

LHN LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 201420225D

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 THIRD QUARTER ("3Q2018") AND NINE MONTHS ENDED 30 JUNE 2018

	Group					
	3 Months Ended 30 June		Change	9 Months Ended 30 June		Change
	2018 (unaudited)	2017 (unaudited)		2018 (unaudited)	2017 (audited)	
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	26,339	26,183	0.6	82,543	79,767	3.5
Cost of sales	(19,702)	(20,339)	(3.1)	(60,457)	(60,556)	(0.2)
Gross profit	6,637	5,844	13.6	22,086	19,211	15.0
Other income	923	511	80.6	2,194	1,815	20.9
Other losses-net	-	-	-	(28)	(161)	(82.6)
Selling and distribution expenses	(237)	(259)	(8.5)	(1,238)	(821)	50.8
Administrative expenses	(5,699)	(8,352)	(31.8)	(18,727)	(19,403)	(3.5)
Finance cost	(211)	(153)	37.9	(610)	(457)	33.5
Share of results of associates and joint ventures, net of tax	152	(447)	NM	800	3,430	(76.7)
Fair value loss on investment properties	-	-	-	-	(1,439)	NM
Impairment loss on asset held-for-sale	-	(500)	NM	-	(500)	NM
Profit/(loss) before income tax	1,565	(3,356)	NM	4,477	1,675	>100
Income tax expenses	(238)	(289)	(17.6)	(754)	(341)	>100
Profit/(loss) for the period	1,327	(3,645)	NM	3,723	1,334	>100
Other comprehensive income/(loss)						
<u>Item that will be reclassified subsequently to profit or loss</u>						
Currency translation differences arising from consolidation	1	(50)	NM	(80)	(51)	56.9
<u>Item that will not be reclassified subsequently to profit or loss</u>						
Revaluation gains on leasehold building	-	-	-	12	137	(91.2)
Share of other comprehensive income of joint venture	-	-	-	44	142	(69.0)
Other comprehensive income/(loss)	1	(50)	NM	(24)	228	NM
Total comprehensive income/(loss) for the period	1,328	(3,695)	NM	3,699	1,562	>100
Profit/(loss) attributable to:						
Equity holders of the Company	1,186	(3,669)	NM	3,554	1,038	>100
Non-controlling interests	141	24	>100	169	296	(42.9)
Profit/(loss) for the period	1,327	(3,645)	NM	3,723	1,334	>100
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	1,190	(3,719)	NM	3,532	1,268	>100
Non-controlling interests	138	24	>100	167	294	(43.2)
Total comprehensive income/(loss) for the period	1,328	(3,695)	NM	3,699	1,562	>100
<i>NM – Not Meaningful</i>						

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

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,464	1,483	4,381	4,533
Interest income	(116)	(79)	(317)	(227)
Finance costs	211	153	610	457
Allowance for impairment of trade and other receivables	-	-	-	33
Bad debts written off	-	-	28	-
Foreign exchange (gain)/loss, net	(277)	172	408	91
Gain on disposal of property, plant and equipment, net	(14)	(16)	(373)	(90)
Property, plant and equipment written off	2	20	3	35
Dual Listing expenses	-	2,938	1,842	2,938

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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 30 June 2018 (unaudited) S\$'000	As At 30 September 2017 (audited) S\$'000	As At 30 June 2018 (unaudited) S\$'000	As At 30 September 2017 (audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	18,136	21,794	-	-
Investment properties	46,247	43,352	-	-
Available for sale financial assets	107	107	-	-
Investment in subsidiaries	-	-	32,727	32,727
Investment in associates	135	132	-	-
Investment in joint ventures	12,104	11,344	-	-
Deferred tax assets	780	651	-	-
Long-term prepayments	456	536	-	-
	77,965	77,916	32,727	32,727
Current assets				
Inventories	15	33	-	-
Trade and other receivables	22,592	13,212	24,762	20,378
Loans to joint ventures	12,467	10,492	-	-
Prepayments	1,975	3,131	-	33
Cash and bank balances	14,965	13,262	991	1,034
Fixed deposits	10,981	6,270	6,315	-
	62,995	46,400	32,068	21,445
TOTAL ASSETS	140,960	124,316	64,795	54,172
EQUITY				
Capital and Reserves				
Share capital	63,407	51,287	63,407	51,287
Treasury shares	-	(186)	-	(186)
Reserves	22,242	19,508	858	2,524
	85,649	70,609	64,265	53,625
Non-controlling interests	586	333	-	-
TOTAL EQUITY	86,235	70,942	64,265	53,625
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	211	222	-	-
Provision for reinstatement costs	36	204	-	-
Other payables	34	18	-	-
Finance lease liabilities	2,937	3,417	-	-
Bank borrowings	16,004	16,380	-	-
	19,222	20,241	-	-
Current liabilities				
Trade and other payables	26,453	25,054	443	466
Provision for reinstatement costs	410	169	-	-
Finance lease liabilities	1,623	1,750	-	-
Bank borrowings	5,675	4,894	-	-
Current tax payable	1,342	1,266	87	81
	35,503	33,133	530	547
TOTAL LIABILITIES	54,725	53,374	530	547
TOTAL EQUITY AND LIABILITIES	140,960	124,316	64,795	54,172

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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:

	Group	
	As At 30 June 2018 (unaudited) S\$'000	As At 30 September 2017 (audited) S\$'000
Amount repayable in one year or less (secured and guaranteed)		
- Bank borrowings	5,675	4,894
- Finance lease liabilities	1,623	1,750
	7,298	6,644
Amount repayable after one year (secured and guaranteed)		
- Bank borrowings	16,004	16,380
- Finance lease liabilities	2,937	3,417
	18,941	19,797
Total borrowings	26,239	26,441

The Group does not have any unsecured borrowings and debt securities as at 30 June 2018 and 30 September 2017.

Details of any collaterals:

- Bank borrowings of approximately S\$21.7 million as at 30 June 2018 (30 September 2017 – S\$21.3 million) obtained by our subsidiaries are secured by (i) legal mortgage of leasehold properties at 72 Eunos Avenue 7 and 100 Eunos Avenue 7 in Singapore; (ii) corporate guarantees provided by the Group; (iii) personal guarantees provided by a director and shareholder of a non-wholly owned subsidiary of the Company, in proportion to his shareholdings in such non-wholly owned subsidiary (the "**Subsidiary Director**"); and (iv) assignment of rental proceeds of the mortgaged properties. The Subsidiary Director is not a controlling shareholder of the Company.
- 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 the Subsidiary Director proportional to his shareholdings in the non-wholly owned subsidiary 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 Third Quarter and Nine Months Ended 30 June 2018

	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit/(loss) before income tax	1,565	(3,356)	4,477	1,675
Share of results of associates and joint ventures	(152)	447	(800)	(3,430)
Adjustments for:				
Depreciation of property, plant and equipment	1,464	1,483	4,381	4,533
Gain on disposal of property, plant and equipment	(14)	(16)	(373)	(90)
Property, plant and equipment written off	2	20	3	35
Fair value loss on investment properties	-	-	-	1,439
Impairment loss on asset held-for-sale	-	500	-	500
Waiver of debt from a director of subsidiaries	(7)	-	(49)	(22)
Dual Listing expenses	-	2,938	1,842	2,938
Employee performance shares expenses	-	-	-	88
Interest income	(116)	(79)	(317)	(227)
Interest expenses	211	153	610	457
Operating profit before working capital changes	2,953	2,090	9,774	7,896
(Increase)/decrease in inventories	(4)	(63)	18	(58)
(Increase)/decrease in operating receivables	(3,187)	941	(8,157)	330
Increase/(decrease) in operating payables	449	(446)	1,713	(1,309)
Cash generated from operations	211	2,522	3,348	6,859
Interest expense paid	(211)	(156)	(604)	(451)
Income tax paid	(557)	(603)	(1,355)	(1,379)
Income tax refunded	1	2	542	723
Net cash (used in)/generated from operating activities	(556)	1,765	1,931	5,752
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(1,011)	(1,469)	(2,899)	(3,577)
Addition of investment properties	-	-	-	(955)
Acquisition of a joint venture	-	-	-	(150)
Loans to joint ventures, net	(475)	(775)	(1,725)	(1,745)
Proceeds from disposals of property, plant and equipment	18	15	498	95
Cash outflow on incorporation of associate	(20)	-	(20)	-
Dividend from associate	-	-	100	-
Interest received	43	15	61	42
Net cash used in investing activities	(1,445)	(2,214)	(3,985)	(6,290)
Cash flows from financing activities:				
Repayment of finance lease	(445)	(382)	(1,453)	(1,192)
Uplift of deposits - current	-	135	-	129
Bank borrowings obtained	2,000	2,000	4,446	2,000
Bank borrowings repaid	(549)	(481)	(4,042)	(1,252)
Proceeds from issuance of shares	-	-	13,638	-
Share issue costs	-	-	(1,332)	-
Dual Listing expenses paid	-	(1,616)	(2,067)	(1,616)
Capital contribution from non-controlling shareholder	86	-	86	-
Dividend paid	(798)	-	(798)	(1,622)
Net cash generated from/(used in) financing activities	294	(344)	8,478	(3,553)
Net (decrease)/increase in cash and cash equivalents	(1,707)	(793)	6,424	(4,091)
Cash and cash equivalents at beginning of period	22,970	16,634	14,885	19,926
Effect of currency translation on cash and cash equivalents	16	(23)	(30)	(17)
Cash and cash equivalents at end of period	21,279	15,818	21,279	15,818

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	Group			
	3 Months Ended 30 June		9 Months Ended 30 June	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	14,965	15,818	14,965	15,818
Fixed deposits	10,981	5,576	10,981	5,576
	25,946	21,394	25,946	21,394
Less: Pledged fixed deposits	(4,667)	(5,576)	(4,667)	(5,576)
Cash and cash equivalents as per consolidated statement of cash flows	21,279	15,818	21,279	15,818

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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	Other reserve	Asset revaluation reserves	Exchange 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
Balance at 1 April 2017	51,287	(186)	49,592	(30,727)	298	3,481	(743)	73,002	150	73,152
(Loss)/profit for the period	-	-	(3,669)	-	-	-	-	(3,669)	24	(3,645)
Other comprehensive loss	-	-	-	-	-	-	(50)	(50)	-	(50)
Total comprehensive (loss)/ income for the period	-	-	(3,669)	-	-	-	(50)	(3,719)	24	(3,695)
Balance at 30 June 2017	51,287	(186)	45,923	(30,727)	298	3,481	(793)	69,283	174	69,457

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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)

GROUP (unaudited)	Share capital	Treasury shares	Retained profits	Merger reserves	Other reserve	Asset revaluation reserves	Exchange 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
Balance at 1 April 2018	63,407	-	49,594	(30,727)	269	3,632	(918)	85,257	362	85,619
Dividend paid for FY2017	-	-	(798)	-	-	-	-	(798)	-	(798)
Capital contribution from non-controlling shareholder	-	-	-	-	-	-	-	-	86	86
Profit for the period	-	-	1,186	-	-	-	-	1,186	141	1,327
Other comprehensive income /(loss)	-	-	-	-	-	-	4	4	(3)	1
Total comprehensive income for the period	-	-	1,186	-	-	-	4	1,190	138	1,328
Balance at 30 June 2018	63,407	-	49,982	(30,727)	269	3,632	(914)	85,649	586	86,235

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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)

COMPANY (unaudited)	Share capital S\$'000	Treasury shares S\$'000	Other reserve S\$'000	Retained profits S\$'000	Total S\$'000
Balance at 1 April 2017	51,287	(186)	29	1,497	52,627
Total comprehensive income for the period	-	-	-	(2,911)	(2,911)
Balance at 30 June 2017	51,287	(186)	29	(1,414)	49,716
Balance at 1 April 2018	63,407	-	-	1,466	64,873
Dividend paid for FY2017	-	-	-	(798)	(798)
Total comprehensive income for the period	-	-	-	190	190
Balance at 30 June 2018	63,407	-	-	858	64,265

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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 30 June 2018 and 31 March 2018, the share capital of the Company amounted to S\$63,406,836 comprising 402,445,400 issued ordinary shares.

The Company had nil treasury shares as at 30 June 2018 (30 June 2017: 1,411,800).

Save as disclosed, the Company did not have any outstanding options, convertibles or subsidiary holdings as at 30 June 2018 and 30 June 2017.

- 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.**

	Total Number of Issued Shares Excluding Treasury Shares
As at 30 September 2017	360,445,400
Add: new shares issued pursuant to the global offering of the shares pursuant to the dual listing of the Company on The Stock Exchange of Hong Kong Limited ("SEHK") (the "Dual Listing")	42,000,000
As at 30 June 2018	402,445,400

- 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.**

Not applicable as the Company did not hold any treasury shares as at the end of the current financial period reported on.

- 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.

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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.

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 financial period ended 30 June 2018 compared with the audited financial statements for the financial year ended 30 September 2017.

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 ended 30 June 2018 and financial year ended 30 September 2017, the Group and the Company have adopted International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") under the historical cost convention. The adoption of the IFRS did not result in substantial changes to the accounting policies of the Group and the Company and there is no material effect on the amounts reported for the current or prior financial periods.

The Company has adopted IFRS since the financial year ended 30 September 2017 as the Group is required to adopt IFRS to prepare its financial statements subsequent to obtaining the listing approval of its shares on SEHK.

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			
	Three months Ended 30 June		Nine months Ended 30 June	
	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)	2017 (audited)
<u>Earnings/(loss) per ordinary share</u>				
(i) Based on weighted average number of ordinary shares in issue (Singapore Cents)	0.29	(1.02)	0.91	0.29
(ii) On a fully diluted basis (Singapore Cents)	0.29	(1.02)	0.91	0.29
Weighted average number of shares (in '000)	402,445	360,445	388,753	360,269

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary securities in issue as at 30 June 2018 and 30 June 2017.

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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 30 June 2018 (unaudited)	As at 30 September 2017 (audited)	As at 30 June 2018 (unaudited)	As at 30 September 2017 (audited)
Net asset attributable to Shareholders (S\$ '000)	85,649	70,609	64,265	53,625
Number of ordinary shares in issue (in '000)	402,445	360,445	402,445	360,445
Net asset value per ordinary share (Singapore Cents)	21.28	19.59	15.97	14.88

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

For the period three months ended 30 June 2018 ("3Q2018") vs three months ended 30 June 2017 ("3Q2017")

Revenue

	3Q2018 S\$'000 (unaudited)	3Q2017 S\$'000 (unaudited)	Variance	
			S\$'000	%
Industrial Properties	10,070	10,721	(651)	(6.1)
Commercial Properties	5,169	5,699	(530)	(9.3)
Residential Properties	400	295	105	35.6
Space Optimisation Business	15,639	16,715	(1,076)	(6.4)
Facilities Management Business	4,539	4,563	(24)	(0.5)
Logistics Services Business	6,161	4,905	1,256	25.6
Total	26,339	26,183	156	0.6

The Group's revenue increased by approximately S\$0.2 million or 0.6% from approximately S\$26.2 million in 3Q2017 to approximately S\$26.3 million in 3Q2018 primarily due to an increase in revenue from the Logistics Services Business. The increase was partially offset by the decrease in revenue from the Industrial and Commercial Properties of our Space Optimisation Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties decreased by approximately S\$0.7 million or 6.1% from approximately S\$10.7 million in 3Q2017 to approximately S\$10.0 million in 3Q2018 mainly due to (i) the expiry of one of our master leases in Singapore during the financial year ended 30 September 2017 ("FY2017"), which was not renewed; (ii) movement of tenants due to expiry of sub-leases; and (iii) expiry and renewal of sub-leases at lower rental rates.

The average occupancy rate of Industrial Properties managed by the Group in 3Q2018 was approximately 90% as compared to approximately 88% in 3Q2017.

Commercial Properties

Revenue derived from Commercial Properties decreased by approximately S\$0.5 million or 9.3% from approximately S\$5.7 million in 3Q2017 to approximately S\$5.2 million in 3Q2018 mainly due to (i) movement of tenants as a result of expiry of sub-leases; and (ii) expiry and renewal of sub-leases at lower rental rates.

The average occupancy rate of the Group's Commercial Properties was approximately 86% in 3Q2018 as compared to 92% in 3Q2017.

Residential Properties

Revenue derived from Residential Properties increased by approximately S\$0.1 million or 35.6% from approximately S\$0.3 million in 3Q2017 to approximately S\$0.4 million in 3Q2018 mainly due to increase in design consultancy fees.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business remained relatively stable at approximately S\$4.5 million in 3Q2018 and 3Q2017.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$1.3 million or 25.6% from approximately S\$4.9 million in 3Q2017 to approximately S\$6.2 million in 3Q2018 mainly due to an increase in transportation services in 3Q2018.

Cost of sales

Cost of sales decreased by approximately S\$0.6 million or 3.1% from approximately S\$20.3 million in 3Q2017 to approximately S\$19.7 million in 3Q2018 mainly due to a decrease in (i) rental costs of approximately S\$1.0 million; and (ii) upkeep and maintenance costs of approximately S\$0.3 million. The decrease was partially offset by an increase in (i) direct labour costs of approximately S\$0.3 million as a result of increase in manpower cost under the Facilities Management Business and Logistics Services Business; (ii) container depot management charges of approximately S\$0.2 million; and (iii) transportation costs of approximately S\$0.2 million from our Logistics Services Business due to the increase in transportation services rendered.

Gross profit

In view of the above mentioned, gross profit increased by approximately S\$0.8 million or 13.6% from approximately S\$5.8 million in 3Q2017 to approximately S\$6.6 million in 3Q2018.

Other income

Other income increased by approximately S\$0.4 million or 80.6% from approximately S\$0.5 million in 3Q2017 to approximately S\$0.9 million in 3Q2018 mainly due to foreign exchange loss of approximately S\$0.1 million recognised in 3Q2017 as compared to foreign exchange gain of approximately S\$0.3 million recognised in 3Q2018.

Selling and distribution expenses

Selling and distribution expenses remained relatively unchanged at approximately S\$0.2 million in 3Q2018 and 3Q2017.

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Administrative expenses

Administrative expenses decreased by approximately S\$2.7 million or 31.8% from approximately S\$8.4 million in 3Q2017 to approximately S\$5.7 million in 3Q2018 mainly due to expenses of approximately S\$2.9 million relating to dual primary listing on the Main Board of SEHK recognised in 3Q2017. This was partially offset by an increase in employee benefit costs of approximately S\$0.2 million.

Finance cost

Finance cost increased by approximately S\$0.1 million or 37.9% from approximately S\$0.1 million in 3Q2017 to approximately S\$0.2 million in 3Q2018 mainly due to increased interest expenses from higher bank borrowings and interest rates as compared to 3Q2017.

Share of results of associates and joint ventures

Share of results of associates and joint ventures amounted to a profit of approximately S\$0.2 million in 3Q2018 as compared to a loss of approximately S\$0.4 million in 3Q2017. The increase of approximately S\$0.6 million was mainly due to an increase in operating profits from our joint ventures.

Impairment loss on asset held-for-sale

Impairment loss on asset held-for-sale was approximately S\$0.5 million in 3Q2017 mainly due to the decrease in valuation of non-current assets classified as held-for-sale. (3Q2018: nil)

Profit before income tax

As a result of the aforementioned, the Group's profit before income tax was approximately S\$1.6 million in 3Q2018 as compared to a loss before tax of approximately S\$3.3 million in 3Q2017.

Income tax expenses

Income tax expenses decreased marginally by approximately S\$0.1 million or 17.6% from approximately S\$0.3 million in 3Q2017 to approximately S\$0.2 million in 3Q2018.

Review of Statements of Financial Position**Non-current assets**

Non-current assets increased by approximately S\$0.1 million from approximately S\$77.9 million as at 30 September 2017 to approximately S\$78.0 million as at 30 June 2018 mainly due to (i) increase in investment in joint ventures of approximately S\$0.8 million due to the share of profit of joint ventures in the nine months ended 30 June 2018 ("9M2018"); and (ii) increase in investment properties of approximately S\$2.9 million due to reclassification of property at 72 Eunos Avenue 7 in Singapore ("72 Eunos") of approximately S\$3.3 million, partly offset by currency exchange translation loss of approximately S\$0.4 million. These were partially offset by a decrease in property, plant and equipment of approximately S\$3.6 million as a result of (i) depreciation of approximately S\$4.4 million, offset by net additions to PPE of approximately S\$4.1 million mainly for car park equipment purchased for new car parks obtained, renovation costs for our Space Optimisation Business and logistics equipment for our Logistics Services Business; and (ii) reclassification of 72 Eunos of approximately S\$3.3 million.

Current assets

Current assets increased by approximately S\$16.6 million from approximately S\$46.4 million as at 30 September 2017 to approximately S\$63.0 million as at 30 June 2018 mainly due to increase in (i) trade receivables of approximately S\$6.0 million consisting of the outstanding amount of approximately S\$3.3 million from the billing of rights to use 85SOHO brand in Cambodia, slower collection of trade receivables from the Space Optimisation Business of approximately S\$1.0 million and higher trade receivables from the Logistics Services Business of approximately S\$1.2 million which was in line with the increase in logistics revenue; (ii) other receivables of approximately S\$3.4 million from accrued rental income, tender deposits paid and deposit paid for Cambodia project; (iii) loans to joint ventures of approximately S\$2.0 million provided to our joint venture companies, mainly Work Plus Store (AMK) Pte. Ltd. and Four Star Industries Pte Ltd, for working capital and renovation of the properties; and (iv) cash and bank balances and fixed deposits of approximately S\$6.4 million largely due to the net proceeds received from the Dual Listing of approximately S\$7.4 million after deduction of Dual Listing expenses less amount utilised of approximately S\$0.4 million. These were partially offset by a decrease in prepayments of approximately S\$1.2 million.

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Non-current liabilities

Non-current liabilities decreased by approximately S\$1.0 million from approximately S\$20.2 million as at 30 September 2017 to approximately S\$19.2 million as at 30 June 2018 mainly due to (i) transfer of provision for reinstatement costs of approximately S\$0.1 million to current liabilities; (ii) decrease in finance lease liabilities of approximately S\$0.5 million; and (iii) decrease in bank borrowings of approximately S\$0.4 million.

Current liabilities

Current liabilities increased by approximately S\$2.4 million from approximately S\$33.1 million as at 30 September 2017 to approximately S\$35.5 million as at 30 June 2018 mainly due to an increase in (i) trade and other payables of approximately S\$1.4 million which largely consists of accruals, deposits received and advances received from customers; (ii) provision for reinstatement costs of approximately S\$0.2 million; and (iii) bank borrowings of approximately S\$0.8 million.

Review of Statement of Cash Flows

In 3Q2018, the Group recorded net cash used in operating activities of approximately S\$0.6 million, which was a result of operating profit before changes in working capital of S\$3.0 million, increase in operating receivables of approximately S\$3.2 million and operating payables of approximately S\$0.4 million, adjusted for income tax paid of approximately S\$0.6 million and interest expense paid of approximately S\$0.2 million.

Net cash used in investing activities amounted to approximately S\$1.4 million, which was mainly due to the acquisition of property, plant and equipment for logistics equipment and renovation costs paid of approximately S\$1.0 million and loans to joint ventures of approximately S\$0.4 million.

Net cash generated from financing activities amounted to approximately S\$0.3 million, which was due to the proceeds from bank borrowings of approximately S\$2.0 million. This was partially offset by the repayment of finance lease of approximately S\$0.4 million for logistics and carpark equipment, repayment of bank borrowings of approximately S\$0.5 million and dividend payment of approximately S\$0.8 million.

As a result of the above, cash and cash equivalents decreased by approximately S\$1.7 million, amounting to S\$21.3 million as at 30 June 2018.

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.

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.

The overall Singapore economy grew by 3.8% on a year-on-year basis in the second quarter of 2018 based on advance estimates, moderating from the 4.3% growth in the previous quarter according to the press release issued by the Ministry of Trade and Industry on 13 July 2018¹. Despite the positive growth rate achieved by the Singapore economy, the Group remains cautious in its outlook as the global economic and business environment become more challenging and uncertain as a result of global political and trade tensions.

As housing gets more expensive and smaller, the co-living concept becomes an attractive accommodation option in Singapore. To tap on the Group's Co-living Space business model, our first 62-unit co-living and co-working spaces project is well underway at 10 Raeburn Park, which we expect to be operational by the end of our financial year 2018. In addition, today, the Group has signed the tenancy of state property at 31 Boon Lay Drive Singapore 649934, being the Singapore Land Authority's first Co-living project for Student and White-Collar Workers.

In the Facilities Management Business segment, our car park division is expected to expand further this year. On 31 July 2018, our Group was presented with a letter of award to manage the car park and coach parking bays at the Singapore Marina Cruise Centre for a period of two years from 1 September 2018.

For our overseas business, the Group has entered into its first management service agreement on 12 July 2018, with Mother Construction Co., Ltd, a local well-established property developer in Yangon with over 20 years in the industry, to renovate and provide property management and leasing services to a serviced residence in Yangon. The 13-storey property will be renovated to a premium serviced residence complex which is expected to be operational in early January 2019 and will be managed under the Group's 85 SOHO serviced residence brand.

Our Logistics Services Business continues to be on track bringing in positive results. The trucking business segment has extended its operations to Malaysia and the renovation of our second container depot in the vicinity of Bangkok, Thailand, is near completion and it is expected to commence operations in the next few months.

¹ MTI Press Release. Singapore's GDP grew by 3.8 Per Cent in the Second Quarter of 2018. 13 July 2018

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11. Dividend

- (a) **Current Financial Period Reported On:** Any dividend declared for the current financial period reported on?

None.

- (b) **Corresponding Period of the Immediately Preceding Financial Year:** Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

- (c) **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 3Q2018.

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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.

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Details are set out in the Renewal of the Shareholders' Mandate for Interested Person Transactions.

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 30 June 2018 S\$'000	9 months ended 30 June 2018 S\$'000	3 months ended 30 June 2018 S\$'000	9 months ended 30 June 2018 S\$'000
<u>Payments received by our Group</u>				
PJS Companies*				
- Property leases or sub-leases	-	-	59	181
- Facilities management services	-	-	-	3
	-	-	59	184
<u>Payments paid by our Group</u>				
PJS Companies*				
- Purchase of food and beverage products and services	-	-	-	1
	-	-	-	1
Total	-	-	59	185

- * PJS Companies include Café @ Phoenix Pte. Ltd. and DJ Culinary Concepts Pte. Ltd., are each wholly owned by Pang Joo Siang, the sole director of each company, who is the spouse of the Company's Executive Director and Group Deputy Managing Director, Jess Lim.

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14. Utilisation of Proceeds from the Listing in Hong Kong

On 29 December 2017, the Company was successfully dual listed on the Main Board of the SEHK and raised HK\$79.8 million (equivalent to S\$13.6 million) in total gross proceeds from the allotment and issuance of 42,000,000 new shares at a price of HK\$1.90 per share. The net proceeds from the Dual Listing amounted to approximately HK\$44.4 million (equivalent to S\$7.4 million) after deduction of related expenses of approximately HK\$35.4 million (equivalent to S\$6.2 million) (the "**Net Proceeds**").

The following table sets out the breakdown of the use of proceeds from the Dual Listing as at the date of announcement:

S/N	Purpose of Dual Listing Proceeds	Amount Allocated HK\$'000	Amount Utilised HK\$'000	Balance HK\$'000
1	Expansion of our space optimisation business by acquiring a new property in Singapore	26,815	-	26,815
2	Acquiring a property in Singapore for our logistics services management business	10,611	-	10,611
3	Set out our first operation in the PRC	1,776	-	1,776
4	General working capital	4,439	4,439	-
5	Acquiring transportation equipment for our logistics services business	755	274	481
	Total	44,396	4,713	39,683

Amount utilised for general working capital of approximately HK\$4.4 million (equivalent to S\$0.7 million) consisted of payment for renovation cost in relation to master lease secured under our Space Optimisation Business.

The Company will announce as and when the Net Proceeds are materially disbursed and disclose the same in the annual report of the Company.

15. Negative Confirmation of Interim Financial Results pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirm 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 third quarter and nine months ended 30 June 2018 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 of Directors of
LHN Limited
Lim Lung Tieng
Executive Chairman and Group Managing Director
13 August 2018