



LHN LOGISTICS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 202129609C

**Unaudited Condensed Financial
Statements For The Six Months and Full
Year Ended 30 September 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 financial year ended 30 September 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Group	
		6 months ended 30 Sep 2022	6 months ended 30 Sep 2021	12 months ended 30 Sep 2022	12 months ended 30 Sep 2021
		S\$'000	S\$'000	S\$'000	S\$'000
Revenue	5	13,746	13,697	27,320	27,181
Cost of sales		(10,269)	(9,010)	(19,664)	(18,272)
Gross profit		3,477	4,687	7,656	8,909
Other (losses)/gains – net and other income	6	(4,313)	563	(3,611)	910
Distribution and marketing expenses		(44)	(11)	(75)	(59)
Administrative expenses		(3,656)	(2,562)	(7,235)	(5,109)
Finance costs		(157)	(302)	(426)	(633)
Share of results of associated companies		588	317	1,024	698
(Loss)/Profit before taxation	8	(4,105)	2,692	(2,667)	4,716
Income tax expense	9	(127)	(373)	(518)	(732)
(Loss)/Profit for the period		(4,232)	2,319	(3,185)	3,984
Other comprehensive (loss)/income					
<u>Items that maybe reclassified subsequently to profit or loss</u>					
Currency translation differences arising from consolidation		(66)	(51)	(64)	(63)
<u>Items that will not be reclassified subsequently to profit or loss</u>					
Revaluation (loss)/gain on property, plant and equipment		(921)	921	(921)	921
Other comprehensive (loss)/income for the period		(987)	870	(985)	858
Total comprehensive (loss)/income for the period		(5,219)	3,189	(4,170)	4,842
(Loss)/Profit attributable to:					
Equity holders of the Company		(4,941)	1,961	(4,284)	3,323
Non-controlling interest		709	358	1,099	661
		(4,232)	2,319	(3,185)	3,984
Total comprehensive (loss)/income attributable to:					
Equity holders of the Company		(5,888)	2,861	(5,230)	4,217
Non-controlling interest		669	328	1,060	625
		(5,219)	3,189	(4,170)	4,842
(Loss)/Earnings per share for the financial period attributable to equity holders of the Company					
Basic and diluted (Singapore cents) ⁽¹⁾	10	(2.95)	1.17	(2.55)	1.98

⁽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 Statements of Financial Position

	Note	Group		Company	
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
		S\$'000	S\$000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank deposits		7,594	5,121	4,052	*
Trade and other receivables		5,461	5,729	2,151	-
Prepayment		459	132	21	-
Inventories		92	44	-	-
		13,606	11,026	6,224	*
Non-current assets					
Property, plant and equipment	13	10,715	15,296	-	-
Right-of-use assets		10,192	11,360	-	-
Prepayment		435	-	-	-
Investment in subsidiaries		-	-	12,440	-
Investment in associated companies		360	238	-	-
		21,702	26,894	12,440	-
Total assets		35,308	37,920	18,664	-
LIABILITIES					
Current liabilities					
Trade and other payables		3,125	2,273	72	-
Current income tax liabilities		383	449	63	-
Bank borrowings	14	2,223	2,234	-	-
Lease Liabilities	15	1,582	2,014	-	-
		7,313	6,970	135	-
Non-current liabilities					
Deferred tax liabilities		152	157	-	-
Bank borrowings	14	7,610	9,635	-	-
Lease liabilities	15	5,459	6,455	-	-
		13,221	16,247	-	-
Total liabilities		20,534	23,217	135	-
NET ASSETS		14,774	14,703	18,529	*
EQUITY					
Share capital	16	17,392	1,409	17,392	*
Reserve		(5,230)	11,031	1,137	-
Capital and reserves attributable to equity holders of the Company		12,162	12,440	18,529	*
Non-controlling interests		2,612	2,263	-	-
Total equity		14,774	14,703	18,529	*

*Represents amount less than S\$500

C. Condensed 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
Note	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
Loss and total comprehensive loss for the financial year	-	(4,284)	(25)	-	(921)	(5,230)	1,060	(4,170)
Adjustment arising from restructuring exercise	11,031	-	-	(11,031)	-	-	-	-
Issue of new shares, net of issue cost	4,952	-	-	-	-	4,952	-	4,952
Dividend paid	-	-	-	-	-	-	(711)	(711)
Balance at 30 September 2022	17,392	5,851	(50)	(11,031)	-	12,162	2,612	14,774
Balance at 1 October 2020	1,409	8,112	2	-	-	9,523	1,838	11,361
Profit and total comprehensive income for the financial year	-	3,323	(27)	-	921	4,217	625	4,842
Dividend paid	11	(1,300)	-	-	-	(1,300)	(200)	(1,500)
Balance at 30 September 2021	1,409	10,135	(25)	-	921	12,440	2,263	14,703



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C. Condensed Statements of Changes in Equity (cont'd)

	Share capital	Retained profits	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
Profit and total comprehensive income for the financial year	-	1,137	1,137
Issue of new shares, net of issue cost	4,952	-	4,952
Balance at 30 September 2022	17,392	1,137	18,529

⁽¹⁾ As at date of incorporation of 24 August 2021 and 30 September 2021, the amount were less than S\$500 *Represents amount less than S\$500

D. Condensed Consolidated Statement of Cash Flows

	Group		Group	
	6 months ended 30 Sep 2022	6 months ended 30 Sep 2021	12 months ended 30 Sep 2022	12 months ended 30 Sep 2021
Note	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit before tax	(4,105)	2,692	(2,667)	4,716
Adjustments for:				
Share of results of associated companies, net of tax	(588)	(317)	(1,024)	(698)
Amortisation of intangible assets	-	(1)	-	39
Depreciation on property, plant and equipment	837	784	1,662	1,527
Depreciation on right-of-use assets	949	976	1,931	1,973
Gain on disposal of property, plant and equipment	-	(68)	(55)	(126)
Gain on lease modification	-	-	-	(163)
IPO listing expenses (cash and non-cash)	1,360	-	1,360	-
Provision of allowance for doubtful debts	21	(141)	39	34
Property, plant and equipment written off	4,833	-	4,833	-
Interest Income	-	(1)	-	(1)
Interest expense	157	302	426	633
Operating cash flows before movement in working capital	3,464	4,226	6,505	7,934
Inventories	(34)	2	(48)	(13)
Trade and other receivables and prepayment	1,543	946	(533)	(215)
Trade and other payables	581	(369)	1,436	(1,012)
Cash generated from operations	5,554	4,805	7,360	6,694
Income tax refund	90	1	90	1
Income tax paid	(398)	(357)	(673)	(617)
Net cash generated from operating activities	5,246	4,449	6,777	6,078
Cash flows from investing activities				
Additions of property, plant and equipment	(2,542)	(1,269)	(2,960)	(1,449)
Disposal of property, plant and equipment	-	157	113	218
Dividend from associate	735	300	980	608
Interest received	-	1	-	1
Cash outflow on incorporation of associate	(78)	-	(78)	-
Net cash used in investing activities	(1,885)	(811)	(1,945)	(622)

D. Condensed Consolidated Statement of Cash Flows (cont'd)

	Note	Group		Group	
		6 months ended 30 Sep 2022	6 months ended 30 Sep 2021	12 months ended 30 Sep 2022	12 months ended 30 Sep 2021
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from financing activities					
Dividend paid to non-controlling interest		(711)	(200)	(711)	(200)
Dividend paid to equity holders of the Company	11	-	(300)	-	(1,300)
Issue of new shares		5,048	-	5,048	-
IPO listing expenses ⁽¹⁾		(1,456)	-	(1,456)	-
Proceeds of bank borrowings		2,300	1,500	4,300	3,000
Repayment of bank borrowings		(3,390)	(2,350)	(6,336)	(3,210)
Repayment of lease liabilities		(1,559)	(1,299)	(2,688)	(2,551)
Interest paid		(212)	(302)	(481)	(633)
Net cash generated from/(used in) financing activities		20	(2,951)	(2,324)	(4,894)
Net increase in cash and cash equivalents		3,381	687	2,508	562
Cash and cash equivalents at beginning of period		4,249	4,438	5,121	4,566
Effects of currency translation on cash and cash equivalent		(36)	(4)	(35)	(7)
Cash and cash equivalents at end of period		7,594	5,121	7,594	5,121

⁽¹⁾ including the IPO listing expenses that capitalised in share capital of the company.

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E. Notes to the Condensed 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 consolidated financial statements as at and for the second half and financial year ended 30 September 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 IPO. 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.

E. Notes to the Condensed 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 Consolidated Financial Statements

2. Basis of preparation

The condensed financial statements for the second half and financial year ended 30 September 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 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 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 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 financial statements are presented in Singapore Dollar (“**SGD**” or “**S\$**”), except when otherwise indicated.

The condensed 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 2022

Interpretations and amendments to published standards effective in 2022

On 1 October 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I). The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

In the previous financial year ended 30 September 2021, the Group had early adopted Amendments to SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021).

E. Notes to the Condensed 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 2022(cont'd)

The following are the new or amended Standards and Interpretations (issued up to 30 September 2021) that are not yet applicable, but may be early adopted for the current financial year.

Description	Effective for annual period beginning on or after
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

The new or amended accounting Standards and Interpretations listed above are not mandatory for 30 September 2022 reporting periods and have not been early adopted by the Group. These are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions

E. Notes to the Condensed Consolidated Financial Statements

2. Basis of preparation (cont'd)

2.2. Use of judgements and estimates

In preparing the condensed 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 land and building

As at 30 September 2022 and 30 September 2021, the Group's leasehold land and building of S\$5,700,000 and S\$12,406,000 classified under property, plant and equipment respectively, are stated at their respective revalued amount determined by independent professional valuers.

Leasehold land and building that is owned by the Group is carried at revalued amount at the end of the reporting period as determined by independent professional valuer. Valuations is made at least annually based on the leasehold land and building's highest-and-best-use using the Direct Market Comparison Method or Residual Value Method in determining the open market value. 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.

E. Notes to the Condensed Consolidated Financial Statements

2. Basis of preparation (cont'd)

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

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 30 September 2022 and 30 September 2021, total comprehensive income and net assets of the Group would increase or decrease by S\$57,000 and S\$124,060 respectively.

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 segments

Prior to the IPO, the Group operated 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. After the IPO, 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 associated companies 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 Consolidated Financial Statements

4. Segment and revenue information (cont'd)

Segment breakdown for the year ended 30 September 2022 are as follows:

	Transportation S\$'000	Container depot services S\$'000	Corporate and elimination S\$'000	Consolidated S\$'000
Sales to external parties	17,697	9,623	-	27,320
Segment results	5,198	2,458	-	7,656
Finance cost	(362)	(64)	-	(426)
Share of results of associated companies	-	1,024	-	1,024
Loss before taxation	(3,507)	1,943	(1,103)	(2,667)
Taxation				(518)
Loss after taxation				(3,815)
Non-controlling interest				(1,099)
Net loss attributable to equity holders of the Company				(4,284)
Segment assets	22,191	8,422	4,335	34,948
Investment in associated companies	-	360	-	360
Total segment assets				35,308
Total segment liabilities	16,626	3,773	135	20,534
Capital expenditure	2,518	442	-	2,960
Depreciation of property, plant and equipment	1,413	249	-	1,662
Depreciation of right-of-use assets	1,277	654	-	1,931

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E. Notes to the Condensed Consolidated Financial Statements

4. Segment and revenue information (cont'd)

Segment breakdown for the year ended 30 September 2021 are as follows:

	Transportation S\$'000	Container depot services S\$'000	Corporate and elimination S\$'000	Consolidated S\$'000
Sales to external parties	17,979	9,202	-	27,181
Segment results	7,067	1,842	-	8,909
Finance cost	(547)	(86)	-	(633)
Share of results of associated companies	-	698	-	698
Profit before taxation	3,395	1,321	-	4,716
Taxation				(732)
Profit after taxation				3,984
Non-controlling interest				(661)
Net profit attributable to equity holders of the Company				3,323
Segment assets	28,732	8,950	-	37,682
Investment in associated companies	-	238	-	238
Total segment assets				37,920
Total segment liabilities	21,549	1,668	-	23,217
Capital expenditure	632	817	-	1,449
Depreciation of property, plant and equipment	1,334	193	-	1,527
Depreciation of right-of-use assets	1,316	657	-	1,973

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E. Notes to the Condensed Consolidated Financial Statements

5. Revenue

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

	Group		Group	
	6 months ended 30 Sep 2022	6 months ended 30 Sep 2021	12 months ended 30 Sep 2022	12 months ended 30 Sep 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Trucking services	5,830	6,260	11,718	12,282
Logistics management services	3,026	2,924	5,979	5,697
Transportation Business	8,856	9,184	17,697	17,979
Storage services	1,333	1,345	2,655	2,655
Container repair services	1,060	1,091	2,402	2,436
Logistics management services	2,497	2,077	4,566	4,111
Container Depot Services Business	4,890	4,513	9,623	9,202
Total	13,746	13,697	27,320	27,181
Singapore	9,398	10,567	19,393	21,150
Thailand	2,422	2,006	4,755	3,975
Malaysia	1,448	1,124	2,694	2,056
Myanmar	478	-	478	-
Total	13,746	13,697	27,320	27,181

6. Other (losses)/gains – net and other income

	Group		Group	
	6 months ended 30 Sep 2022	6 months ended 30 Sep 2021	12 months ended 30 Sep 2022	12 months ended 30 Sep 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Government grant	237	44	259	44
Job support scheme	-	-	-	300
Interest income	-	-	-	1
Other administrative service income	469	322	1,023	537
Net gain on disposal of property, plant and equipment	-	68	55	126
Loss from redevelopment at 7 Gul Avenue	(4,833)	-	(4,833)	-
Impairment loss on trade receivables	(21)	141	(39)	(34)
Bad debt	-	-	-	(2)
Net loss on foreign exchange	(172)	(58)	(181)	(119)
Others	7	46	104	57
	(4,313)	563	(3,612)	910

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E. Notes to the Condensed Consolidated Financial Statements

7. Financial assets and financial liabilities

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

	Group		Company	
	30 Sep 2022 S\$'000	30 Sep 2021 S\$'000	30 Sep 2022 S\$'000	30 Sep 2021 S\$'000
<i>Financial Assets</i>				
At amortised cost	13,055	10,850	6,203	*
<i>Financial liabilities</i>				
At amortised cost	19,884	22,487	72	-

*Represents amount less than S\$500

8. Profit before taxation

8.1 Significant items

	Group		Group	
	6 months ended 30 Sep 2022 S\$'000	6 months ended 30 Sep 2021 S\$'000	12 months ended 30 Sep 2022 S\$'000	12 months ended 30 Sep 2021 S\$'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation on right of use assets	949	976	1,931	1,973
Depreciation on property, plant and equipment	837	784	1,662	1,527
Amortisation of intangible assets	-	(1)	-	39
Gain on disposal of property, plant and equipment	-	(68)	(55)	(126)
Interest expenses	157	302	426	633
Provision/(Reversal) of allowance for doubtful debt	21	(141)	39	34
Property, plant and equipment written off	4,833	-	4,833	-
IPO related expenses	1,360	-	1,360	-
Net loss on foreign exchange	173	58	181	119

E. Notes to the Condensed Consolidated Financial Statements

8. Profit before taxation (con'd)

8.2 Significant related party transactions

	Group		Group	
	6 months ended 30 Sep 2022 S\$'000	6 months ended 30 Sep 2021 S\$'000	12 months ended 30 Sep 2022 S\$'000	12 months ended 30 Sep 2021 S\$'000
Rental charged by fellow subsidiaries	102	121	181	343
Management fee charged by immediate holding company	-	431	194	819
Contract services charged by a fellow subsidiary	87	13	147	47
Contract services charged by immediate holding company	525	484	1,046	795
Container depot management fee charged to an associate	413	401	815	802
Rental charged to an associate	125	125	250	250
Logistics services charges to joint venture of intermediate holding corporation	291	149	458	230
Manpower services charge to an associate	356	256	641	537

9. 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 consolidated financial statement of profit or loss are:

	Group		Group	
	6 months ended 30 Sep 2022 S\$'000	6 months ended 30 Sep 2021 S\$'000	12 months ended 30 Sep 2022 S\$'000	12 months ended 30 Sep 2021 S\$'000
Current income tax expense	215	436	527	603
Deferred income tax	(83)	(47)	(5)	99
	132	389	522	702
(Over)/Under-provision of tax expense in prior financial year				
- Current income tax	(5)	(56)	(4)	(10)
- Deferred income tax	-	40	-	40
	127	373	518	732

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E. Notes to the Condensed Consolidated Financial Statements

10. 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		Group	
	6 months ended 30 Sep 2022	6 months ended 30 Sep 2021	12 months ended 30 Sep 2022	12 months ended 30 Sep 2021
(Loss)/Profit for the financial year attributable to equity holders of the Company (S\$'000)	(4,986)	1,961	(4,329)	3,323
Weighted average number of shares ('000)	167,679	167,679*	167,679	167,679*
(Loss)/Earnings per share (Singapore cents)	(2.97)	1.17	(2.58)	1.98

The basic and diluted EPS are the same as there were no potentially dilutive securities 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.

E. Notes to the Condensed Consolidated Financial Statements

11. Dividends

	Group		Group	
	6 months ended 30 Sep 2022 S\$'000	6 months ended 30 Sep 2021 S\$'000	12 months ended 30 Sep 2022 S\$'000	12 months ended 30 Sep 2021 S\$'000
Ordinary dividends paid:				
Interim dividend paid in FY2021 S\$1.06 per share	-	500	-	1,500

12. Net Asset Value

	Group		Company	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Net asset value per share (Singapore cents)	7.25	7.42	11.05	*

* Represents 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.

13. Property plant and equipment

During the financial year ended 30 September 2022, the Group acquired property, plant and equipment amounting to S\$2,960,000 (30 September 2021: S\$1,449,000), recognised loss from redevelopment of the Group's property at 7 Gul Avenue amounting to S\$4,833,000 (30 September 2021: S\$ nil) which arise primarily from write-off of the value of existing building structure, recognised revaluation loss of S\$921,000 (30 September 2021: revaluation gain of S\$921,000) from the Group's property at 7Gul Avenue and disposed of assets amounting to S\$58,000 (30 September 2021: S\$92,000).

E. Notes to the Condensed Consolidated Financial Statements

14. Bank borrowings

	Group	
	30 Sep 2022	30 Sep 2021
	S\$'000	S\$'000
Non-current, secured		
Bank borrowings repayable later than 1 year and no later than 2 years	2,255	2,415
Bank borrowings repayable later than 2 years and no later than 5 years	5,355	6,760
Bank borrowings repayable later than 5 years	-	460
	7,610	9,635
Current, secured		
Bank borrowings repayable no later than 1 year	2,223	2,234
	9,833	11,869

Security for bank borrowings

Total bank borrowings of S\$9,833,000 (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\$ 5,700,000 (2021: 12,406,000), and (ii) Corporate Guarantee by LHN Logistics Limited (the "Company").

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 30 Sep 2022		As at 30 Sep 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,223	-	2,234	-

Amount repayable after one year

As at 30 Sep 2022		As at 30 Sep 2021	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,610	-	9,635	-

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E. Notes to the Condensed Consolidated Financial Statements

15. Lease Liabilities

	Group	
	30 Sep 2022	30 Sep 2021
	S\$'000	S\$'000
Gross lease liabilities - minimum lease payments		
No later than 1 year	1,780	2,246
Later than 1 year and no later than 2 years	1,533	1,543
Later than 2 years and no later than 5 years	2,496	3,070
Later than 5 years	1,960	2,517
	7,769	9,376
Future finance charges on leases	(728)	(907)
Present value of lease liabilities	7,041	8,469
The present value of lease liabilities is as follows:		
No later than 1 year	1,582	2,014
Later than 1 year and no later than 2 years	1,385	1,369
Later than 2 years and no later than 5 years	2,251	2,766
Later than 5 years	1,823	2,320
	7,041	8,469

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

16. Share capital

	Group and Company			
	30 Sep 2022		30 Sep 2021	
	Number of shares	S\$	Number of shares	S\$
Issued and paid-up capital:				
At beginning of the financial year / date of incorporation being 24 August 2021	1	1	1	1
Issue of new share pursuant to the restructuring exercise being 29 April 2022	1,409,407	12,439,514	-	-
Post-restructuring exercise issue and paid-up share capital	1,409,408	12,439,515	-	-
Post-share split	140,940,800	12,439,515	-	-
Issue of the PPCF Shares	1,500,000	300,000	-	-
Pre-placement issued and paid-up share capital	142,440,800	12,739,515	-	-
Placement shares issued pursuant to the Placement	25,238,000	4,697,776	-	-
At end of the financial year	167,678,800	17,437,291	1	1

All shares are issued and fully paid-up.

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E. Notes to the Condensed Consolidated Financial Statements

16. Share capital (cont'd)

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

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 of 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 comprising 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. This includes a set-off of our Company's listing expenses payable in cash of approximately S\$396,000 against our share capital.

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

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

17. Subsequent events

There are no known subsequent event which led to adjustments to this set of financial statements.

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.

Please refer to note E.14 of the notes to financial statement.

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 30 September 2022 and 30 September 2021. Please refer to note E.14 of the notes to financial statement.

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 30 September 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 second half and financial year ended 30 September 2022 and explanatory notes (the "**Condensed 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 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.

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

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

(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 are not subject to an adverse opinion, qualified opinion or disclaimer of 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 financial year ended 30 September 2022 ("FY2022") vs financial year ended 30 September 2021 ("FY2021")

Revenues

The Group's revenue remained stable with a slight increase of S\$0.1 million to S\$27.3 million in FY2022. This was mainly due to the overall increase in demand from business volume handled in Container Depot Services Business.

Transportation Business

Transportation Business recorded revenue of S\$17.7 million in FY2022.

Our revenue generated from Malaysia for Transportation Business increased by S\$0.6 million to S\$2.7 million in FY2022 as the Group acquired 5 prime movers in FY2022 to meet the higher demand of the business. The increase was partially offset by a decrease in revenue of S\$0.9million for Transportation Business from Singapore due to disruption of operations while the construction of ISO Tank Depot at 7 Gul Avenue is in progress.

Container Depot Services Business

Revenue from Container Depot Services Business remained stable with increase of S\$0.4 million to S\$9.6 million in FY2022.

The revenue generated from Thailand for Container Depot Services Business increased by S\$1.0 million to S\$4.8 million in FY2022 due to an increase of volume of containers handled by our depot in Thailand.

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

Review of Group's Financial Results (cont'd)

For the financial year ended 30 September 2022 ("FY2022") vs financial year ended 30 September 2021 ("FY2021") (cont'd)

Revenue (cont'd)

Our Myanmar container depot had commenced operations in FY2022 which contributed revenue of S\$ 0.5 million.

The increase was partially offset by a decrease in revenue of S\$1.5 million for Container Depot Services Business from Singapore mainly due to relocation of operations from 27 Benoi Sector to the depot at 9 Gul Circle which was completed in June 2022. It is anticipated that the operations area at the depot at 9 Gul Circle will be expanded to accommodate the containers currently stored at the depot at 27 Benoi Sector.

Cost of Sales

Cost of sales increased by S\$1.4 million to S\$19.7 million in FY2022. 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, lease expenses and transportation cost.

Gross Profit

Gross profit decreased by S\$1.2 million from S\$8.9 million in FY2021 to S\$7.7 million in FY2022. The decrease mainly due to higher operating costs such as diesel cost, yards rental and staff costs.

As a result of the foregoing, gross profit margins decreased from 32.8% in FY2021 to 28.0% in FY2022.

Other (losses)/gains – net and other income

Other (losses)/gains – net and other income decreased by S\$ 4.5 million in FY2022 mainly due loss from redevelopment of the Group's property at 7 Gul Avenue amounting of S\$4.8 million which arise primarily from write-off of the value of existing building structure which has been demolished for the redevelopment as set out in the section entitled "General Information on Our Group – Business Strategies and Future Plans" of the Offer Document date 19 April 2022.

The decrease was partially offset by higher government grant of S\$0.2 million mainly from the Grant for Equity Market Singapore ("GEMS"), and higher administrative service income charged to our depot customer amount of S\$ 0.5 million.

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

Review of Group's Financial Results (cont'd)

For the financial year ended 30 September 2022 ("FY2022") vs financial year ended 30 September 2021 ("FY2021") (cont'd)

Distribution and Marketing Expenses

Distribution and marketing expenses increased by S\$16,000 in FY2022 mainly due to more marketing activities after the uplifting of COVID-19 restrictions.

Administrative Expenses

Administrative expenses increased by S\$2.2 million to S\$7.3 million in FY2022. This was mainly due to one-off IPO related expenses of S\$ 1.4 million, increase in staff cost incurred due to annual increment and higher headcount for the Group. The increase was partially offset by lower management fee and amortisation of intangible assets which had fully amortised in the prior financial year.

Finance Costs

Finance cost decreased by S\$0.2 million to S\$0.4 million in FY2022, mainly due to the full repayment of certain lease liabilities, repricing for lower interest rate for bank borrowings and capitalised the interest arising from property loan during the construction period.

Share of Results of Associated Companies

Share of result of associated companies increased by S\$0.3 million to S\$1.0 million in FY2022. This was due to better operating results from HLA Logistics.

Income Tax Expenses

Income tax expenses decreased by S\$0.2 million to S\$0.5 million in FY2022 mainly due lower taxable profit generated in the financial year.

Profit for the Period

As a result of the above, the Group's net loss attributable to equity holders of the Company is S\$ 4.3 million.

For illustrative purposes only, excluding the one-off listing expenses of S\$1.4 million and the write-off of plant and equipment amounting to S\$4.8 million, the net profit attributable to equity holders of the Company for FY2022 is S\$ 1.9 million. The decrease of S\$1.4 million from S\$3.3 million mainly due to higher operation costs incurred in the financial year.

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

Review of Group's Financial Results (cont'd)

For the six months ended 30 September 2022 ("HY2022") vs six months ended 30 September 2021 ("HY2021")

Revenue

The Group's revenue recorded at S\$13.7 million in both HY2022 and HY2021.

Transportation Business

Our revenue generated from Transportation Business decreased by S\$0.3 million in HY2022.

Our revenue generated from Malaysia for Transportation Business increased by S\$0.3 million to S\$1.4 million in HY2022 as the Group acquired 5 prime movers in FY2022 to meet the higher demand of the business. The increase was partially offset by a decrease in revenue of S\$0.6 million for Transportation Business from Singapore due to disruption of certain operation while the construction of ISO Tank Depot at 7 Gul Avenue is in progress.

Container Depot Services Business

Revenue from Container Depot Services Business remained stable with a slight increase of S\$0.4 million to S\$4.9 million in HY2022.

The revenue generated from Thailand for Container Depot Services Business increased by S\$0.4 million to S\$2.4 million in HY2022 due to an increase of volume of containers handled by our depot in Thailand.

Our Myanmar container depot had commenced operation in HY2022 which contributed revenue of S\$ 0.5 million.

The increase was partially offset by a decrease in revenue of S\$0.4 million for Container Depot Services Business from Singapore mainly due to moving the operations at the depot at 27 Benoi Sector to the depot at 9 Gul Circle which was completed in June 2022. It is anticipated that the operations area at the depot at 9 Gul Circle will be expanded to accommodate the containers currently stored at the depot at 27 Benoi Sector.

Cost of Sales

Cost of sales increased by S\$1.3 million from S\$9.0 million in HY2021 to S\$10.3 million in HY2022. 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, lease expenses and transportation cost.

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

Review of Group's Financial Results (cont'd)

For the six months ended 30 September 2022 (“HY2022”) vs six months ended 30 September 2021 (“HY2021”)

Gross Profit

Gross profit decreased by S\$1.2 million from S\$4.7 million in HY2021 to S\$3.5 million in HY2022. The decrease mainly due to higher operating costs.

As a result of the foregoing, gross profit margins decreased from 34.2% in HY2021 to 25.3% in HY2022.

Other (losses)/gains – net and other income

Other (losses)/gains – net and other income decreased by S\$ 4.9 million in HY2022 mainly due loss from development at 7 Gul Avenue amounting of S\$4.8 million which arise primarily from write-off of the value of existing building structure which has been demolished for the redevelopment as set out in the section entitled “General Information on Our Group – Business Strategies and Future Plans” of the Offer Document date 19 April 2022.

The decrease was partially offset by higher government grant of S\$0.2 million mainly from the Grant for Equity Market Singapore (“GEMS”), and higher administrative service income charged to our depot customer amount of S\$ 0.2 million.

Distribution and Marketing Expenses

Distribution and marketing expenses increased by S\$33,000 in HY2022 mainly due to more marketing activities after uplifting of covid-19 restrictions.

Administrative Expenses

Administrative expenses increased by S\$1.1 million to S\$3.7 million in HY2022. This was mainly due to increase in staff cost incurred due to annual increment, higher headcounts for the Group and one-off IPO related expenses. The increase was partially offset by lower management fee and amortisation of intangible assets which had fully amortised in prior financial year.

Finance Costs

Finance cost decreased by S\$0.1 million to S\$0.2 million in HY2022, mainly due to the full repayment of certain lease liabilities, repricing for lower interest rate for bank borrowings and capitalised the interest arising from property loan during the construction period.

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

Review of Group's Financial Results (cont'd)

For the six months ended 30 September 2022 ("HY2022") vs six months ended 30 September 2021 ("HY2021")

Share of Results of Associated Companies

Share of results of associated companies increased by S\$0.3 million to S\$0.6 million in HY2022. This was due to better operating results from HLA Logistics.

Income Tax Expenses

Income tax expenses decreased by S\$0.3 million to S\$0.1 million in HY2022 mainly due to lower taxable profit generated for the period.

Profit for the Period

As a result of the above, the Group's net loss attributable to Shareholders for the period is S\$ 5.0 million.

Review of Statement of Financial Position

Current Assets

Current assets increased by S\$3.0 million, which was largely attributed to the:

- (i) increase in trade receivables by S\$0.4 million in line with higher revenue was generated from Container Depot Business in FY2022. Majority of trade receivables is within the normal credit terms and no impairment would be required;
- (ii) increase in prepayment by S\$0.8 million mainly related to the construction of ISO tank depot and prepaid rental for container depot located at Myanmar;
- (iii) the increase in cash and cash bank deposits by S\$2.5 million, variance of which is set out in the cash flow statement; offset by
- (iv) decrease in other receivables by S\$0.7 million due to reclassification of deposit paid to construction in progress upon receipt of the equipment of ISO tank depot;

Non-current Assets

The Group's decrease in non-current assets was mainly due to depreciation charges of S\$1.7 million on property, plant and equipment, depreciation charges on right-of-use assets of S\$1.9 million and loss from the redevelopment of the Group's property located at 7 Gul Avenue to a ISO tank washing depot and ISO tank storage yard amounting to S\$ 4.8 million. The decrease was partially offset by the addition of property plant and equipment and increase in share of results of associated companies of S\$0.1 million.

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

Review of Statement of Financial Position (cont'd)

Current Liabilities

Current liabilities increased by S\$0.3 million was largely attributed to an increase in payable relating to purchasing of diesel and the construction of ISO tank depot amounting to S\$0.8 million. The increase was partially offset by lower current lease liabilities of S\$0.4 million.

Non-current Liabilities

The Group's decrease in non-current liabilities was mainly due to net repayment of bank borrowing of S\$2.0 million and lease liabilities of S\$1.0 million.

The Group is in a net current asset position as at 30 September 2022 of S\$14.8 million.

Review of Statement of Cash Flows

For the financial year ended 30 September 2022 ("FY2022") vs financial year ended 30 September 2021 ("FY2021")

Net cash generated from operating activities of S\$6.8 million in FY2022, 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\$48,000; (ii) increase in trade and other receivables by S\$0.5 million; and (iii) increase in trade and other payables by S\$1.4 million.

Net cash used in investing activities amounted to S\$1.9 million in FY2022, which was mainly due to purchase of property, plant and equipment of S\$2.9 million and partially offset by proceeds from disposal of property, plant and equipment of S\$0.1 million and dividend from associated companies of S\$1.0 million.

Net cash used in financing activities amounted to S\$2.3 million in FY2022, which was mainly due to (i) proceeds received from issuing Placement Share of S\$5.0 million; (ii) proceeds from bank borrowings of S\$4.3 million and partially offset by (i) the repayment of bank borrowings and lease liabilities of S\$9.0 million; (ii) dividend paid to non-controlling interest of S\$0.7 million; (iii) interest paid of S\$0.5 million and (iv) payment for IPO listing expenses of S\$1.5 million.

As a result of the above, cash and cash equivalents increased by S\$2.5 million and after taking into the translation effects of S\$35,000 the cash and cash equivalent stood at S\$7.6 million as at 30 September 2022.

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

Review of Statement of Cash Flows

For the six months ended 30 September 2022 (“HY2022”) vs six months ended 30 September 2021 (“HY2021”)

Net cash generated from operating activities of S\$5.2 million in HY2022, 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\$34,000; (ii) decrease in trade and other receivables by S\$1.5 million; and (iii) increase in trade and other payables by S\$0.6 million.

Net cash used in investing activities amounted to S\$1.9 in HY2022, which was mainly due to purchase of property, plant and equipment of S\$2.5 million and partially offset by dividend from associated companies of S\$0.7 million.

Net cash generated from financing activities amounted to S\$20,000 in HY2022, which was mainly due to (i) proceed received from issuing Placement Share of S\$5.0 million; (ii) proceeds from bank borrowings of S\$2.3 million and partially offset by (i) the repayment of bank borrowings and lease liabilities of S\$5.0 million; (ii) dividend paid to non-controlling interest of S\$0.7 million, (iii) IPO listing expenses of S\$1.4 million and (iv) interest paid of S\$0.2 million.

As a result of the above, cash and cash equivalents increased by S\$3.4 million and after taking into the translation effects of S\$66,000 the cash and cash equivalent stood at S\$7.6 million as at 30 September 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

The macroeconomic and geopolitical landscapes look very challenging. The global economy is currently facing high inflation. Central banks are racing to raise rates to contain inflation on the back of stimulus in recent years in response to the pandemic. Now, geopolitical conflict in Europe has made it worse by disrupting energy supplies as well as food such as wheat and grains resulting in supply-side shock. These will impact businesses globally and regionally.

The Group is mindful of rising inflationary pressure on its operations and staff costs, while we continue to focus on improving our operational efficiency to optimise the utilisation of our resources and harnessing our capabilities in our logistics segment in Southeast Asia.

For Transportation Business, the construction of the ISO tank depot is expected to be completed in 3QFY2023. Upon completion, we would be able to provide chemical cleaning and repair services for ISO tanks, empty ISO tank storage services and laden ISO tank storage services for hazardous substances, petroleum and flammable materials.

For the Container Depot Services Business, our Myanmar container depot commenced operations in FY2022 and barring any unforeseen circumstances, it is likely to contribute positively to the Group.

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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

Yes

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

Final dividend of 0.6 Singapore cents

(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).

Tax-exempt (one-tier).

(D). The date the dividend is payable.

Subject to shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid on Thursday, 16 March 2023.

(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.

The Share Transfer Books and Register of Members of the Company will be closed at 5:00 p.m. on Thursday, 2 March 2023 for the purpose of determining shareholders' entitlements to the interim dividend. Duly completed registrable transfers in respect of the Shares received by the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 up to 5:00 p.m. on Thursday, 2 March 2023 will be registered to determine shareholders' entitlements to the final dividend.

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

Not applicable

LHN LOGISTICS LIMITED

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F. Other Information Required by Appendix 7C of the Catalyst 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 FY2022.

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)
	FY2022 S\$’000	FY2022 S\$’000
LHN Group Pte Ltd	Obtaining contractual services: S\$ 398	Nil
LHN Space Resources Pte Ltd	Obtaining of warehouse services: S\$234	Nil

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable, none.

11. 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 financial statements of the Company and the Group for the financial year ended 30 September 2022 to be false or misleading in any material respect.

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

12. 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.

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

During HY2022 and up to the date of this announcement, the Group had incorporated the following subsidiaries:

S/N	Company Name	Place of Incorporation	Issued and Paid-up Capital	Principal Activities	Interest Held by the Group
1	HLA Container Holdings (Myanmar) Limited	Myanmar	US\$ 1,000	Container Services	60%
2	LHN Logistics Shared Services Sdn Bhd	Malaysia	RM 100	Provision for shared service	100%

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

14. 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	(1,309)	1,938
Expansion of transportation fleet and acquisition of moving equipment	361	-	361
Total	3,608	(1,309)	2,299

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

By Order of the Board of Directors of

LHN Logistics Limited

Lim Lung Tieng
Executive Chairman
31 October 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 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.