-	16
Interest paid	(4)	(3)
Net cash used in operating activities	(736)	(264)
Cash Flows from Investing Activities		
Additions to property, plant and equipment	(117)	(341)
Proceeds from disposal of plant and equipment	-	132
Net cash used in investing activities	(117)	(209)
Cash Flows from Financing Activities		
Decrease in bank borrowings	(5)	-
Movement in fixed deposits pledged with banks	2,006	(11)
Repayment of finance leases liabilities	(14)	(14)
Net cash generated from/(used in) financing activities	1,987	(25)
Net increase/(decrease) in cash and cash equivalents	1,134	(498)
Effects of currency translation on cash and cash equivalents	(4)	3
Cash and cash equivalents at beginning of financial period	537	7,869
Cash and cash equivalents at end of financial period	1,667	7,374
Cash and cash equivalents comprises:		
Cash and bank balances	6,683	14,426
Less: Fixed deposits pledged	(5,016)	(7,052)
Cash and cash equivalents	1,667	7,374

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
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

	Share capital S$'000	Accumulated losses S$'000	Other reserves S$'000	Total S$'000
The Company				
Balance at 1 January 2014	48,196	(18,525)	(1,470)	28,201
Total comprehensive loss for the period	-	(9)	-	(9)
Balance at 31 March 2014	48,196	(18,534)	(1,470)	28,192
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

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 31 March 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.

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 31 March 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.

	Three months ended 31 March	
Loss per share for the period after deducting any provision for preference dividends (cents)	2014	2013
(a) Based on weighted average number of ordinary shares in issue	(0.004)	(0.008)
(b) On a fully diluted basis	(0.004)	(0.008)

Loss per share for the 3 months ended 31 March 2014 was computed based on the net loss attributable to equity holders of the Company of S$141,000 (31/03/2013: S$312,000) and divided by the weighted average number of shares in issue during the period as follows:

	Three months ended 31 March	
	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	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013
Net asset backing per ordinary share based on existing issued share capital as at the end of the period/year (cents)	0.66	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 1Q2014 increased to $5.8 million from $3.4 million in 1Q2013. The higher revenue was due mainly to an increase in revenue from the aluminium division. The revenue for the Aluminium Division increased to $5.4 million in 1Q2014 from $2.8 million in 1Q2013 due mainly to increase in execution of projects in order book. The revenue for the Vehicle Division decrease to $385,000 in 1Q2014 from $639,000 in 1Q2013 due mainly to sales returns by certain customers for deliveries made in FY2013.

The Group recognised a gross profit of $756,000 in 1Q2014 compared with gross profit of $401,000 in 1Q2013 due mainly to the increase in revenue.

The decrease in other operating expenses was due mainly to increase in exchange loss of $154,000 and allowance for doubtful debts of $26,000.

The Group reported net loss after income tax of $294,000 for 1Q2014 as compared to net loss after income tax of $428,000 in 1Q2013.

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) Decrease in trade receivables due mainly to settlement of certain long-outstanding receivables by customers.
(iii) Increase in inventories due mainly to increase in the number of projects undertaken by the Aluminium Division.
(iv) Decrease in trade payables due mainly to payments made.
(v) Decrease in borrowings due mainly to repayment of overdraft undertaken 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 22 April 2014 issued a profit guidance announcement and the results for 1Q2014 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. 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 $62.5 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.

There were no interested person transactions for the financial period ended 31 March 2014.

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 three months ended 31 March 2014 to be materially false or misleading.

On behalf of the Board of Directors of
LH GROUP LIMITED

Tan Hai Peng Micheal	**Chng Hee Kok**
Executive Chairman	**Managing Director**

Singapore, 25 April 2014