



LHN LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No. 202129609C

Unaudited Condensed Interim Financial Statements For The Half Year Ended 31 March 2022

Background

LHN Logistics Limited (the “**Company**”) was incorporated in Singapore on 24 August 2021 under the Companies Act as a company limited by shares under the name of LHN Logistics Pte Ltd. The Company changed its name to LHN Logistics Limited on 4 April 2022. The Company, its subsidiaries and associated companies (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) prior to the IPO and listing on the Catalist of the SGX-ST on 29 April 2022. The Restructuring Exercise was completed on 29 March 2022. Please refer to the Company’s Final Offer Document dated 19 April 2022 for further details on the Restructuring Exercise.

For the purpose of this announcement, the comparative financial results of the Group for the six months financial period ended 31 March 2021 have been prepared on the assumption that the Group’s structure following the completion of the Restructuring Exercise had been in place since the date of incorporation.

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group	
		6 months ended	6 months ended
		31 Mar 2022	31 Mar 2021
		S\$'000	S\$'000
Revenue	4	13,574	13,484
Cost of sales		(9,395)	(9,262)
Gross profit		4,179	4,222
Other income		728	583
Distribution and marketing expenses		(31)	(48)
Administrative expenses		(2,696)	(2,547)
Other operating expenses			
- Impairment loss on trade receivables		(18)	(175)
- Others		(8)	(61)
Finance costs		(269)	(331)
Share of result of associated companies		436	381
Profit from operation		2,321	2,024
IPO listing expenses		(883)	-
Profit before taxation	6	1,438	2,024
Income tax expense	7	(391)	(359)
Profit for the period		1,047	1,665
Other comprehensive income/(loss)			
<u>Items that maybe reclassified subsequently to profit or loss</u>			
Currency translation differences arising from consolidation		2	(12)
Total comprehensive income for the period		1,049	1,653
Profit attributable to:			
Equity holders of the Company		657	1,362
Non-controlling interest		390	303
		1,047	1,665
Total comprehensive income attributable to:			
Equity holders of the Company		658	1,356
Non-controlling interest		391	297
		1,049	1,653
Earnings per share for profit for the financial period attributable to equity holders of the Company			
Basic and diluted (Singapore cents) ⁽¹⁾	8	0.39	0.81

⁽¹⁾The earnings per share for the period have been computed based on the profits attributable to equity holders of the Company and the Company's post-Placement issued and paid-up share capital of 167,678,800 shares

B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31 Mar 2022	30 Sep 2021	31 Mar 2022	30 Sep 2021
		S\$'000	S\$000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank deposits		4,249	5,121	122	*
Trade and other receivables		7,499	5,729	-	-
Prepayment		420	132	9	-
Inventories		58	44	-	-
		12,226	11,026	131	*
Non-current assets					
Property, plant and equipment	11	14,837	15,296	-	-
Right-of-use assets		11,242	11,360	-	-
Investment in subsidiaries		-	-	12,440	-
Investment in associates		429	238	-	-
		26,508	26,894	12,440	-
Total assets		38,734	37,920	12,571	-
LIABILITIES					
Current liabilities					
Trade and other payables		3,131	2,273	1,034	-
Current income tax liabilities		482	449	-	-
Bank borrowing	12	2,209	2,234	-	-
Lease Liabilities	13	1,922	2,014	-	-
		7,744	6,970	1,034	-
Non-current liabilities					
Deferred tax liabilities		240	157	-	-
Bank borrowings	12	8,714	9,635	-	-
Lease liabilities	13	6,284	6,455	-	-
		15,238	16,247	-	-
Total liabilities		22,982	23,217	1,034	-
NET ASSETS		15,752	14,703	11,537	*
EQUITY					
Share capital	14	12,440	1,409	12,440	*
Reserve		658	11,031	(903)	-
Capital and reserves attributable to equity holders of the Company		13,098	12,440	11,537	*
Non-controlling interests		2,654	2,263	-	-
Total equity		15,752	14,703	11,537	*

*Represents amount less than S\$500



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C. Condensed Interim Statements of Changes in Equity

	Share capital	Retained profits	Exchange translation reserve	Merger reserves	Revaluation reserve	Capital and reserves attributable to equity holders of the Company	Non-controlling interests	Total
<u>Note</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 October 2021	1,409	10,135	(25)	-	921	12,440	2,263	14,703
Profit and total comprehensive income for the financial period	-	657	1	-	-	658	391	1,049
Adjustment arising from restructuring exercise	11,031	-	-	(11,031)	-	-	-	-
Balance at 31 March 2022	12,440	10,792	(24)	(11,031)	921	13,098	2,654	15,752
Balance at 1 October 2020	1,409	8,112	2	-	-	9,523	1,838	11,361
Profit and total comprehensive income for the financial period	-	1,362	(6)	-	-	1,356	297	1,653
Dividend paid	-	(1,000)	-	-	-	(1,000)	-	(1,000)
Balance at 31 March 2021	1,409	8,474	(4)	-	-	9,879	2,135	12,014



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	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
Company⁽¹⁾			
Balance at 1 October 2021	*	-	*
New share issued pursuant to restructuring exercise	12,440	-	12,440
Losses and total comprehensive loss for the financial period	-	(903)	(903)
Balance at 31 March 2022	12,440	(903)	11,537

⁽¹⁾ Incorporated on 24 August 2021
* Represents amount less than S\$500

D. Condensed Interim Consolidated Statement of Cash flows

	Group	
	6 months ended	6 months ended
	31 Mar 2022	31 Mar 2021
Note	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	1,438	2,024
Adjustments for:		
Share of results of associates, net of tax	(436)	(381)
Amortisation of intangible assets	-	40
Depreciation on property, plant and equipment	825	743
Depreciation on right-of-use assets	982	997
Gain on disposal of property, plant and equipment	(55)	(58)
Gain on lease modification	-	(163)
Provision of allowance for doubtful debts	18	175
Interest expense	269	331
Operating cash flows before movement in working capital	3,041	3,708
Inventories	(14)	(15)
Trade and other receivables and prepayment	(2,076)	(1,161)
Trade and other payables	855	(643)
Cash generated from operations	1,806	1,889
Interest received	-	-
Income tax paid	(275)	(260)
Net cash generated from operating activities	1,531	1,629
Cash flows from investing activities		
Additions of property, plant and equipment	(418)	(180)
Disposal of property, plant and equipment	113	61
Dividend from associate	245	308
Interest received	-	-
Net cash (used in)/generated from investing activities	(60)	189
Cash flows from financing activities		
Dividend paid	-	(1,000)
Proceeds of bank borrowings	2,000	1,500
Repayment of bank borrowings	(2,946)	(860)
Repayment of lease liabilities	(1,129)	(1,252)
Interest paid	(269)	(331)
Net cash used in financing activities	(2,344)	(1,943)
Net decrease in cash and cash equivalents	(873)	(125)
Cash and cash equivalents at beginning of period	5,121	4,566
Effects of currency translation on cash and cash equivalent	1	(3)
Cash and cash equivalents at end of period	4,249	4,438

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E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate Information

LHN Logistics Limited (the “**Company**”) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 31 March 2022 comprises the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are the provision of tank and container transportation services and container depot services.

1.1 Restructuring

The Group was formed through the Restructuring Exercise. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of our Group for the purposes of the Placement. Pursuant to the Restructuring Exercise, our Company became the holding company of our subsidiaries and associated companies. The Restructuring Exercise involved the following:

(a) Incorporation of our Company

The Company was incorporated on 24 August 2021 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1, comprising one share held by LHN Group Pte Ltd (“**LHNGPL**”).

(b) Sale of shares in Nean Nerng Logistics Pte Ltd (“HNL”) to our Company by LHNGPL

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL the entire issued and paid-up share capital of HNL, comprising an aggregate of 500,000 ordinary shares at a deemed cost of S\$9,639,677, which is determined based on the proportionate share of adjusted NAV of HNL and its subsidiaries of S\$9,639,677 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 1,092,183 shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

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E. Notes to the Condensed Interim Consolidated Financial Statements

1. General information (cont'd)

1.2 Restructuring (cont'd)

- (c) **Sale of shares in HLA Container Services Pte Ltd (“HLA Container Services”) to our Company by LHNGPL**

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Container Services comprising an aggregate of 480,000 ordinary shares at a deemed cost of S\$2,478,130, which is determined based on the proportionate share of adjusted NAV of HLA Container Services and its subsidiaries of S\$2,478,130 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 280,774 shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

- (d) **Sale of shares in HLA Holdings Pte Ltd (“HLA Holdings”) to our Company by LHNGPL**

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Holdings comprising an aggregate of 429,408 ordinary shares at a deemed cost of S\$321,707, which is determined based on the proportionate share of adjusted NAV of HLA Holdings of S\$321,707 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 36,450 shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

E. Notes to the Condensed Interim Consolidated Financial Statements

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 March 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. 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 interim combined financial statements for the period ended 30 September 2021, which is included in Appendix A of the Group’s final offer document dated 19 April 2022 published on the SGX-ST (“**Offer Document**”).

The accounting policies adopted are consistent with those adopted in the Group’s audited combined financial statements for the financial years ended 30 September 2019, 30 September 2020 and 30 September 2021 which is included in Appendix A of the Offer Document of the Company which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note E2.1.

The condensed interim financial statements are presented in Singapore Dollar (“**SGD**” or “**S\$**”), except when otherwise indicated.

The condensed interim consolidated financial statements have been prepared on a going concern basis, since the directors have verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the financial period.

2.1. New and amended standards adopted by the Group

Interpretations and amendments to published standards effective in 2021

The Group has early adopted Covid-19-Related Rent Concessions (Amendments to SFRS(I) 16 Leases) beyond 30 June 2022. Under the amendment to SFRS(I) 16, the practical expedient allowing the Group to elect to account for rent concessions relating to COVID-19 as if they were not lease modifications in the Covid-19-Related Rent Concessions (Amendments to SFRS(I) 16 Leases) can be applied to any reduction in lease payments affecting payments originally due on or before 30 June 2022. There is no material impact on the early adoption of the amendment.

E. Notes to the Condensed Interim Consolidated Financial Statements

2. Basis of preparation (cont'd)

2.1. New and amended standards adopted by the Group (cont'd)

Interpretations and amendments to published standards effective in 2021(cont'd)

Description	Effective for annual period beginning on or after
Amendments to SFRS(I) 9 Financial Instruments, SFRS(I) 1-39 Financial Instruments: Recognition and Measurement, SFRS(I) 7 Financial Instruments: Disclosures, SFRS(I) 4 Insurance Contracts and SFRS(I) 16 Leases (Interest Rate Benchmark Reform – Phase 2)	1 October 2021
Amendments to SFRS(I) 3 Business Combinations (Reference to the Conceptual Framework), SFRS(I) 1-16 Property, Plant and Equipment (Proceeds before Intended Use), SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)	1 October 2022
SFRS(I) 17 Insurance Contracts;	1 October 2023
Amendments to SFRS(I) 1: Presentation of Financial Statements on classification of Liabilities as Current or Non-current, SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies), SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates), SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction,	
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

E. Notes to the Condensed Interim Consolidated Financial Statements

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates

In preparing the condensed interim consolidated 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 expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the combined financial statements as at and for the year ended 30 September 2021.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are included in the following notes:

Revaluation of leasehold building

As at 31 March 2022 and 30 September 2021, the Group's leasehold building of S\$11,842,000 and S\$12,406,000 classified under property, plant and equipment respectively, is stated at its estimated revalued amount determined by independent professional valuers. The estimated fair value may differ significantly from the price at which the property can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of the property could differ significantly from the estimate set forth in these financial statements.

If the actual fair values of leasehold building increase or decrease by 1% from the estimates as at 31 March 2022 and 30 September 2021, total comprehensive income and net assets of the Group would increase or decrease by S\$118,420 and S\$124,060 respectively.

Leasehold building that is owned by the Group are carried at revalued amount at the end of the reporting period as determined by Independent professional valuer. Valuation are made at least annually based in the leasehold building' highest-and-best-use using the Direct Market Comparison Method in determining the open market value.

The Direct Market Comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to reflect the characteristics of the leasehold building

E. Notes to the Condensed Interim Consolidated Financial Statements

2. Basis of preparation (cont'd)

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

Fair value of the Group's main property assets is estimated based in appraisals performed by independent, professionally-qualified property valuers based on indicative sale price of the property. The significant inputs and assumptions are developed in close consultation with management. The valuation report and fair value changes are reviewed by the directors at each reporting date.

The valuer hold a recognised and relevant professional qualification and have recent experience in location and category of the leasehold building being valued.

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

Operating and reportable segment

The Group operates as a single logistic business operating segment. An operating segment is defined as a component of an entity for which discrete financial information is available and whose results of operations are regularly reviewed by the chief operating decision maker. Upon successful listing, The Group's reportable operating segments are as follows:

1. Transportation business; and
2. Container Depot Services Business.

The Group's chief operating decision maker is the Executive Chairman, who reviews results of operations to make decisions about allocating resources and assessing performance based on the combined financial information.

Operating profits

The Executive Chairman assesses the performance of the operating segments based on the segment result, being a measure of earnings before tax, interest, finance costs, share of results of associates from continuing operations.

Segment assets and liabilities

The amounts reported to the Executive Chairman with respect to the total assets and liabilities are measured in a manner consistent with that of the financial statements.

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E. Notes to the Condensed Interim Consolidated Financial Statements

4. Segment and revenue information (cont'd)

Disaggregation of Revenue

The following table provides a disaggregation disclosure of the Group's revenue by business segment and geographical location:

	Group	
	6 months ended 31 Mar 2022 S\$'000	6 months ended 31 Mar 2021 S\$'000
Trucking services	5,888	6,022
Logistics management services	2,953	2,773
Transportation Business	8,841	8,795
Storage services	1,322	1,310
Container repair services	1,342	1,345
Logistics management services	2,069	2,034
Container Depot Services Business	4,733	4,689
Total	13,574	13,484
Singapore	9,995	10,583
Thailand	2,333	1,969
Malaysia	1,246	932
Total	13,574	13,484

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2022 and 30 September 2021:

	Group		Company	
	31 Mar 2022 S\$'000	30 Sep 2021 S\$'000	31 Mar 2022 S\$'000	30 Sep 2021 S\$'000
<i>Financial Assets</i>				
At amortised cost	10,755	10,850	122	*
<i>Financial liabilities</i>				
At amortised cost	22,300	22,487	1,034	-

*Represents amount less than S\$500

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E. Notes to the Condensed Interim Consolidated Financial Statements

6. Profit before taxation

6.1 Significant items

	Group	
	6 months ended 31 Mar 2022 S\$'000	6 months ended 31 Mar 2021 S\$'000
Profit before tax is arrived at after charging/(crediting):		
Depreciation on right of use assets	982	997
Depreciation on property, plant and equipment	825	743
Amortisation of intangible assets	-	40
Gain on disposal of property, plant and equipment	(55)	(58)
Interest expenses	269	331
Provision of allowance for doubtful debt	18	175
IPO related expenses	883	-
Net loss on foreign exchange	8	61

6.2 Significant related party transactions

	Group	
	6 months ended 31 Mar 2022 S\$'000	6 months ended 31 Mar 2021 S\$'000
Facilities fee charged by a fellow subsidiary	41	35
Rental charged by fellow subsidiaries	79	222
Vehicle Parking expenses charged by fellow subsidiaries	5	4
Management fee charged by immediate holding company	194	388
Contract services charged by a fellow subsidiary	60	34
Contract services charged by immediate holding company	521	311
Logistics services charged to fellow subsidiaries	7	16
Container depot management fee charged to an associate	401	401
Rental charged to an associate	125	125
Building maintenance charged by a fellow subsidiary	4	26
Utilities charges by a fellow subsidiary	-	57
Site related expenses charged by a fellow subsidiary	21	21
Logistics services charges to joint venture of intermediate holding corporation	185	81

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E. Notes to the Condensed Interim Consolidated Financial Statements

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated financial statement of profit or loss are:

	Group	
	6 months ended 31 Mar 2022 S\$'000	6 months ended 31 Mar 2021 S\$'000
Current income tax expense	307	167
Deferred income tax	83	146
	<u>390</u>	<u>313</u>
Under-provision of tax expense in prior financial year		
- Current income tax	1	46
	<u>391</u>	<u>359</u>

8. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following:

	Group	
	6 months ended 31 Mar 2022	6 months ended 31 Mar 2021
Profit for the financial year attributable to equity holders of the Company (S\$'000)	<u>657</u>	1,362
Weighted average number of shares ('000)	<u>167,679</u>	167,679
Earnings per share (Singapore cents)	<u>0.39</u>	0.81

The basic and diluted EPS are the same as there were no potentially dilutive shares outstanding during the respective financial periods.

For comparative and illustrative purpose, the earnings per share for the period have been computed based on the profits attributable to equity holders of the Company and the Company's post-Placement issued and paid-up share capital of 167,678,800 shares as at 29 April 2022.

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E. Notes to the Condensed Interim Consolidated Financial Statements

9. Dividends

	Group	
	6 months ended 31 Mar 2022 S\$'000	6 months ended 31 Mar 2021 S\$'000
Ordinary dividends paid:		
One-tier tax-exempt interim dividend	-	1,000

10. Net Asset Value

	Group		Company	
	31 Mar 2022	30 Sep 2021	31 Mar 2022	30 Sep 2021
Net asset value per share (Singapore cents)	7.81	7.42	6.88	*

* Represent amount less than 0.01 cents

For comparative and illustrative purpose, the net asset value per share have been computed based on the equity attributable to equity holders of the Company and the Company's post-Placement issued and paid-up share capital of 167,678,800 shares as at 29 April 2022.

11. Property plant and equipment

During the six months ended 31 March 2022, the Group acquired property, plant and equipment amounting to S\$418,000 (31 March 2021: S\$180,000) and disposed of assets amounting to S\$58,000 (31 March 2021: S\$3,000).

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E. Notes to the Condensed Interim Consolidated Financial Statements

12. Bank borrowings

	Group	
	31 Mar 2022	30 Sep 2021
	S\$'000	S\$'000
Non-current, secured		
Bank borrowings repayable later than 1 year and no later than 2 years	2,241	2,415
Bank borrowings repayable later than 2 years and no later than 5 years	5,690	6,760
Bank borrowings repayable later than 5 years	783	460
	8,714	9,635
Current, secured		
Bank borrowings repayable no later than 1 year	2,209	2,234
	10,923	11,869

Security for bank borrowings

Total bank borrowings of S\$10,923,000 (2021: S\$11,869,000) are secured by (i) legal mortgage of leasehold building at 7 Gul Avenue with a net book value of S\$ 11,842,000 (2021: 12,406,000) (ii) Corporate Guarantee by the immediate holding corporation, LHN Group Pte Ltd and (iii) floating charge over the receivables account.

Interest is charged between 1.38% and 2.68% per annum. The interest rate is repriced every 12 months.

Amount repayable in one year or less, or on demand

As at 31 Mar 2022		As at 30 Sep 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,209	-	2,234	-

Amount repayable after one year

As at 31 Mar 2022		As at 30 Sep 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,714	-	9,635	-

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E. Notes to the Condensed Interim Consolidated Financial Statements

13. Lease Liabilities

	Group	
	31 Mar 2022	30 Sep 2021
	S\$'000	S\$'000
Gross lease liabilities - minimum lease payments		
No later than 1 year	2,152	2,246
Later than 1 year and no later than 2 years	1,652	1,543
Later than 2 years and no later than 5 years	3,065	3,070
Later than 5 years	2,193	2,517
	9,062	9,376
Future finance charges on leases	(856)	(907)
Present value of lease liabilities	8,206	8,469
The present value of lease liabilities is as follows:		
No later than 1 year	1,922	2,014
Later than 1 year and no later than 2 years	1,478	1,369
Later than 2 years and no later than 5 years	2,778	2,766
Later than 5 years	2,028	2,320
	8,206	8,469

As at end of the financial period, the Group's lease liabilities are secured by certain logistics equipment and motor vehicle.

14. Share capital

	Company			
	31 Mar 2022		30 Sep 2021	
	Number of		Number of	
	shares	S\$	shares	S\$
Issued and paid-up capital:				
At beginning of the financial period / date of incorporation	1	1	1	1
New share issued pursuant to restructuring exercise	1,409,407	12,439,514	-	-
At end of the financial period	1,409,408	12,439,515	1	1

All shares are issued and fully paid-up.

The Company issued 1,409,407 shares of S\$8.83 per share on 29 March 2022 pursuant to the restructuring exercise.

The Company does not hold any treasury shares, outstanding options and convertibles as at 31 March 2022, 30 September 2021 and 31 March 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2022, 30 September 2021 and 31 March 2021.

E. Notes to the Condensed Interim Consolidated Financial Statements

15. Subsequent events

On 4 April 2022, the Company was converted into a public company limited by shares and its name was changed from LHN Logistics Pte Ltd to LHN Logistics Limited.

On 13 April 2022, pursuant to the approval by the Company's shareholder of a share split, the issued and paid-up share capital of the Company was S\$12,439,515 comprising of 140,940,800 ordinary shares.

On 19 April 2022, pursuant to the sponsorship and management agreement dated on the same date between the Company and its Sponsor, PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**"), the Company issued and allotted 1,500,000 shares ("**PPCF Shares**") to PPCF to satisfy the management fees payable to S\$300,000. The PPCF Shares will rank *pari passu* in all respects with the existing issued shares. Following the issuance of the PPCF Shares, the issued and paid-up share capital of the Company increased to S\$12,739,515 comparing of 142,440,800 shares.

On 19 April 2022, the Company issued 25,238,000 placement shares at \$0.20 each ("**Placement Shares**") by way of placement, payable in full on application. On 27 April 2022, all 25,238,000 Placement Shares have been subscribed and the gross proceeds for these Placement Shares amounted to S\$5,048,000.

On 29 April 2022, the Company was listed on the Catalist Board ("**Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), acting as agent on behalf of the Monetary Authority of Singapore.

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F. Other Information Required by Appendix 7C of the Catalyst Rules

1(a)(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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, if any, against the total number of issued shares excluding 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.

	Company			
	31 Mar 2022		30 Sep 2021	
	Number of shares	S\$	Number of shares	S\$
Issued and paid-up capital:				
At beginning of the financial period / date of incorporation ⁽¹⁾	1	1	1	1
New share issued pursuant to restructuring exercise	1,409,407	12,439,514	-	-
At end of the financial period	1,409,408	12,439,515	1	1

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 March 2022, 30 September 2021 and 31 March 2021.

1(a)(ii) 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.

There were no treasury shares as at 31 March 2022 and 30 September 2021 and 31 March 2021. The total number of issued shares of the Company are:

	Company			
	31 Mar 2022		30 Sep 2021	
	Number of shares	S\$	Number of shares	S\$
Issued and paid-up capital:				
At beginning of the financial period / date of incorporation ⁽¹⁾	1	1	1	1
New share issued pursuant to restructuring exercise	1,409,407	12,439,514	-	-
At end of the financial period	1,409,408	12,439,515	1	1

⁽¹⁾ Incorporated on 24 August 2021

F. Other Information Required by Appendix 7C of the Catalist Rules

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

The condensed consolidated statement of financial position of LHN Logistics Limited and its subsidiaries as at 31 March 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 31 March 2022 and explanatory notes (the “**Condensed Interim Financial Statements**”) have not been audited or reviewed by the auditors.

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

Not applicable as the Condensed Interim Financial Statements have not been audited or reviewed.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

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

Not applicable. The latest audited annual financial statements as at 30 September 2021 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Not applicable. The latest audited annual financial statements as at 30 September 2021 have an unmodified opinion.

4. 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 financial period reported on.

Review of Group’s Financial Results

For the period six months ended 31 March 2022 (“1H2022”) vs six months ended 31 March 2021 (“1H2021”)

Revenue

The Group’s revenue remained stable with a slight increase of S\$0.1 million to S\$13.6 million in 1H2022. This was mainly due to the overall increase in demand from business volume handled in both the Transportation Business and Container Depot Services Business.

F. Other Information Required by Appendix 7C of the Catalyst Rules

Revenue (cont'd)

Transportation Business

Transportation Business recorded revenue of S\$8.8 million in both 1H2021 and 1H2022.

Our revenue generated from Malaysia for Transportation Business increased by S\$0.3 million to S\$1.2 million in 1H2022 as the Group acquired 5 prime movers in 1H2022 in order to meet the higher demand of the business. The increase was partially offset by a decrease in revenue of S\$0.2 million for Transportation Business from Singapore.

Container Depot Services Business

Revenue from Container Depot Services Business recorded at S\$4.7 million in both 1H2021 and 1H2022.

The revenue generated from Thailand for Container Depot Services Business increased by S\$0.3 million to S\$2.3 million in 1H2022 due to an increase of volume of containers handled by our depot in Thailand. The increase was partially offset by a decrease in revenue of S\$0.3 million for Container Depot Services Business from Singapore.

Cost of Sales

Cost of sales increased by S\$0.1 million from S\$9.3 million in 1H2021 to S\$9.4 million in 1H2022. This was due to the increase in depreciation of property, plant and equipment, vehicle-related expenses, direct manpower cost, additional rental expenses incurred for temporary parking yard during the construction period at 7 Gul Avenue. The increase was partially offset by decrease in container depot management charges and transportation cost.

Gross Profit

Gross profit remained at S\$4.2 million for 1H2022 and 1H2021. The increased of revenue was offset by higher cost of sales.

As a result of the foregoing, gross profit margins decreased from 31.3% in 1H2021 to 30.8% in 1H2022.

Other Income

Other income increased by S\$0.1 million to S\$0.7 million in 1H2022. This was mainly due to higher income generated from sales of scrap metal plates. The increase was partially offset by lower other administrative service income.

Distribution and Marketing Expenses

Distribution and marketing expenses remained stable in 1H2022.

F. Other Information Required by Appendix 7C of the Catalyst Rules

Administrative Expenses

Our administrative expenses increased by S\$0.2 million to S\$2.7 million in 1H2022. This was mainly due to increase in staff cost incurred due to annual increment and higher headcounts for the Group. The increase was partially offset by lower management fee and amortisation of intangible assets which had fully amortised in prior financial year.

Other Operating Expenses

Other operating expenses decreased by S\$210,000 to S\$26,000 in 1H2022, mainly due to the lower impairment loss on trade receivables and foreign exchange losses.

Finance Costs

Finance cost decreased by S\$62,000 to S\$269,000 in 1H2022, mainly due to the full repayment of certain lease liabilities and repricing for lower interest rate for bank borrowings.

Share of Results of Associates

Share of result of associates increased by S\$55,000 to S\$436,000 in 1H2022. This was due to better operating results from HLA Logistics.

Income Tax Expenses

Income tax expenses increased by S\$32,000 to S\$391,000 in 1H2022 mainly due to higher current income tax expenses and partially offset by lower deferred tax expenses.

Profit for the Period

As a result of the above, the Group's net profit attributable to Shareholders (adding back the one-off listing expenses) for 1H2022 increased by S\$0.1 million from S\$1.4 million in 1H2021 to S\$1.5 million in 1H2022.

Review of Statement of Financial Position

Current Assets

Current assets increased by S\$1.2 million, which was largely attributed to the:

- (i) increase in trade receivables by S\$0.4 million as higher revenue was generated in March 2022. Majority of trade receivables is within the normal credit terms and no impairment was required;
- (ii) increase in other receivables by S\$1.4 million due to deposit being paid to the supplier of the equipment of ISO tank depot and down payment of professional fees relating to the construction of ISO tank depot;
- (iii) increase in prepayment by S\$0.3 million mainly prepayment of operating expenses; offset by
- (iv) the decrease in cash and cash bank deposit by S\$0.9 million, variance of which is set out in the cash flow statement.

F. Other Information Required by Appendix 7C of the Catalyst Rules

Non-current Assets

The Group's decrease in non-current assets was mainly due to depreciation charges on property, plant and equipment and depreciation charges on right-of-use assets. The decrease was partially offset by the additional of property plant and equipment and increase in share of result of associated companies of S\$191,000.

Current Liabilities

Current liabilities increased by S\$0.7 million was largely attributed to an increase in payable relating to the one-off listing expenses for the Company, purchasing of diesel and the construction of ISO tank depot amounting to S\$1.0 million, partially offset by decrease in bank borrowings and lease liabilities of S\$0.1 million.

Non-current Liabilities

The Group's decrease in non-current liabilities was mainly due to repayment of bank borrowing and lease liabilities.

The Group is in a net current asset position as at 31 March 2022 of S\$4.5 million.

Review of Statement of Cash Flows

Net cash generated from operating activities of S\$1.5 million in 1H2022, which was mainly due to operating cashflows partially offset by the outflow from working capital changes and income tax paid. The net working capital outflows were due to (i) increase in inventories by S\$14,000; and (ii) increase in trade and other receivables by S\$2.1 million, partially offset by the increase in trade and other payables by S\$0.9 million.

Net cash used in investing activities amounted to S\$60,000 in 1H2022, which was mainly due to purchase of property, plant and equipment of S\$418,000 and partially offset by proceeds from disposal of property, plant and equipment of S\$113,000 and dividend from associate of S\$245,000.

Net cash used in financing activities amounted to S\$2.3 million in 1H2022, which was mainly due to repayment of bank borrowings and lease liabilities of S\$4.1 million, partially offset by the proceeds from bank borrowings of S\$2.0 million and interest paid of S\$269,000.

As a result of the above, cash and cash equivalents decreased by S\$0.9 million and after taking into the translation effects of S\$1,000 the cash and cash equivalent stood at S\$4.25 million as at 31 March 2022.

F. Other Information Required by Appendix 7C of the Catalist Rules

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

Not applicable. No forecast or prospect statements have been previously disclosed to shareholders.

6. 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 operating period and the next 12 months

According to the press release dated 17 February 2022 by Singapore's Ministry of Trade and Industry, the growth prospects for outward-oriented sectors (e.g., manufacturing and wholesale trade) remain strong given the continued global economic recovery. In particular, the manufacturing sector is projected to continue to expand. Further, the key Southeast Asian economies of Malaysia, Thailand and Indonesia are expected to grow at a faster pace this year due to a pickup in domestic demand and robust external demand.¹

The Group is mindful of the evolving changes in the business environment including foreign exchange risk, interest hiking and high global inflation rate. The Group will continue to take proactive initiatives to manage its operating cost and further enhance its capabilities, particularly in the container depot and chemical logistics sector in Singapore.

The initiatives for Transportation Business include but are not limited to expansion of the transportation fleet and redevelopment of the ISO tank depot at 7 Gul Ave to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, and petroleum and flammable materials. For the Container Depot Services Business, our Group is in the process of applying for and obtaining all the requisite business licences, permits and approvals for operations in Myanmar.

The COVID-19 pandemic continues to cause uncertainty, with both positive and negative effects. Higher freight rates carry both risks and opportunities and this fluctuating and unstable environment means that the Group must continue to stay nimble and balance prudence with enterprising opportunities.

Barring any unforeseen circumstances, the Group is confident that it will continue to yield positive results in view of the signs of global recovery. The Group will commence its container depot operation in Myanmar by the second quarter of 2022 and is in a good position now to capture new market share and seize new opportunities in the post-COVID era.

¹ https://www.mti.gov.sg/Newsroom/Press-Releases/2022/02/MTI-Maintains-2022-GDP-Growth-Forecast-at-3_0-to-5_0-per-cent

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F. Other Information Required by Appendix 7C of the Catalist Rules

7. Dividend information

(A). Whether an interim (final) ordinary dividend has been declared (recommended; and

Nil

(B). (i) Amount per share (cents)

Nil

(B). (ii) previous corresponding period (cents)

Nil

(C). Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(D). The date the dividend is payable.

Not applicable.

(E). The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1H2022. The Company is in transition as a newly listed company and barring any unforeseen circumstances, the Company intends to declare its FY2022 dividend at year end. Please refer to the Dividend Policy section in our Offer Document dated 19 April 2022 for more details.

F. Other Information Required by Appendix 7C of the Catalist Rules

9. Interested person transactions If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), 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.

General Mandate for IPT was included in the Offer Document dated 19 April 2022. By subscribing for the Placement Shares, new shareholders are deemed to have approved the shareholders’ IPT Mandate. Save as disclosed below, there are no other IPTs equal to or above S\$100,000 in 1H2022.

Name of interested person / Nature of relationship	Aggregate value of all interested person transactions during the financial 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)
	1H2022 S\$’000	1H2022 S\$’000
LHN Group Pte Ltd	Obtaining contractual services: S\$129	Nil
LHN Space Resources Pte Ltd	Obtaining of warehouse services: S\$234	Nil

10. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Lim Lung Tieng and Lin Kaixian, being the directors of LHN Logistics Limited (the “**Company**”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim financial statements of the Company and the Group for the six months period ended 31 March 2022 to be false or misleading in any material respect.

11. Confirmation that the issuer has procured undertaking 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 as set out under Rule 720(1) of the Catalist Listing Manual.

F. Other Information Required by Appendix 7C of the Catalist Rules

12. Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

The Group was formed through the Restructuring Exercise. The rationale for the Restructuring Exercise was to streamline the corporate structure and business activities of our Group for the purposes of the Placement. Pursuant to the Restructuring Exercise, our Company became the holding company of our subsidiaries and associated companies. The Restructuring Exercise involved the following:

(a) Incorporation of our Company

The Company was incorporated on 24 August 2021 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1, comprising one share held by LHN Group Pte Ltd (“LHNGPL”).

(b) Sale of shares in Nean Nerng Logistics Pte Ltd (“HNL”) to our Company by LHNGPL

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL the entire issued and paid-up share capital of HNL, comprising an aggregate of 500,000 ordinary shares at a deemed cost of S\$9,639,677, which is determined based on the proportionate share of adjusted NAV of HNL and its subsidiaries of S\$9,639,677 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 1,092,183 shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

(c) Sale of shares in HLA Container Services Pte Ltd (“HLA Container Services”) to our Company by LHNGPL

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Container Services comprising an aggregate of 480,000 ordinary shares at a deemed cost of S\$2,478,130, which is determined based on the proportionate share of adjusted NAV of HLA Container Services and its subsidiaries of S\$2,478,130 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 280,774 shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

F. Other Information Required by Appendix 7C of the Catalist Rules

12. Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A (cont'd)

(d) Sale of shares in HLA Holdings Pte Ltd (“HLA Holdings”) to our Company by LHNGPL

On 29 March 2022, LHNGPL and the Company entered into a share swap agreement pursuant to which the Company acquired from LHNGPL 60% of the issued and paid-up share capital of HLA Holdings comprising an aggregate of 429,408 ordinary shares at a deemed cost of S\$321,707, which is determined based on the proportionate share of adjusted NAV of HLA Holdings of S\$321,707 as at 30 September 2021 and settled by the issue and allotment of an aggregate of 36,450 shares in the capital of the Company to LHNGPL, credited as fully paid-up at an issue price of S\$8.83 per share, credited as fully paid-up and was arrived at on a willing buyer willing seller basis.

13. Use of Net Proceeds

The Company refers to the net proceeds amounting to S\$3.6 million raised from the IPO on the Catalist Board of the SGX-ST on 29 April 2022.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

Purpose	Amount allocated (S\$'000)	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
Partially financing the Construction of the ISO tank depot at 7 Gul Ave	3,247	-	3,247
Expansion of transportation fleet and acquisition of moving equipment	361	-	361
Total	3,608	-	3,608

Any utilisation will be in accordance with the intended use of proceeds of IPO as stated in the Offer Document dated 19 April 2022.



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F. Other Information Required by Appendix 7C of the Catalist Rules

By Order of the Board of Directors of

LHN Logistics Limited

Lim Lung Tieng
Executive Chairman
5 May 2022

LHN Logistics Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 29 April 2022. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**").

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.