

LHN LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 201420225D

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 MARCH 2015

LHN Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 13 April 2015. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**” or “**PPCF**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of the Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENT

1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ("2Q2015") AND HALF YEAR ENDED 31 MARCH 2015 ("1H2015")

	Group					Change
	3 Months Ended 31 March		Change	6 Months Ended 31 March		
	2015	2014		2015	2014	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	24,170	22,277	8.5	46,761	43,703	7.0
Cost of sales	(17,355)	(16,656)	4.2	(34,554)	(32,319)	6.9
Gross profit	6,815	5,621	21.2	12,207	11,384	7.2
Other operating income	886	562	57.7	1,346	1,044	28.9
Selling and distribution expenses	(351)	(217)	61.8	(776)	(457)	69.8
Administrative expenses	(4,178)	(3,839)	8.8	(8,205)	(8,337)	(1.6)
Finance costs	(100)	(157)	(36.3)	(195)	(319)	(38.9)
Share of associated companies' results, net of tax	9	8	12.5	16	15	6.7
Profit from operations	3,081	1,978	55.8	4,393	3,330	31.9
IPO listing expenses	(1,173)	-	NM	(1,420)	-	NM
Profit before taxation	1,908	1,978	(3.5)	2,973	3,330	(10.7)
Taxation	141	(41)	NM	(186)	(351)	(47.0)
Profit after taxation for the period	2,049	1,937	5.8	2,787	2,979	(6.4)
Other comprehensive (expenses)/income after tax						
Item that will be reclassified subsequently to profit or loss						
Currency translation differences arising from consolidation	(39)	225	NM	3	54	(94.4)
Other comprehensive (expense)/income after tax	(39)	225	NM	3	54	(94.4)
Total comprehensive income for the year, net of tax	2,010	2,162	(7.0)	2,790	3,033	(8.0)
Profit attributable to:						
Equity owners of the Company	2,061	1,939	6.3	2,787	3,033	(8.1)
Non-controlling interests	(12)	(2)	500.0	-	(54)	(100.0)
Profit for the period	2,049	1,937	5.8	2,787	2,979	(6.4)
Total comprehensive income attributable to:						
Equity owners of the Company	2,023	2,162	(6.4)	2,790	3,092	(9.8)
Non-controlling interests	(13)	-	NM	-	(59)	(100.0)
Total comprehensive income for the period	2,010	2,162	(7.0)	2,790	3,033	(8.0)
<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 31 March		6 Months Ended 31 March	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,344	1,283	2,626	2,582
Interest income	(14)	(16)	(30)	(33)
Finance costs	100	157	195	319
Reversal of allowance for doubtful trade receivables	-	-	(9)	-
Foreign exchange (gain)/loss, net	50	(33)	5	(31)
Loss/(gain) on disposal of property, plant and equipment, net	13	1	(13)	2
Property, plant and equipment written off	-	-	3	-

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

Statements of Financial Position

	Group		Company	
	As At 31/03/15	As At 30/09/14	As At 31/03/15	As At 30/09/14
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	19,162	19,869	-	-
Investment properties	21,131	20,631	-	-
Investment in subsidiaries	-	-	32,727	-
Investment in associated companies	78	62	-	-
Long-term prepayment	309	333	-	-
	40,680	40,895	32,727	-
Current assets				
Inventories	251	256	-	-
Work-in-progress	140	58	-	-
Trade and other receivables	14,586	10,222	1,778	-
Prepayments	2,471	985	-	-
Cash and bank balances	10,615	14,417	116	*
Fixed deposits	5,588	5,584	-	-
	33,651	31,522	1,894	-
TOTAL ASSETS	74,331	72,417	34,621	*
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	35,047	2,000	35,047	*
Reserves	2,789	30,726	(426)	(1)
	37,836	32,726	34,621	(1)
Non-controlling interests	46	(130)	-	-
TOTAL EQUITY	37,882	32,596	34,621	(1)
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	223	223	-	-
Other payables	-	166	-	-
Obligations under finance lease	2,597	2,870	-	-
Bank borrowings	8,845	9,246	-	-
	11,665	12,505	-	-
Current liabilities				
Trade and other payables	21,114	23,596	-	1
Obligations under finance lease	1,424	1,331	-	-
Bank borrowings	813	824	-	-
Current tax payable	1,433	1,565	-	-
	24,784	27,316	-	1
TOTAL LIABILITIES	36,449	39,821	-	1
TOTAL EQUITY AND LIABILITIES	74,331	72,417	34,621	-

*Represents amounts less than S\$1,000.

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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 31/03/15	As At 30/09/14
	S\$'000	S\$'000
Amount repayable in one year or less (secured and guaranteed)		
- Bank borrowings	813	824
- Obligations under finance lease	1,424	1,331
	2,237	2,155
Amount repayable after one year (secured and guaranteed)		
- Bank borrowings	8,845	9,246
- Obligations under finance lease	2,597	2,870
	11,442	12,116
Total borrowings	13,679	14,271

The Group does not have any unsecured borrowings and debt securities as at 31 March 2015 and 30 September 2014.

Details of any collaterals:

- (a) Bank borrowings of approximately S\$9.7 million (30 September 2014 – S\$10.1 million) obtained by a subsidiary is secured by legal mortgage of leasehold property at 72 Eunos Avenue 7, a corporate guarantee by the Group and joint and several guarantee provided by certain directors of the Company.
- (b) Finance lease liabilities of the Group are secured by the underlying assets of certain plant and machinery, logistics equipment and motor vehicles, personal guarantees provided by certain directors of the Group and a corporate guarantee provided by the Group.

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

Consolidated Statement of Cash Flows for Second Quarter and Half Year Ended 31 March 2015

	Group			
	3 Months Ended 31 March		6 Months Ended 31 March	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before income tax	1,908	1,978	2,973	3,330
Share of associated companies' results	(9)	(8)	(16)	(15)
Adjustments for:				
Depreciation of property, plant and equipment	1,344	1,283	2,626	2,582
Loss/(gain) on disposal of property, plant and equipment	13	1	(13)	2
Property, plant and equipment written off	-	-	3	-
Interest income	(14)	(16)	(30)	(33)
Interest expenses	100	157	195	319
Operating profit before working capital changes	3,342	3,395	5,738	6,185
Decrease/(increase) in inventories	108	(47)	5	(62)
Decrease/(increase) in work-in-progress	(66)	(573)	(82)	(1,218)
Decrease/(increase) in operating receivables	(6,023)	7,877	(5,826)	1,117
(Decrease)/increase in operating payables	(764)	(4,520)	(134)	(237)
Cash (used in)/generated from operations	(3,403)	6,132	(299)	5,785
Interest expense paid	(100)	(157)	(195)	(319)
Income tax paid	(253)	(176)	(318)	(172)
Net cash (used in)/generated from operating activities	(3,756)	5,799	(812)	5,294
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(783)	(601)	(1,166)	(979)
Purchase of investment properties	-	-	(500)	-
Proceeds from disposals of property, plant and equipment	32	18	54	21
Net cash outflow on disposal of investment in subsidiaries	-	-	-	(620)
Interest received	14	16	30	33
Net cash used in investing activities	(737)	(567)	(1,582)	(1,545)
Cash flows from financing activities:				
Repayment of obligations under hire-purchase contracts	(330)	(277)	(696)	(431)
Placements of deposits pledged - current	-	-	(12)	(4)
Effect on non-controlling interest on newly incorporated subsidiaries	46	-	177	-
Bank borrowings repaid	(205)	-	(412)	(1,763)
Proceeds from Pre-IPO convertible loans	2,000	-	2,000	-
Amount owing to a director of subsidiaries	(250)	-	(477)	-
Repayment to immediate holding company	-	(2,827)	-	(2,827)
Amount owing to related parties, net	-	-	-	3
Dividend paid	-	-	(2,000)	-
Net cash generated from/(used in) financing activities	1,261	(3,104)	(1,420)	(5,022)
Net (decrease)/increase in cash and cash equivalents	(3,232)	2,128	(3,814)	(1,273)
Cash and cash equivalents at beginning of period	13,849	9,927	14,425	13,352
Effect of currency translation on cash and cash equivalents	(2)	91	4	67
Cash and cash equivalents at end of period	10,615	12,146	10,615	12,146
Consolidated cash and cash equivalents are represented by:				
Cash and bank balances	10,615	11,813	10,615	11,813
Fixed deposits	5,588	5,896	5,588	5,896
	16,203	17,709	16,203	17,709
Less: Pledged fixed deposits	(5,588)	(5,563)	(5,588)	(5,563)
Cash and cash equivalents as per consolidated statement of cash flows	10,615	12,146	10,615	12,146

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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	Share capital	Retained profits	Merger reserves	Reserve on disposal of non-controlling interests	Fair value reserves	Currency translation reserves	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/10/13	2,000	18,243	-	269	355	(595)	20,272	(78)	20,194
Profit for the period	-	1,094	-	-	-	-	1,094	(52)	1,042
Other comprehensive income	-	-	-	-	-	(164)	(164)	(7)	(171)
Total comprehensive income or the period	-	1,094	-	-	-	(164)	930	(59)	871
Balance at 31/12/13	2,000	19,337	-	269	355	(759)	21,202	(137)	21,065
Profit for the period	-	1,939	-	-	-	-	1,939	(2)	1,937
Other comprehensive income	-	-	-	-	-	223	223	2	225
Total comprehensive income or the period	-	1,939	-	-	-	223	2,162	-	2,162
Balance at 31/03/14	2,000	21,276	-	269	355	(536)	23,364	(137)	23,227
Balance at 1/10/14	2,000	28,998	-	269	2,189	(730)	32,726	(130)	32,596
Effect on non-controlling interest on the newly incorporated subsidiaries	-	-	-	-	-	-	-	132	132
Profit for the period	-	726	-	-	-	-	726	12	738
Other comprehensive income	-	-	-	-	-	41	41	-	41
Total comprehensive income for the period	-	726	-	-	-	41	767	12	779
Balance at 31/12/14	2,000	29,724	-	269	2,189	(689)	33,493	14	33,507
Effect on non-controlling interest on the newly incorporate subsidiaries	-	-	-	-	-	-	-	45	45
Adjustment arising from the restructuring exercise	(2,000)	-	(30,727)	-	-	-	(32,727)	-	(32,727)
New shares issued pursuant to restructuring exercise	35,047	-	-	-	-	-	35,047	-	35,047
Profit for the period	-	2,061	-	-	-	-	2,061	(12)	2,049
Other comprehensive income	-	-	-	-	-	(38)	(38)	(1)	(39)
Total comprehensive income for the period	-	2,061	-	-	-	(38)	2,023	(13)	2,010
Balance at 31/03/15	35,047	31,785	(30,727)	269	2,189	(727)	37,836	46	37,882

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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	Share capital	Retained profits	Total
	S\$'000	S\$'000	S\$'000
Balance at 1/10/13			
Total comprehensive income for the period	-	-	-
Balance at 31/03/14	-	-	-
Balance at 1/10/14	*	(1)	(1)
Total comprehensive income for the period	-	*	*
Balance at 31/12/14	*	(1)	(1)
New shares issued pursuant to restructuring exercise	35,047	-	35,047
Total comprehensive loss for the period	-	(425)	(425)
Balance at 31/03/15	35,047	(426)	34,621

*Represents amounts less than S\$1,000.

Note: There are no comparative figures for the Company as at 31 March 2014 as the Company was incorporated on 10 July 2014.

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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 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.**

	Number of Issued Shares	Issued and paid-up share capital (S\$)
Issued and fully paid Shares at 10 July 2014	1	1
Issue of new Shares pursuant to the Restructuring Exercise on 10 March 2015	999,999	32,726,559
Post-Restructuring Exercise issued and paid-up share capital as at 10 March 2015	1,000,000	32,726,560
Issued and paid-up share capital after Share Split on 10 March 2015	275,000,000	32,726,560
Issue of Pre-IPO New Shares on 30 March 2015	11,220,000	2,000,000
Issue of PPCF Shares on 30 March 2015	1,391,300	320,000
Pre-Placement issued and paid-up share capital as at 31 March 2015	287,611,300	35,046,560

LHN Performance Share Plan

The Company had on 10 March 2015, adopted the LHN Performance Share Plan (“PSP”). The Company has not granted any awards under the PSP as at the date of this announcement.

Save as disclosed above, the Company did not have any outstanding options, convertibles or treasury shares as at 31 March 2015 and 31 March 2014.

- 1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2015 was 287,611,300 (As at 30 September 2014: 1).

- 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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

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 the Company’s auditors.

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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 accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements ended 30 September 2014 prepared for the purpose of the IPO as disclosed in the Company's offer document dated 1 April 2015 (the "Offer Document").

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current financial period, the Group and the Company have adopted all the new revised Financial Reporting Standards (FRSs) and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior period.

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

	Group			
	3 Months Ended 31 March		6 Months Ended 31 March	
	2015	2014	2015	2014
<u>Earnings per ordinary share</u>				
(i) Based on weighted average number of ordinary shares in issue (Singapore cents)	0.75	0.71	1.01	1.10
(ii) On a fully diluted basis (Singapore cents)	0.75	0.71	1.01	1.10
Weighted average number of shares (in'000)	275,280	275,000	275,139	275,000

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2015 and 31 March 2014.

For comparative and illustrative purposes, the earnings per ordinary share for the financial period ended 31 March 2014 was computed based on the number of ordinary shares issued after share split of 275,000,000 which was completed on 10 March 2015.

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

	Group		Company	
	As at 31/03/15	As at 30/09/14	As at 31/03/15	As at 30/09/14
Net asset value (S\$'000)	37,836	32,726	34,621	(1)
Number of ordinary shares in issue	287,611	287,611	287,611	287,611
Net asset value per ordinary share (Singapore cents)	13.16	11.38	12.04	NM

For comparative and illustrative purposes, the net asset value per ordinary share for the financial period ended 30 September 2014 was computed based on the number of ordinary shares in issue as at 31 March 2015.

NM – Not Meaningful

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review on Group's Financial Results

Revenue

	2Q2015	2Q2014	Variance		1H2015	1H2014	Variance	
			S\$	%			S\$	%
S\$ (in million)								
Industrial Properties	11.6	9.4	2.2	23.4	22.2	18.9	3.3	17.5
Commercial Properties	6.1	5.3	0.8	15.1	11.6	10.3	1.3	12.6
Residential Properties	0.6	2.5	(1.9)	(76.0)	1.2	5.0	(3.8)	(76.0)
Space Optimisation Business	18.3	17.2	1.1	6.4	35.0	34.2	0.8	2.3
Facilities Management Business	2.3	2.1	0.2	9.5	4.6	4.1	0.5	12.2
Logistics Services Business	3.6	3.0	0.6	20.0	7.2	5.4	1.8	33.3
Total	24.2	22.3	1.9	8.5	46.8	43.7	3.1	7.0

6 months ended 31 March 2015 (1H2015) vs 6 months ended 31 March 2014 (1H2014)

The Group's revenue increased by approximately S\$3.1 million or 7.0% from approximately S\$43.7 million in 1H2014 to approximately S\$46.8 million in 1H2015. The increase was due to increase in rental income (which includes warehousing service fees) from our Group's Space Optimisation Business, primarily driven by our Industrial and Commercial Properties, as well as increased revenue from our Facilities Management Business and Logistics Services Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties increased by approximately S\$3.3 million or 17.5% from approximately S\$18.9 million in 1H2014 to approximately S\$22.2 million in 1H2015. The increase in revenue was mainly due to:

- (i) increase in rental income as a result of new master leases secured by our Group;
- (ii) increase in rental income from new industrial property acquired by our Group; and
- (iii) increase in rental income from our existing Industrial Properties as a result of higher occupancy and rental rates.

The average occupancy rate of industrial properties managed by the Group in 1H2015 remained stable at approximately 95%.

Commercial Properties

Revenue derived from Commercial Properties increased by approximately S\$1.3 million or 12.6% from approximately S\$10.3 million in 1H2014 to approximately S\$11.6 million in 1H2015. The increase in revenue was mainly due to a new master lease secured by our Group and an increase in rental income of our existing Commercial Properties as a result of higher occupancy and rental rates.

The average occupancy rate of the Group's commercial properties was approximately 95% in 1H2015.

Residential Properties

Revenue derived from Residential Properties decreased by approximately S\$3.8 million or 76.0% from approximately S\$5.0 million in 1H2014 to approximately S\$1.2 million in 1H2015. The decrease was mainly due to the expiry of the lease of its managing agent contract with HDB on a residential property at Yung Kuang Road in August 2014.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$0.5 million or 12.2% from approximately S\$4.1 million in 1H2014 to approximately S\$4.6 million in 1H2015. The increase was mainly due to an increase in revenue from security services and car park management services arising from both the existing sites and new car parks managed by our Group.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$1.8 million or 33.3% from approximately S\$5.4 million in 1H2014 to approximately S\$7.2 million in 1H2015. The increase was mainly due to an increase in revenue from our transportation services and container depot business.

Cost of sales increased by approximately S\$2.2 million or 6.9% from approximately S\$32.3 million in 1H2014 to approximately S\$34.5 million in 1H2015. Our cost of sales comprises mainly rental costs, direct labour costs, upkeep and maintenance costs, transportation costs, sub-contracting costs and others. The increase in cost of sales was mainly due to an increase in (i) container depot management charges of approximately S\$1.2 million; (ii) rental costs (which includes warehousing service charges) of approximately S\$0.5 million relating to the new sites secured and managed by our Group; (iii) upkeep and maintenance costs of approximately S\$0.3 million; and (iv) transportation costs of approximately S\$0.2 million.

Gross profit increased by approximately S\$0.8 million from approximately S\$11.4 million in 1H2014 to approximately S\$12.2 million in 1H2015 whereas gross profit margin as a percentage of revenue increased from 26.0% in 1H2014 to 26.1% in 1H2015. The increase in gross profit was mainly due to higher rental income from our Industrial Properties and Commercial Properties as well as higher revenue contribution from our transportation services in 1H2015.

Other operating income increased by approximately S\$0.3 million or 28.9%, from approximately S\$1.0 million in 1H2014 to approximately S\$1.3 million in 1H2015. The increase was due to higher payouts from the Wage Credit Scheme and Government grants received.

Selling and distribution expenses increased by approximately S\$0.3 million or 69.8% from approximately S\$0.5 million in 1H2014 to approximately S\$0.8 million in 1H2015. The increase was mainly due to an increase in advertising expenses and agent commission.

Administrative expenses decreased by approximately S\$0.1 million or 1.6% from approximately S\$8.3 million in 1H2014 to approximately S\$8.2 million in 1H2015. The decrease in administrative expenses was mainly due to a decrease in miscellaneous expenses of approximately S\$0.1 million.

Finance costs decreased by approximately S\$0.1 million or 38.9% from approximately S\$0.3 million in 1H2014 to approximately S\$0.2 million in 1H2015. The decrease in finance costs was mainly due to lower bank borrowings.

As a result of the aforementioned, the Group's profit before income tax decreased by approximately S\$0.3 million or 10.7% from approximately S\$3.3 million in 1H2014 to approximately S\$3.0 million in 1H2015.

Taxation decreased by approximately S\$0.2 million from S\$0.4 million in 1H2014 to S\$0.2 million in 1H2015. This was mainly due to utilisation of the Group's tax relief.

8. Review on Group's Financial Results

3 months ended 31 March 2015 (2Q2015) vs 3 months ended 31 March 2014 (2Q2014)

The Group's revenue increased by approximately S\$1.9 million or 8.5% from approximately S\$22.3 million in 2Q2014 to approximately S\$24.2 million in 2Q2015. The increase was due to increase in rental income from our Group's Space Optimisation Business, primarily driven by our Industrial and Commercial Properties, as well as increased revenue from our Facilities Management Business and Logistics Services Business.

(a) Space Optimisation Business

Industrial Properties

Revenue derived from Industrial Properties increased by approximately S\$2.2 million or 23.4% from approximately S\$9.4 million in 2Q2014 to approximately S\$11.6 million in 2Q2015. The increase in revenue was mainly due to an increase in rental income as a result of new master leases secured by our Group and increase in rental income from our existing Industrial Properties as a result of higher occupancy and rental rates.

Commercial Properties

Revenue derived from Commercial Properties increased by approximately S\$0.8 million or 15.1% from approximately S\$5.3 million in 2Q2014 to approximately S\$6.1 million in 2Q2015. The increase in revenue was mainly due to a new master lease secured by our Group and an increase in rental income of our existing Commercial Properties as a result of higher occupancy and rental rates.

Residential Properties

Revenue derived from Residential Properties decreased by approximately S\$1.9 million or 76.0% from approximately S\$2.5 million in 2Q2014 to approximately S\$0.6 million in 2Q2015. The decrease was mainly due to the expiry of the lease of its managing agent contract with HDB on a residential property at Yung Kuang Road in August 2014.

(b) Facilities Management Business

Revenue derived from our Facilities Management Business increased by approximately S\$0.2 million or 9.5% from approximately S\$2.1 million in 2Q2014 to approximately S\$2.3 million in 2Q2015. The increase was mainly due to an increase in revenue from security services.

(c) Logistics Services Business

Revenue derived from our Logistics Services Business increased by approximately S\$0.6 million or 20.0% from approximately S\$3.0 million in 2Q2014 to approximately S\$3.6 million in 2Q2015. The increase was mainly due to an increase in revenue from our transportation services and container depot business.

Cost of sales increased by approximately S\$0.7 million or 4.2% from approximately S\$16.7 million in 2Q2014 to approximately S\$17.4 million in 2Q2015. Our cost of sales comprises mainly rental costs, direct labour costs, upkeep and maintenance costs, transportation costs, sub-contracting costs and others. The increase in cost of sales was mainly due to an increase in container depot management charges.

Gross profit increased by approximately S\$1.2 million from approximately S\$5.6 million in 2Q2014 to approximately S\$6.8 million in 2Q2015 whereas gross profit margin as a percentage of revenue increased from 25.2% in 2Q2014 to 28.2% in 2Q2015. The increase was mainly due to higher rental income from our Industrial Properties and Commercial Properties as well as higher revenue contribution from our transportation services in 2Q2015.

Other operating income increased by approximately S\$0.3 million or 57.7%, from approximately S\$0.6 million in 2Q2014 to approximately S\$0.9 million in 2Q2015. The increase was due to higher payout from the Wage Credit Scheme and Government grants received.

Selling and distribution expenses increased by approximately S\$0.1 million or 61.8% from approximately S\$0.2 million in 2Q2014 to approximately S\$0.3 million in 2Q2015. The increase was mainly due to an increase in advertising expenses and agents commission.

Administrative expenses increased by approximately S\$0.4 million or 8.8% from approximately S\$3.8 million in 2Q2014 to approximately S\$4.2 million in 2Q2015. The increase was mainly due to increase in professional fees of approximately S\$0.1 million, staff training of approximately S\$0.1 million, depreciation of property, plant and equipment of approximately S\$0.1 million and foreign exchange loss of approximately S\$0.1 million.

Finance costs decreased by approximately S\$0.1 million or 36.3% from approximately S\$0.2 million in 2Q2014 to approximately S\$0.1 million in 2Q2015. The decrease was mainly due to lower bank borrowings.

As a result of the aforementioned, the Group's profit before income tax decreased by approximately S\$0.1 million or 3.5% from approximately S\$2.0 million in 2Q2014 to approximately S\$1.9 million in 2Q2015.

Taxation decreased by approximately S\$0.2 million from approximately S\$0.04 million in 2Q2014 to tax credit of approximately S\$0.14 million in 2Q2015. The decrease was mainly due to utilisation of the Group's tax relief.

Review of Statements of Financial Position

Group

Non-current assets

As at 31 March 2015, our non-current assets amounted to approximately S\$40.7 million which accounted for approximately 54.8% of our total assets. Our non-current assets comprised primarily property, plant and equipment, investment properties, investment in associated companies and long term prepayment.

Non-current assets decreased by approximately S\$0.2 million from approximately S\$40.9 million as at 30 September 2014 to approximately S\$40.7 million as at 31 March 2015. The decrease was mainly due to increase in depreciation of property, plant and equipment which was partially offset by purchase of additional investment property and logistics equipment.

Current assets

As at 31 March 2015, our current assets amounted to approximately S\$33.6 million which accounted for approximately 45.2% of our total assets. Our current assets comprised mainly trade and other receivables, cash and bank balances, prepayments and fixed deposits.

Current assets increased by approximately S\$2.1 million from approximately S\$31.5 million as at 30 September 2014 to approximately S\$33.6 million as at 31 March 2015. The increase was mainly due to increase in trade and other receivables and prepayments which was partially offset by decrease in cash and bank balances.

Increase in trade and other receivables of approximately S\$4.4 million was mainly due to an increase in trade receivables of approximately S\$0.4 million and deposit paid of approximately S\$4.0 million to suppliers and landlords for new sites secured by our Group. Increase in prepayments of approximately S\$1.5 million was mainly due to increase in advance payment for rental costs. Decrease in cash and bank balances of approximately S\$3.8 million was mainly due to negative change in working capital from higher trade and other receivables, prepayments and lower trade and other payables.

Non-current liabilities

As at 31 March 2015, our non-current liabilities of approximately S\$11.7 million accounted for approximately 32.1% of our total liabilities. Our non-current liabilities comprised deferred tax liabilities, other payables, obligations under finance lease and bank borrowings.

Non-current liabilities decreased by approximately S\$0.8 million from approximately S\$12.5 million as at 30 September 2014 to approximately S\$11.7 million as at 31 March 2015. The decrease was mainly due to repayment of bank borrowings and finance leases.

Current liabilities

As at 31 March 2015, our current liabilities amounted to approximately S\$24.8 million which accounted for approximately 67.9% of our total liabilities. Our current liabilities comprised trade and other payables, current tax payable, bank borrowings and obligations under finance leases.

Current liabilities decreased by approximately S\$2.5 million from approximately S\$27.3 million as at 30 September 2014 to approximately S\$24.8 million as at 31 March 2015. The decrease was mainly due to decrease in trade and other payables. Decrease in trade and other payables were mainly due to dividend of S\$2.0 million paid to holding company for the dividend declared for FY2014 and payment of an amount owing to a director of a subsidiary of approximately S\$0.5 million.

Review of Statement of Cash Flows

In 2Q2015, we recorded net cash used in operating activities of approximately S\$3.8 million, which was a result of operating cash flows before changes in working capital of S\$3.3 million and net working capital outflow of approximately S\$6.7 million, adjusted for income tax paid of approximately S\$0.3 million and net interest expense paid of approximately S\$0.1 million. Our working capital outflows were mainly due to an increase in operating receivables of approximately S\$6.0 million and a decrease in operating payables of approximately S\$0.8 million. These were partially offset by a decrease in inventories of approximately S\$0.1 million.

Net cash used in investing activities amounted to approximately S\$0.7 million, which was mainly due to the acquisition of property, plant and equipment.

Net cash generated from financing activities amounted to approximately S\$1.3 million which was due to the repayment of finance lease liabilities of approximately S\$0.3 million, repayment of bank borrowings of approximately S\$0.2 million and repayment to a certain director of our subsidiaries of approximately S\$0.2 million. These were partially offset by proceeds from pre-IPO convertible loans of \$2.0 million.

As a result of the above, there was a net decrease of approximately S\$3.2 million in our cash and cash equivalents, from approximately S\$13.8 million as at 31 December 2014 to approximately S\$10.6 million as at 31 March 2015.

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 statements 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 Group's new project at 18 Tampines Industrial Crescent has received encouraging response with a pre commitment rate of 28% as at the date of this announcement, prior to the building obtaining its Temporary Occupation Permit.

Barring unforeseen circumstances, the Group is cautiously optimistic about the average occupancy rate remaining stable and is in active negotiations with landlords to secure more master leases of properties which are strategically located and have good leasing potential.

The Group's businesses depend on myriad of economic conditions where healthy economic growth in Singapore and the region would bolster growth in its business segments. Today, while the Group operates mainly in Singapore, it also has business operations in Indonesia, Myanmar and Thailand. The Group intends to expand its businesses in the ASEAN region and will be on a lookout for acquisitions, joint ventures and/or strategic alliances which will give it access to new markets and customers as well as new businesses.

11. If no dividend has been declared (recommended), a statement to that effect.

No interim dividend for the quarter ended 31 March 2015 has been recommended (31 March 2014: Nil).

12. If the group has obtained mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Other than the Restructuring Exercise and interested person transactions as disclosed on pages 82 to 84, 235 to 236 and 239 to 240 of the Offer Document dated 1 April 2015, there were additional interested person transactions of S\$100,000 and above during the financial period under review. Details of the additional interested person transactions of S\$100,000 and above are as follows:

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	3 months ended 31 March 2015	6 months ended 31 March 2015	3 months ended 31 March 2015	6 months ended 31 March 2015
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Payments received by our Group</u>				
PJS Companies*				
- Property leases or sub-leases	-	-	180	361
- Facilities management services	-	-	9	11
	-	-	189	372
<u>Payments paid by our Group</u>				
PJS Companies*				
- Purchase of food and beverage products and services	-	-	3	4
Total	-	-	192	376

* PJS Companies comprises Café @ Phoenix Pte Ltd and DJ Culinary Concepts Pte Ltd. as disclosed on page 241 of the Offer Document dated 1 April 2015.

13. Utilisation of Proceeds from the Initial Public Offering (“IPO”)

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

S/N	Purpose of IPO Proceeds	Intended Amount	Amount Utilised	Balance
		S\$'000	S\$'000	S\$'000
1	To grow our property portfolio and acquire our own properties	5,000	442	4,558
2	Expansion of our Logistics Services Business and Facilities Management Business	3,000	-	3,000
3	Expansion of our operations in existing markets and into new markets	3,000	-	3,000
4	Development of technological capability	500	-	500
5	General working capital	2,931	-	2,931
6	Listing expenses	2,569	2,349	220
	Gross Proceeds	17,000	2,791	14,209

The above utilisation is in accordance with the intended use of proceeds of IPO as stated in the Offer Document dated 1 April 2015.

The Company will continue to make periodic announcement via SGXNET on the utilisation of the balance of the gross proceeds from the IPO as and when such proceeds are materially disbursed.

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

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the second quarter and six months ended 31 March 2015 to be false or misleading in any material aspect.

By Order of the Board
Kelvin Lim
Executive Chairman and Group Managing Director
13 May 2015