



LHT HOLDINGS LIMITED (Company Registration No. 198003094E)

Address: 27 Sungei Kadut Street 1, Singapore 729335 Tel: (65) 6269 7890 Fax: (65) 6367 4907 Email: enquiry@lht.com.sg URL: www.lht.com.sg

Unaudited Condensed Interim Consolidated Financial Statements for the six months ended 30 June 2023



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(I) Unaudited Condensed Interim Consolidated Financial Statements

**A. Condensed Interim Consolidated Income Statement**

	Notes	Group		
		6 months ended 30/06/2023	6 months ended 30/06/2022	Change (%) increase/ (decrease)
		S\$'000	S\$'000	%
Revenue	6, Para 2.1	16,312	18,011	(9.4%)
Cost of sales		(10,087)	(11,161)	(9.6%)
Gross profit	Para 2.2	6,225	6,850	(9.1%)
<i>Other item of income</i>				
Other income	Para 2.3	1,456	1,333	9.2%
<i>Other item of expenses</i>				
Distribution expenses	Para 2.4	(500)	(596)	(16.1%)
Administrative expenses	Para 2.5	(3,665)	(4,018)	(8.8%)
Other expenses	Para 2.6	(104)	(188)	(44.7%)
Finance costs	Para 2.7	(175)	(209)	(16.3%)
Profit before income tax	8, Para 2.8	3,237	3,172	2.1%
Income tax expense	10	(653)	(777)	(16.0%)
Profit for the financial period		2,584	2,395	7.9%

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B. Condensed Interim Consolidated Statement of Comprehensive Income

	Notes	Group		
		6 months ended 30/06/2023	6 months ended 30/06/2022	Change (%) increase/ (decrease)
		S\$'000	S\$'000	%
Profit/(loss) attributable to:				
Owners of the Company		2,584	2,395	7.9%
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences on consolidation of foreign entities (net)		(596)	(297)	100.7%
Total other comprehensive loss for the period		(596)	(297)	100.7%
Total comprehensive income for the period		1,988	2,098	(5.2%)
Total comprehensive income attributable to:				
Owners of the Company		1,988	2,098	(5.2%)
Earnings per share attributable to owners of the Company (cents per share)				
Basic and diluted	12	4.85	4.50	7.8%



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C. Condensed Interim Statements of Financial Position

	Notes	Group		Company	
		As at 30/06/2023 S\$'000	As at 31/12/2022 S\$'000	As at 30/06/2023 S\$'000	As at 31/12/2022 S\$'000
Non-Current Assets					
Property, plant and equipment	14	6,289	7,277	1,746	2,036
Right-of-use assets	15	8,839	8,323	5,972	5,196
Investments in subsidiaries		-	-	10,300	10,300
	Para 2.9	15,128	15,600	18,018	17,532
Current Assets					
Inventories		5,131	6,724	3,674	4,211
Trade and other receivables		6,120	6,575	4,661	5,204
Fixed deposits		28,688	28,677	19,322	19,082
Cash and cash equivalents		14,656	12,631	5,166	6,290
	Para 2.10	54,595	54,607	32,823	34,787
Less:					
Current Liabilities					
Trade and other payables		2,261	2,788	2,779	3,081
Lease liabilities	17	811	797	668	611
Income tax payables		836	900	229	281
	Para 2.11	3,908	4,485	3,676	3,973
Net Current Assets	Para 2.13	50,687	50,122	29,147	30,814
Less:					
Non-Current Liabilities					
Lease liabilities	17	5,703	4,984	5,655	4,883
Trade and other payables		231	171	231	171
Deferred tax liabilities		814	826	83	83
	Para 2.12	6,748	5,981	5,969	5,137
Net Assets		59,067	59,741	41,196	43,209
Equity					
Share capital	16	24,621	24,621	24,621	24,621
Currency translation reserve		(1,418)	(822)	-	-
Retained earnings		35,864	35,942	16,575	18,588
Total Equity		59,067	59,741	41,196	43,209



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D. Condensed Interim Statements of Changes in Equity

	Note	Equity attributable to owners of the Company			
		Share capital	Currency translation reserve	Retained earnings	Total equity
		S\$'000	S\$'000	S\$'000	S\$'000
Group					
Balance at 01/01/2023		24,621	(822)	35,942	59,741
Profit for the period		-	-	2,584	2,584
Other comprehensive income:					
Exchange difference on translating foreign subsidiaries		-	(596)	-	(596)
Total comprehensive income for the period		-	(596)	2,584	1,988
Dividend paid	11	-	-	(2,662)	(2,662)
Balance at 30/06/2023		24,621	(1,418)	35,864	59,067
Balance at 01/01/2022		24,621	(70)	31,974	56,525
Profit for the period		-	-	2,395	2,395
Other comprehensive income:					
Exchange difference on translating foreign subsidiaries		-	(297)	-	(297)
Total comprehensive income for the period		-	(297)	2,395	2,098
Dividend paid	11	-	-	(1,597)	(1,597)
Balance at 30/06/2022		24,621	(367)	32,772	57,026
Company					
Balance at 01/01/2023		24,621	-	18,588	43,209
Profit for the period, representing total comprehensive income for the period		-	-	649	649
Dividend paid	11	-	-	(2,662)	(2,662)
Balance at 30/06/2023		24,621	-	16,575	41,196
Balance at 01/01/2022		24,621	-	18,181	42,802
Profit for the period, representing total comprehensive income for the period		-	-	605	605
Dividend paid	11	-	-	(1,597)	(1,597)
Balance at 30/06/2022		24,621	-	17,189	41,810


E. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 months ended 30/06/2023 S\$'000	6 months ended 30/06/2022 S\$'000
Operating activities:			
Profit before income tax		3,237	3,172
Adjustments for:			
Loss allowance made/(reversed) for trade receivables		64	(68)
Write-down/(Write-back) of stock obsolescence		10	(21)
Depreciation of property, plant and equipment		918	1,002
Amortisation of right-of-use assets		482	511
Deferred grant income		(26)	(26)
Gain on termination/remeasurement of ROU		-	(1)
Gain on disposal of property, plant and equipment		(56)	(29)
Property, plant and equipment written off	14	30	16
Interest income		(281)	(32)
Interest expense		175	209
Operating cash flow before movements in working capital		4,553	4,733
Changes in working capital:			
Inventories		1,583	(1,201)
Trade and other receivables		405	(12)
Trade and other payables		(527)	481
Cash generated from operations		6,014	4,001
Income taxes paid		(726)	(628)
Net cash generated from operating activities		5,288	3,373
Investing activities:			
Proceeds from disposal of property, plant and equipment		60	32
Purchase of right-of-use assets		-	(75)
Purchase of property, plant and equipment	14	(95)	(592)
Placement of fixed deposits		(3,014)	(2,025)
Withdrawal of fixed deposits		3,000	-
Deposit for acquisition of properties		(154)	-
Deferred capital grant received		86	-
Interest received		421	32
Net cash used in investing activities		304	(2,628)
Financing activities:			
Dividend paid	11	(2,662)	(1,597)
Repayment of lease liabilities		(418)	(206)
Interest paid		(172)	(382)
Net cash used in financing activities		(3,252)	(2,185)
Net change in cash and cash equivalents		2,340	(1,440)
Cash and cash equivalents at beginning of period		12,631	22,298
Net effect of exchange rate changes on the cash and cash equivalents held in foreign currencies		(315)	(145)
Cash and cash equivalents at end of period		14,656	20,713



F. Notes to the Unaudited Condensed Interim Consolidated Financial Statements

These notes formed an integral part of the unaudited condensed interim consolidated financial statements.

1. Corporate information

LHT Holdings Limited (the "Company") (Registration number 198003094E) is a limited liability company incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprises the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are those of manufacturing and trading of wooden pallets and timber-related products.

The principal activities of the Group are:

- a) Timber merchants, commission agents, sawmillers and pallet rental;
- b) Dealers in wood products, pallets and packaging;
- c) Manufacturer, trader, importer and exporter of wooden pallets and related products;
- d) Wood waste recycling and recovering;
- e) Manufacturer, trader, importer and exporter of green products and woodchips; and
- f) Providing of other services with respect to timber, pallets and other packaging materials.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SRFS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SRFS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2022.



2.2. Use of estimates and judgements (Cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

<u>Business segments</u>	<u>Natures</u>
Pallet and packaging products	Mainly engaged in the manufacture and supply of wooden pallets and cases for the packing of industrial products.
Timber-related products	Mainly engaged in the trading of raw timber related products.
Technical Wood® products and woodchip supply	Mainly engaged in the manufacture of Technical Wood®, Technical Wood® flooring and wood waste collection.
Pallet rental and others	Mainly engaged in pallet leasing business.

These operating segments are reported in a manner consistent with internal reporting provided to the management, who are responsible for allocating resources and assessing performance of the business and operating segments.



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5. Reportable segments

	Pallet / Packaging		Timber Related Products		Technical Wood® and Related Products		Pallet Rental and Others		Elimination		Consolidated	
	HY2023	HY2022	HY2023	HY2022	HY2023	HY2022	HY2023	HY2022	HY2023	HY2022	HY2023	HY2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	12,858	14,165	249	453	926	768	2,279	2,625	-	-	16,312	18,011
Inter-segment sales	5,701	6,419	269	466	208	452	10	-	(6,188)	(7,337)	-	-
Total revenue	18,559	20,584	518	919	1,134	1,220	2,289	2,625	(6,188)	(7,337)	16,312	18,011
Segment results	1,944	1,713	36	108	844	702	988	1,658	(400)	(800)	3,412	3,381
Finance cost											(175)	(209)
Profit before income tax											3,237	3,172
Income tax expenses											(653)	(777)
Profit for the financial period											2,584	2,395
Other segment information												
Capital expenditure	6	103	-	-	-	92	319	1,121	(230)	(724)	95	592
Depreciation	331	335	-	-	76	100	705	703	(194)	(136)	918	1,002
Amortisation	404	438	-	-	2	5	76	68	-	-	482	511
Property, plant and equipment written off	-	-	-	-	-	-	30	16	-	-	30	16
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	(56)	(29)	-	-	(56)	(29)
Write-down (Write-back) of obsolete inventories	(7)	(21)	-	-	-	-	71	-	-	-	64	(21)

Abbreviation

HY2023 6 months ended 30/06/2023
HY2022 6 months ended 30/06/2022



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5. Reportable segments (Continued)

	Pallet / Packaging	Timber Related Products	Technical Wood@ and Related Products	Pallet Rental and Others	Elimination	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
30/06/2023						
Segment assets	46,127	2,027	7,386	17,563	(3,380)	69,723
Unallocated assets	-	-	-	-	-	-
Total assets						69,723
Segment liabilities	10,172	12	186	452	(1,816)	9,006
Unallocated liabilities*	-	-	-	-	-	1,650
Total liabilities						10,656
Group						
31/12/2022						
Segment assets	47,653	2,002	6,748	17,400	(3,596)	70,207
Unallocated assets	-	-	-	-	-	-
Total assets						70,207
Segment liabilities	9,992	142	220	811	(2,425)	8,740
Unallocated liabilities*	-	-	-	-	-	1,726
Total liabilities						10,466

* Unallocated liabilities relate to income tax payables and deferred tax liabilities

Locations of non-current assets

	Singapore	Malaysia	Others	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000
Group				
30/06/2023				
Non-current assets	10,622	4,506	-	15,128
Group				
31/12/2022				
Non-current assets	10,492	5,108	-	15,600

Non-current assets consist of property, plant and equipment, right-of-use assets and deposits for leasehold properties as presented in the statement of financial position of the Group.



6. Disaggregation of Revenue

Revenue contribution from a single region is disclosed separately when it exceeds 10% of the Group's revenue respectively.

	Group				
	6 months ended 30/06/2023				
	Pallet/Packaging	Timber Related Products	Technical Wood [®] and Related Products	Pallet Rental and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sales of goods	12,858	249	926	-	14,033
Pallet rental	-	-	-	2,279	2,279
Total revenue	12,858	249	926	2,279	16,312
Timing of revenue recognition					
At a point in time	12,858	249	926	-	14,033
Over time	-	-	-	2,279	2,279
Total revenue	12,858	249	926	2,279	16,312
Geographical information:					
Singapore	11,147	246	906	1,159	13,458
Malaysia	641	3	-	1,120	1,764
Others	1,070	-	20	-	1,090
Total revenue	12,858	249	926	2,279	16,312

	Group				
	6 months ended 30/06/2022				
	Pallet/Packaging	Timber Related Products	Technical Wood [®] and Related Products	Pallet Rental and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Types of goods or service:					
Sales of goods	14,165	453	768	-	15,386
Pallet rental	-	-	-	2,625	2,625
Total revenue	14,165	453	768	2,625	18,011
Timing of revenue recognition					
At a point in time	14,165	453	768	-	15,386
Over time	-	-	-	2,625	2,625
Total revenue	14,165	453	768	2,625	18,011
Geographical information:					
Singapore	11,918	266	758	1,318	14,260
Malaysia	670	5	-	1,307	1,982
Others	1,577	182	10	-	1,769
Total revenue	14,165	453	768	2,625	18,011

**7. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30/06/2023 and 31/12/2022:

	Group		Company	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Trade and other receivables	6,120	6,575	4,661	5,204
Add/(Less):				
Fixed deposits	28,688	28,677	19,322	19,082
Cash and cash equivalents	14,656	12,631	5,166	6,290
GST/VAT receivables	(293)	(305)	-	-
Loss allowance for non-financial assets	295	295	-	-
Prepayments (see below)	(543)	(439)	(197)	(172)
Financial assets at amortised cost	48,923	47,434	28,952	30,404
Financial Liabilities				
Trade and other payables	2,492	2,959	3,010	3,252
Add/(Less):				
Lease liabilities	6,514	5,781	6,323	5,494
GST/VAT payables	(193)	(233)	(147)	(96)
Provision for unutilised leave	(196)	(146)	(179)	(133)
Advances from customers	(41)	(234)	(41)	(111)
Deferred capital grant - CDG	(282)	(222)	(282)	(222)
Financial liabilities carried at amortised cost	8,294	7,905	8,684	8,184

On 29 December 2022, a wholly owned subsidiary of the Company, LHT Ecotech Resources Pte Ltd has entered into an Option to Purchase agreement with DBS Bank Ltd, for an option to purchase a property at 6 Tuas South Street 10, Singapore 636941, being JTC Private Lot A3001668 at PIC 8201210051 comprised in Lot 04735P MK 7. The option fee of \$38,500 being 1% of the total purchase consideration was paid on the above acceptance date. Subsequently on 9 January 2023, the subsidiary has exercised the option and entered into a conditional sales and purchase agreement to purchase the above said property for a total consideration of \$3,850,000. A total \$154,000 being 4% of the total purchase consideration was being paid upon the exercising of the option. A total of \$192,500 was paid and recorded in prepayment as deposit for acquisition of properties.

The sales and purchase of the of the Property is subject to the following conditions:

- the Proposed Purchaser obtaining the written consent and/or approval of JTC;
- all clearances from the relevant authorities required by the Proposed Purchaser to complete the sale and purchase of the Property ("Clearances") and all such terms and conditions as JTC and such relevant authorities may impose from time to time in their absolute discretion;
- the terms and conditions of the JTC Lease; and
- the terms and conditions of the JTC Lease not being determined by JTC for any reason whatsoever.

On 7 August 2023, JTC has given its consent to the above proposed assignment of lease/license in relation to the purchase of the Property, subject to JTC's conditions as listed in the consent letter.

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8. Profit before taxation

	Group	
	6 months ended 30/06/2023	6 months ended 30/06/2022
	S\$'000	S\$'000
Other Income		
Waste collection income	224	266
Heat treatment and utilities income	116	132
Logistic services income	458	474
Gain on disposal of property, plant and equipment	56	29
Loss allowance reversed for trade receivables	-	68
Write back of stock obsolescence	-	21
Interest income	281	32
Sundry income	214	255
Foreign exchange gain, net	35	-
Government grants		
- Special Employment Credit	-	11
- Wage Credit Scheme	37	17
- Others	9	2
- Deferred grant income – CDG	26	26
Total	1,456	1,333
Administrative expenses		
Advertisement / Marketing and promotion expenses	(25)	(28)
Depreciation of property, plant and equipment	(500)	(523)
Amortisation of right-of-use assets	(280)	(324)
Insurance expenses	(113)	(243)
Legal and professional fee	(64)	(92)
Property tax	(134)	(134)
Rental expenses on premises	(1)	(1)
Other expenses		
Foreign exchange loss, net	-	(172)
Loss allowance for trade and other receivables	(64)	-
Write-down of stock obsolescence	(10)	-
Fixed assets written off	(30)	(16)
Total	(104)	(188)
Finance costs		
Interest expenses in respect of:		
- Lease liabilities	(175)	(209)
Total	(175)	(209)

**8. Profit before taxation (Cont'd)**

	Group	
	6 months ended 30/06/2023	6 months ended 30/06/2022
	S\$'000	S\$'000
Profit before income tax is stated after (charging) / crediting		
Audit fees paid to auditors	(67)	(52)
Non-audit fees paid to auditors of the Company	(13)	(14)
Depreciation of property, plant and equipment – cost of sales	(418)	(479)
Amortisation of right-of-use assets – cost of sales	(202)	(187)
Directors' fees	(119)	(120)
Employee benefits expenses		
-Post-employment benefits	(200)	(258)
-Salaries wages and other costs	(3,566)	(3,756)

9. Related party transactions

There are no material related party transactions apart from those disclosed in the Interested Party Transactions under Para 7 of Section (II).

10. Income tax expense

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the income statement are:

	Group	
	6 months ended 30/06/2023	6 months ended 30/06/2022
	S\$'000	S\$'000
Current income tax expense	653	777
Deferred income tax expense	-	-
Total	653	777

11. Dividends

	Group	
	6 months ended 30/06/2023	6 months ended 30/06/2022
	S\$'000	S\$'000
Ordinary dividends paid:		
First and final one-tier tax-exempt dividend paid of \$0.05 (2022: \$0.03) per ordinary share in respect of the previous financial year	2,662	1,597
Total	2,662	1,597

**12. Earnings per ordinary share**

	Group	
	30/06/2023	30/06/2022
Net Profit attributable to owners of the parent (S\$'000)	2,584	2,395
Weighted average number of shares in issue (in '000s)	53,245	53,245
Earnings per share (cents)		
(i) On basic	4.85	4.50
(ii) On a fully diluted basis	4.85	4.50

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 period.

13. Net asset value

	Group		Company	
	30/06/2023	31/12/2022	30/06/2023	31/12/2022
Net asset (S\$'000)	59,067	59,741	41,169	43,209
Weighted average number of shares in issue (in '000s)	53,245	53,245	53,245	53,245
Net asset value per Ordinary Share (cents) based on issued share capital at the end of financial period	110.93	112.20	77.32	81.15

14. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$95,000 (30 June 2022: \$592,000) and disposed and written-off assets amounting to \$4,000 and \$30,000 (30 June 2022: \$3,000 and \$16,000) respectively.

15. Right-of-use assets

During the six month ended 30 June 2023, the Group had remeasured the lease pertaining to the vacant land plot at Pte Lot A7000010 at 30 Kranji Way (PID:8201710044) which was offered by JTC in FY2020. An amount of \$1,136,700 was recognised in right-of-use assets and lease liability respectively, as a result of the revised rental rate. On 22 September 2021, JTC granted an approval to extend the building development and investment deadline by two years to 31 March 2025.

16. Share capital

	The Group and the Company			
	30/06/2023		31/12/2022	
	Number of shares	Amount	Number of shares	Amount
	'000	\$'000	'000	\$'000
Balance at beginning and end of interim period	53,245	24,621	53,245	24,621

The Company did not hold any treasury shares as at 30 June 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

**17. Borrowings**

	Group		Company	
	30/6/2023	31/12/2022	30/6/2023	31/12/2022
	\$'000	\$'000	\$'000	\$'000
Amount repayable within one year or on demand				
Lease Liabilities - Secured	112	118	34	33
Lease Liabilities - Unsecured	699	679	634	578
Total	811	797	668	611
Amount repayable after one year				
Lease Liabilities - Secured	36	96	23	40
Lease Liabilities - Unsecured	5,667	4,888	5,632	4,843
Total	5,703	4,984	5,655	4,883

Details of any collateral

The borrowings of the Group and the Company constitute of secured borrowings, i.e. hire purchases that are secured by charges on motor vehicles and forklifts, plant and machinery and unsecured borrowings that pertain to lease liabilities with respect to factory rentals and forklift rentals recognised in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 on Leases.

The Group and the Company's hire purchase with a carrying amount of \$0.11 million and \$0.03 million (2022: \$0.12 million and \$0.03 million) are repayable within one year and bear the interest at rates ranging from 4.15% to 5.24% and 4.15% to 5.24% (2022: 4.15% to 5.24% and 4.15% to 5.24%) per annum respectively.

The Group and the Company's hire purchase with a carrying amount of \$0.04 million and \$0.02 million (2022: \$0.10 million and \$0.04 million) are repayable after one year and bear the interest at rates ranging from 4.15% to 5.24% and 4.15% to 5.24% (2022: 4.15% to 5.24% and 4.15% to 5.24%) per annum respectively.

The Group and the Company's lease liabilities with a carrying amount of \$0.70 million and \$0.63 million (2022: \$0.68 million and \$0.58 million) are repayable within one year and bear the interest at rates ranging from 2.28% to 7.00% and 5.00% to 7.00% (2022: 2.28% to 7.00% and 7.00%) per annum respectively.

The Group and the Company's lease liabilities with a carrying amount of \$5.67 million and \$5.63 million (2022: \$4.89 million and \$4.84 million) are repayable after one year and bear the interest at rates ranging from 2.28% to 7.00% and 5.00% to 7.00% (2022: 2.28% to 7.00% and 7.00%) per annum respectively.

18. Subsequent events

There are no other known subsequent events which could have led to adjustments to this set of interim financial statements.



LHT HOLDINGS LIMITED (Company Registration No. 198003094E)

Address: 27 Sungei Kadut Street 1 Singapore 729335 Tel: (65) 6269 7890 Fax: (65) 6367 4907 Email: enquiry@lht.com.sg URL: www.lht.com.sg

(II) Other information required by Listing Rule Appendix 7.2



1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The interim condensed consolidated statements of financial position of LHT Holdings Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated income statements and consolidated statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditor.

1.1. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

1.2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(a) Updates on efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

2. 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.

2.1 Revenue:

The Group's revenue for the six months period ended 30 June 2023 (HY2023) decreased by 9.4% or \$1.70 million to \$16.31 million as compared with \$18.01 million for the six months period ended 30 June 2022 (HY2022).

The sale of pallets and packaging business decreased by 9.0% or \$1.28 million from \$14.17 million to \$12.89 million due to saturated market conditions arising from stiffer competition and reduction in market demand.

Revenue from trading of timber-related products has decreased by 44.4% or \$0.20 million from \$0.45 million to \$0.25 million due to lower market demand for the HY2023. Trading activities do not follow any seasonal patterns.

Revenue from Technical Wood® and related products increased by 20.8% or \$0.16 million from \$0.77 million to \$0.93 million mainly due to higher woodchip sales in HY2023.

The pallet rental income decreased by 13.3% or \$0.35 million from \$2.63 million to \$2.28 million due to lower rental pallet demand with as a result of decline in regional warehousing demand and market shrinkage.



2.2 Gross Profit and Gross Profit Margin:

The gross profit decreased by 9.1% or \$0.62 million from \$6.85 million in HY2022 to \$6.23 million in HY2023 on higher gross profit margin of 38.2% in HY2023 as compared 38.0% in HY2022.

The higher gross margin in HY2023 as compared to HY2022 was mainly due to intensified effort in sourcing for cheaper raw materials and lower production cost as a result in the group effort to gradually relocate production facilities to Malaysia which led to higher gross margin in HY2023.

2.3 Other Income:

Other income increased by 9.2% or \$0.13 million to \$1.46 million in HY2023 as compared to \$1.33 million in HY2022 mainly due to higher interest income earned from the placement of fixed deposits. Please also refer to page 15, Note 8 for more information.

2.4 Distribution Expenses:

Distribution expenses decreased by 16.1% or \$0.10 million to \$0.50 million in HY2023 from \$0.60 million in HY2022 in line with lower revenue and cost savings from using own delivery trucks and consolidating shipments.

2.5 Administrative Expenses:

Administrative expenses decreased by 8.8% or \$0.35 million to \$3.67 million in HY2023 from \$4.02 million in HY2022. The decrease in Administrative Expenses are mainly due to lower insurance expenses incurred due to the change of insurance provider, lower depreciation and amortisation costs and lower employee costs for the period.

2.6 Other Expenses:

Other expenses decreased by 44.7% or \$0.09 million to \$0.10 million in HY2023 from \$0.19 million in HY2022 mainly due to net exchange gain being recorded in other income as compared to the net exchange loss recorded in HY2022.

2.7 Finance Costs:

Finance costs decreased by 16.3% or \$0.03 million to \$0.18 million in HY2023 from \$0.21 million in HY2022 mainly due to the settlement of secured lease liabilities during the current financial period.

2.8 Profit Before Income Tax:

The Group's profit before income tax increased by 2.1% or \$ 0.07 million to \$3.24 million in HY2023 as compared to \$3.17 million in HY2022 mainly due to lower administrative and distribution expenses and higher other income as explained above.

2.9 Non-Current Assets:

Non-current assets decreased by 3.0% or \$0.47 million from \$15.60 million as at 31 December 2022 (FY2022) to \$15.13 million as at 30 June 2022 (HY2023). The decrease was mainly due to the \$1.40 million in depreciation of property, plant and equipment ("PPE") and amortisation of right-of-use assets (ROU) offset by \$1.13 million to ROU as a result of lease remeasurement due to rental price hikes respectively.

2.10 Current Assets:

The decrease in current assets by 0.02% or \$0.01 million to \$54.60 million in HY2023 from \$54.61 million in FY2022 was mainly attributable to:

- (1) a decrease in inventory to \$5.13 million in HY2023 from \$6.72 million in FY2022 mainly due to decrease in purchases as a result of decreasing sales demand;
- (2) a decrease in trade and other receivables to \$6.12 million in HY2023 from \$6.58 million in FY2022 mainly due to decrease in trade receivable as a result of more timely collection and in line with lower sales turnover; and offset by



2.10 Current Assets: (Cont'd)

- (3) an increase in cash and cash equivalents (inclusive of fixed deposit) to \$43.34 million in HY2023 from \$41.31 million in FY2022 as a result of higher net positive changes in working capital.

2.11 Current Liabilities:

The current liabilities decreased by 12.9% or \$0.58 million to \$3.91 million in HY2023 compared to \$4.49 million in FY2022 mainly due to the following:

- (1) a decrease in trade and other payables to \$2.26 million in HY2023 from \$2.79 million in FY2022, mainly due to lower trade purchases in line with lower sales turnover;
- (2) an increase in lease liabilities in HY2023 to \$0.81 million from \$0.80 million in FY2022, mainly due to remeasurement of lease liabilities as a result of rental price hikes; and
- (3) a decrease in income tax payable to \$0.84 million in HY2023 from \$0.90 million in FY2022.

2.12 Non-Current Liabilities:

The increase of non-current liabilities by 12.9% or \$0.77 million to \$6.75 million in HY2023 from \$5.98 million in FY2022 was mainly due to the remeasurement of lease liabilities as a result of rental price hikes.

2.13 Net Current Assets:

The Group's net current assets increased by 1.1% or \$0.57 million to \$50.69 million in HY2023 from \$50.12 million in FY2022. This was mainly due to a decrease of \$0.58 million in current liabilities offset by a decrease in current assets of \$0.01 million, as mentioned in Para 2.10 and 2.11 above.

2.14 Consolidated Statement of Cash Flows:

The Group's net cash generated from operating activities was an inflow of \$5.29 million in HY2023 as compared to an inflow of \$3.37 million in HY2022. The increase in inflow was mainly due to higher net positive change in working capital.

Net cash inflow from investing activities of \$0.30 million in HY2023 was higher as compared to an outflow of \$2.63 million mainly due to a withdrawal of \$3.00 million fixed deposits.

Net cash outflow from financing activities of \$3.25 million in HY2023 as compared to the outflow of \$2.19 million in HY2022 was higher mainly due to higher dividend paid out in HY2023.



3. 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.

4. A commentary at 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 operating period and the next 12 months.

With current economic conditions of high inflation, high interest rates and supply chain disruptions, the growth of the industry is likely to remain tepid in the coming months.

Faced with such uncertain business conditions and challenging market environment, the Group will remain cautious and vigilant with its current costs management and its marketing efforts to boost its core businesses.

Apart from intensifying its marketing efforts, the Group will continuously review and further streamline its current operations and production processes.

5. Dividend information

(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.

6. If no dividend has been declared/recommendeded, a statement to that effect and the reasons for the decision.

The Group's practice is to consider declaring dividends on an annual basis. Therefore, there was no interim dividend declared for the half year ended 30 June 2023.

**7. Interested person transactions**

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 2023 that exceeded the stipulated threshold.

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 provides transport services to the Company. \$249,893	-
Leayong Trading ("LT")	LT provides transport services to subsidiaries of the Company. \$17,462	-
Gold Leayong Trading ("GLT")	GLT provides transport services to subsidiaries of the Company. \$18,800	-
Total	\$286,155	-

8. Negative assurance confirmation on Interim Financial Results Pursuant to Rule 705(5) Undertakings from directors and executive officers

We, the undersigned, 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 our 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 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Yap Mui Kee
Managing Director

Tan Kok Hiang
Non-Executive, Lead Independent Director



9. 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 2023