

KLW HOLDINGS LIMITED

Company Registration No.199504141D

UNAUDITED SECOND QUARTER AND/OR HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR FINANCIAL RESULTS
1 (a) (i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Results for the three (3) months ended 30 September 2019 (hereinafter referred as "Q2FY2020") and comparative figures for the three (3) months ended 30 September 2018 (hereinafter referred as "Q2FY2019"). Whereas results for six (6) months ended 30 September 2019 (hereinafter referred as "HYFY2020") and comparative figures for the six (6) months ended 30 September 2018 (hereinafter referred as "HYFY2019")

	Second Quarter		Increase/ (Decrease) %	Half Year		Increase/ (Decrease) %
	Q2FY2020 \$'000	Q2FY2019 \$'000		HYFY2020 \$'000	HYFY2019 \$'000	
Revenue	6,603	7,984	(17)	12,447	17,588	(29)
Cost of sales	(6,052)	(7,657) [#]	(21)	(11,524)	(14,485) [#]	(20)
Gross profit	551	327	69	923	3,103	(70)
Other income	65	82	(21)	153	199	(23)
Selling and distribution expenses	(113)	(188)	(40)	(268)	(434)	(38)
Administrative expenses	(2,080)	(2,608) [#]	(20)	(4,111)	(4,858) [#]	(15)
Loss from operations	(1,577)	(2,387)	(34)	(3,303)	(1,990)	66
Finance costs	(65)	(52)	25	(138)	(105)	31
Loss before tax	(1,642)	(2,439)	(33)	(3,441)	(2,095)	64
Tax (expense)/credit	(1)	26	N/M	(3)	(127)	(98)
Loss for the period	(1,643)	(2,413)	(32)	(3,444)	(2,222)	55
Loss attributable to:						
Equity holders of the Company	(1,608)	(2,390)	(33)	(3,401)	(2,179)	56
Non-controlling interest	(35)	(23)	52	(43)	(43)	-
	(1,643)	(2,413)	(32)	(3,444)	(2,222)	55

N/M: Not Meaningful

[#] Restated due to comparative information:

	As Restated (\$'000)		As Previously Disclosed (\$'000)	
	Q2FY2019	HYFY2019	Q2FY2019	HYFY2019
Cost of sales	(7,657)	(14,485)	(7,508)	(14,181)
Administrative expenses	(2,608)	(4,858)	(2,757)	(5,162)

	Q2FY2020	Q2FY2019	Increase / (Decrease)	HYFY2020	HYFY2019	Increase / (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Loss for the period	(1,643)	(2,413)	(32)	(3,444)	(2,222)	55
Other comprehensive loss:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation differences arising from consolidation and representing other comprehensive income for the period, net of tax	660	(1,290)	N/M	750	(627)	N/M
Total comprehensive loss for the period	(983)	(3,703)	(73)	(2,694)	(2,849)	(5)
Total comprehensive loss attributable to:						
Equity holders of the Company	(1,113)	(3,288)	(66)	(2,912)	(2,393)	22
Non-controlling interest	130	(415)	N/M	218	(456)	N/M
	(983)	(3,703)	(73)	(2,694)	(2,849)	(5)

N/M: Not Meaningful

(ii) The following items have been included in arriving at loss from operations:-

	<u>The Group</u>					
	Q2FY2020	Q2FY2019	Increase/ (Decrease)	HYFY2020	HYFY2019	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation of property, plant and equipment	250	272	(8)	503	573	(12)
Amortisation of right-of-use assets	78	-	N/M	156	-	N/M
Interest expense	65	52	25	138	105	31
Interest income	40	44	(9)	91	88	3
Foreign currency exchange loss	72	602	(88)	419	940	(55)
Provision for stock obsolescence	65	649	(90)	127	615	(79)

N/M: Not Meaningful

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

	<u>The Group</u>		<u>The Company</u>	
	30-Sep-2019	31-Mar-2019	30-Sep-2019	31-Mar-2019
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	17,007	17,545	2,361	2,414
Right-of-use assets**	1,064	-	-	-
Subsidiaries	-	-	54,919	54,919
Financial assets at fair value through profit or loss	*	*	-	-
Contracts assets	122	52	-	-
	18,193	17,597	57,280	57,333
Current assets				
Development properties	43,226	41,181	-	-
Prepayments, trade and other receivables	4,413	7,757	22,049	21,861
Contract assets	951	1,047	-	-
Inventories	5,068	5,388	-	-
Cash and cash equivalents	13,838	15,795	5,829	3,807
	67,496	71,168	27,878	25,668
Disposal group assets classified as held-for-sale	6,994	6,965	-	-
	74,490	78,133	27,878	25,668
Total assets	92,683	95,730	85,158	83,001
LIABILITIES				
Non-current liabilities				
Borrowings	3,070	3,118	-	-
Lease liabilities**	736	-	-	-
Deferred income	13	14	-	-
Deferred tax liabilities	1,368	1,378	-	-
	5,187	4,510	-	-
Current liabilities				
Trade and other payables	5,224	6,414	11,478	11,948
Borrowings	831	974	-	-
Lease liabilities **	338	-	-	-
	6,393	7,388	11,478	11,948
Liabilities directly associated with disposal group classified as held-for-sale	50	85	-	-
Total liabilities	11,630	11,983	11,478	11,948
Net assets	81,053	83,747	73,680	71,053
EQUITY				
Share capital	103,171	103,171	103,171	103,171
Revaluation and other reserves	(4,481)	(4,864)	-	-
Reserves of disposal group classified as held-for-sale	97	(9)	-	-
Accumulated losses	(27,631)	(24,230)	(29,491)	(32,118)
Equity holders of the company	71,156	74,068	73,680	71,053
Non-controlling interest	9,897	9,679	-	-
Total equity	81,053	83,747	73,680	71,053

* Amounts less than \$1,000

** The Group adopted SFRS(I) 16 Lease using the modified retrospective approach on 1 April 2019. Refer to Note 5 of this announcement.

1(b)(ii) Aggregate amount of group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 30 Sep 2019		As at 31 Mar 2019	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
831	-	974	-

Amount repayable after one year

As at 30 Sep 2019		As at 31 Mar 2019	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
3,070	-	3,118	-

Details of any collateral

The obligations under finance leases are secured by a charge over the leased motor vehicles of the Group to the lessor.

The foreign currency loan against import of the Group is secured by the following:-

- (a) a corporate guarantee from the Company;
- (b) a negative pledge over certain assets of the Group; and
- (c) legal charges over certain properties of the Group.

The term loan of the Group is secured by the following:-

- (a) legal charges over the Group's leasehold land and building in Singapore; and
- (b) a corporate guarantee from the Company.

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

	<u>The Group</u>			
	Q2FY2020 \$'000	Q2FY2019 \$'000	HYFY2020 \$'000	HYFY2019 \$'000
Cash flows from operating activities				
Loss before income tax	(1,642)	(2,439)	(3,441)	(2,095)
Adjustments for:				
Depreciation of property, plant and equipment	250	272	503	573
Amortisation of right-of-use assets	78	-	156	-
Interest expense	53	52	113	105
Interest expense on lease liabilities	12	-	25	-
Interest income	(40)	(44)	(91)	(88)
Operating loss before working capital changes	(1,289)	(2,159)	(2,735)	(1,505)
Changes in operating assets and liabilities				
Development properties	(24)	-	(1,774)	-
Inventories	(94)	(96)	238	(487)
Trade and other receivables	25	209	139	(2,248)
Trade and other payables	(398)	(542)	(1,204)	(146)
Currency translation adjustments	136	205	463	884
Cash used in operations	(1,644)	(2,383)	(4,873)	(3,502)
Interest income received	40	43	91	82
Income tax (paid)/refund	(306)	156	(246)	(127)
Net cash used in operating activities	(1,910)	(2,184)	(5,028)	(3,547)
Cash flows from investing activities				
Other receivables - commitment fees	-	-	3,500	-
Purchase of property, plant and equipment	(29)	(192)	(65)	(260)
Proceeds from disposal of property, plant and equipment	-	-	1	-
Net cash (used in)/generated from investing activities	(29)	(192)	3,436	(260)
Cash flows from financing activities				
Repayments of borrowings	(778)	(759)	(1,694)	(1,873)
Proceeds from borrowings	740	814	1,488	1,585
Interest paid	(53)	(52)	(113)	(105)
Interest element of lease payments	(12)	-	(25)	-
Principal element of lease payments	(72)	-	(144)	-
Net cash (used in)/generated from financing activities	(175)	3	(488)	(393)
Net decrease in cash and cash equivalents	(2,114)	(2,373)	(2,080)	(4,200)
Cash and cash equivalents at beginning of the period	16,425	13,621	16,466	15,471
Effect of exchange rate changes on cash and cash equivalents-disposal group	6	-	(4)	-
Effect of exchange rate changes on cash and cash equivalents-continuing operations	117	268	52	245
Cash and cash equivalents at end of the period	14,434	11,516	14,434	11,516

For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	<u>The Group</u>	
	30-Sep-2019 \$'000	30-Sep-2018 \$'000
Cash and bank balances	9,676	5,219
Fixed deposits	4,162	6,297
Cash and bank balances as per balance sheets	13,838	11,516
Cash and cash equivalents		
- Continuing operations	13,838	11,516
- Disposal group assets classified as held for sale	596	-
Cash and cash equivalents as per consolidated statement of cash flows	14,434	11,516

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company							Total equity
	Share capital	Asset revaluation reserve	Reserves of disposal group classified as held for sale	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	
<u>The Group</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1-Apr-2019	103,171	-	(9)	(4,864)	(24,230)	74,068	9,679	83,747
Loss for the period	-	-	-	-	(3,401)	(3,401)	(43)	(3,444)
Other comprehensive income	-	-	106	383	-	489	261	750
Total comprehensive income/ (loss) for the period	-	-	106	383	(3,401)	(2,912)	218	(2,694)
Balance at 30-Sep-2019	103,171	-	97	(4,481)	(27,631)	71,156	9,897	81,053
Balance at 1-Apr-2018	103,171	4,766	-	(4,742)	(26,825)	76,370	9,816	86,186
Effect of adoption of SFRS(1)	-	(4,766)	-	-	3,973	(793)	-	(793)
At 1-Apr-2018, as restated	103,171	-	-	(4,742)	(22,852)	75,577	9,816	85,393
Loss for the period	-	-	-	-	(2,179)	(2,179)	(43)	(2,222)
Other comprehensive loss	-	-	-	(214)	-	(214)	(413)	(627)
Total comprehensive loss for the period	-	-	-	(214)	(2,179)	(2,393)	(456)	(2,849)
Balance at 30-Sep-2018	103,171	-	-	(4,956)	(25,031)	73,184	9,360	82,544
<u>The Company</u>				<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>		
				\$'000	\$'000	\$'000		
Balance at 1-Apr-2019				103,171	(32,118)	71,053		
Profit and total comprehensive income for the period				-	2,627	2,627		
Balance at 30-Sep-2019				103,171	(29,491)	73,680		
Balance at 1-Apr-2018				103,171	(31,352)	71,819		
Loss and total comprehensive loss for the period				-	(426)	(426)		
Balance at 30-Sep-2018				103,171	(31,778)	71,393		

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, 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.**

Issued and fully paid ordinary share capital

	Number of shares '000	\$ '000
Balance as at 30 September 2019	5,380,556	103,171

No change in the Company's share capital since the end of the previous period reported on. The Company does not have any treasury shares and there were no subsidiary holdings as at 30 September 2019 (30 September 2018: nil).

The Company did not have any other outstanding convertible securities as at 30 September 2019 (30 September 2018: nil).

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

The total number of issued shares in the capital of the Company as at the end of the current financial period ended 30 September 2019 was 5,380,556,316 (31 March 2019: 5,380,556,316). The Company does not have any treasury shares as at 30 September 2019 (31 March 2019: nil).

- 1(d)(iv) **A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial year reported on.**

The Company did not have any sales, transfers, cancellation and/or use of treasury shares during the current financial period reported on.

There were no treasury shares held by the Company as at 30 September 2019 and 30 September 2018.

- 2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).**

The financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

- 4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2019, except for those disclosed under paragraph 5 below.

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

Pursuant to the SGX-ST listing requirements, the Group has adopted new financial reporting standards and interpretations in Singapore effective for the financial period beginning 1 April 2019 as follows:-

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single lease accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a “right-of-use assets”) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expenses with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group has adopted the new standard on 1 April 2019 using the modified retrospective approach with no restatement to the comparative information. In accordance with SFRS(I)16, the Group has non-cancellable operating lease commitments of \$1.37 million. Of these commitments, approximately \$0.04 million relate to short term lease and leases of low value items which will continue to be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group recognised right-of-use assets and lease liabilities of approximately \$1.23 million on 1 April 2019.

Except for the above, the adoption of the new standard does not result in any significant changes to the accounting policies of the Group and the Company.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends, (a) based on the weighted average number of ordinary shares on issue and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	Second Quarter ended		Half year ended	
	30-Sep-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
Loss per share	Cents	Cents	Cents	Cents
- basic	(0.030)	(0.043)	(0.063)	(0.040)
- diluted	(0.030)	(0.043)	(0.063)	(0.040)

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share is 5,380,556,316 shares for the financial period ended 30 September 2019 (30 September 2018: 5,380,556,316 shares).

Basic loss per share is calculated by dividing the loss after tax attributable to shareholders by the weighted average number of fully paid ordinary shares in issue during the financial period.

For the purposes of calculating diluted loss per share, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 30 September 2019 and 30 September 2018, the Company does not have any outstanding share options.

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

	30-Sep-2019	31-Mar-2019
Net asset value per ordinary share based on existing issued share capital as at end of period/year	Cents	Cents
- Group	1.32	1.38
- Company	1.37	1.32

Net asset value per ordinary share is calculated based on 5,380,556,316 shares as at 30 September 2019. (31 March 2019: 5,380,556,316).

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement Review

Q2FY2020

Revenue

The Group registered revenue of \$6.60 million for Q2FY2020, representing a decrease of 17% as compared to \$7.98 million for Q2FY2019. This was due to a decrease in the export sales of doors from the Door business.

Cost of sales

Cost of sales decreased by 21% to \$6.05 million in Q2FY2020 as compared to \$7.66 million in Q2FY2019. The decrease was mainly related to lower raw materials, labour cost, overheads in tandem with the decrease in revenue and lower provision for stock obsolescence in Q2FY2020.

Gross Profit

The Group's gross profit increased from \$0.33 million in Q2FY2019 to \$0.55 million in Q2FY2020 and the gross margin increased from 4% in Q2FY2019 to 8% in Q2FY2020. This was mainly due to the decrease in cost of sales as explained above.

Other income

Other income decreased by 21% to \$0.07 million in Q2FY2020 as compared to \$0.08 million in Q2FY2019. The decrease was due to lower scrap sales such as wood dust because of the lower production output.

Selling and distribution expenses

Selling and distribution expenses decreased by 40% to \$0.11 million in Q2FY2020 as compared to \$0.19 million in Q2FY2019. The decrease was mainly due to lower commission payment, freight charges and marine insurances charges as a result of lower sales.

Administrative expenses

Administrative expenses decreased by 20% to \$2.08 million in Q2FY2020 as compared to \$2.61 million in Q2FY2019. The decrease was mainly due to lower unrealized foreign exchange loss, lower development related expenses in Australia partially offset by increases in legal fees, permit related expenses in Indonesia and staff cost.

Finance costs

Finance costs increased by 25% from \$0.05 million in Q2FY2019 to \$0.07 million in Q2FY2020. The increase was mainly due to the adoption of SFRS(I) 16 Leases, which resulted in the recognition of interest expense on lease liabilities.

Tax expense

Tax expense increased from a tax credit of \$26,000 in Q2FY2019 to a tax expense of \$1,000 in Q2FY2020. This was mainly due to a reversal of tax provision in Q2FY2019.

Loss for the period

The Group posted a loss of \$1.64 million in Q2FY2020 as compared to a loss of \$2.41 million in Q2FY2019.

HYFY2020

Revenue

The Group registered revenue of \$12.45 million in HYFY2020, representing a decrease of 29% as compared to \$17.59 million in HYFY2019. This was mainly due to a decrease in the export sales of doors from the Door business.

Cost of sales

Cost of sales decreased by 20% to \$11.52 million in HYFY2020 as compared to \$14.49 million in HYFY2019. The decrease was mainly related to lower raw materials, labour cost and overheads in tandem with the decrease in revenue and written back of back-charge from project installations.

Gross Profit

The Group's gross profit decreased from \$3.10 million in HYFY2019 to \$0.92 million in HYFY2020 and the gross margin decreased from 18% in HYFY2019 to 7% in Q2FY2020. This was because reduction in production cost is not sufficient to mitigate the reduction in revenue due to a portion of the fixed labour and overhead cost incurred.

Other income

Other income decreased by 23% to \$0.15 million in HYFY2020 as compared to \$0.20 million in HYFY2019. The decrease was due to lower scrap sales such as wood dust because of the lower production output.

Selling and distribution expenses

Selling and distribution expenses decreased by 38% to \$0.27 million in HYFY2020 as compared to \$0.43 million in HYFY2019. The decrease was mainly due to lower commission payment, freight charges and marine insurances charges as a result of lower sales.

Administrative expenses

Administrative expenses decreased by 15% to \$4.11 million in HYFY2020 as compared to \$4.86 million in HYFY2019. The decrease was mainly due to lower unrealized foreign exchange loss, lower development related expenses in Australia partially offset by increases in legal fees, permit related expenses in Indonesia and staff cost.

Finance costs

Finance costs increased by 31% from \$0.11 million in HYFY2019 to \$0.14 million in HYFY2020. The increase was mainly due to the adoption of SFRS(I) 16 Leases, which resulted in the recognition of interest expense on lease liabilities.

Tax expense

Tax expense decreased from \$0.13 million in HYFY2019 to \$3,000 in HYFY2020. The decrease was mainly due to lower provision for tax by a subsidiary of the Door division as it posted a higher profit in HYFY2019 as compared to HYFY2020.

Loss for the period HYFY2020

The Group posted a loss of \$3.44 million in HYFY2020 as compared to a loss of \$2.22 million in HYFY2019.

Review of the Balance Sheet of the Group

Non-current assets

Right-of-use asset as at 30 September 2019 was \$1.06 million. This is attributable to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases. (Please refer to note 5 for more details).

Current assets

Prepayments, trade and other receivables decreased by 43% from \$7.76 million as at 31 March 2019 to \$4.41 million as at 30 September 2019 mainly due to the recovery of \$3.50 million from the legal case initiated by the Company against Mr. Michael Chan. Contract assets decreased by 9% from \$1.05 million as at 31 March 2019 to \$0.95 million as at 30 September 2019 due to payment received for local supply and installation project. Cash and cash equivalents decreased by 12% from \$15.8 million as at 31 March 2019 to \$13.8 million as at 30 September 2019 due to working capital needs.

Non-current liabilities

Lease liabilities as at 30 September 2019 was \$0.74 million. This is attributable to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases. (Please refer to note 5 for more details).

Current liabilities

Trade and other payables decreased by 19% from \$6.41 million as at 31 March 2019 to \$5.22 million as at 30 September 2019 due to payment made to creditors. Borrowings decreased by 15% from \$0.97 million as at 31 March 2019 to \$0.83 million as at 30 September 2019. This is mainly due to payment of import loans for the Door business. Lease liabilities as at 30 September 2019 was \$0.34 million. This is attributable to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases. (Please refer to note 5 for more details).

Equity

Total equity decreased by 3% from \$83.75 million as at 31 March 2019 to \$81.05 million as at 30 September 2019 mainly due to losses incurred in HYFY2020.

Cash Flow Statement Review

The Group's net cash used in operating activities for Q2FY2020 was \$1.91 million as compared to \$2.18 million for Q2FY2019. Net cash used in operating activities in Q2FY2020 was mainly due to the changes in working capital for inventories, receivables and payables.

Net cash used in investing activities for Q2FY2020 was \$0.03 million as compared to \$0.19 million for Q2FY2019. Net cash used in investing activities in Q2FY2020 was mainly due to purchase of property, plant and equipment.

Net cash used in financing activities for Q2FY2020 was \$0.18 million as compared to net cash generated in Q2FY2019 of \$3,000. Net cash used in financing activities in Q2FY2020 was mainly due to the net payment of the foreign currency loans against import for the Door business.

As a result of the above, the Group's net cash and cash equivalents stood at \$14.43 million as at 30 September 2019.

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

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's order book visibility for the foreseeable future remains limited as it continues to navigate a challenging operating environment. In particular, consumer sentiment in the UK, the Group's largest market by revenue, is still cautious given the uncertainty of Brexit. At the same time, higher tariffs arising from the trade war between China and the US continue to impinge on cost of sales.

To mitigate these challenges, the Group is stepping up efforts to reduce overdependence on the UK market by seeking to deepen penetration in other geographical markets like the US, and to further streamline operational efficiencies. This should help underpin the Group's Doors business in the longer term, although the impact on its performance in the current financial year may not be substantial as some of these efforts require time to bear fruit.

In the meantime, the Property business is proceeding as planned, with the Group in discussions with the relevant authorities to obtain all relevant permits and licences before it begins developing the land parcels in Jakarta into a development for sale. Over in Melbourne, feasibility studies to determine the best commercial option for the Group's five-storey heritage building in Melbourne are underway.

11 If a decision regarding dividend has been made:

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

None.

(b)(i) Amount per share

Not applicable

(b)(ii) Previous corresponding period

Not applicable.

(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.

12 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 the financial period as the Group is currently in a loss-making position.

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

The Group has not obtained a general mandate for interested person transactions.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Not applicable	-	-

14 Negative confirmation pursuant to Rule 705(5).

The Directors of the Company hereby confirm on behalf of the Board of Directors of the Company, 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 second quarter and half year financial results of the Company and the Group for the period ended 30 September 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7H) in accordance with Rule 720(1) of the Catalist Rules.

On behalf of the Board

Terence Lam
Executive Director
14 November 2019