



Unaudited Half Year ("HY") Financial Results for the Period Ended 31 March 2021

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

	Half Year ended 31 March		
	2021 \$'000	2020 \$'000	+ / (-) %
Revenue	9,459	8,046	17.6
Cost of sales	(5,560)	(4,662)	19.3
Gross profit	3,899	3,384	15.2
Other income	1,017	825	23.3
Other gains – net	316	918	(65.6)
Expenses			
- Distribution and marketing	(1,294)	(1,040)	24.4
- Administrative	(3,466)	(3,096)	12.0
- Finance	(773)	(1,160)	(33.4)
Share of profit of associated companies	1,081	1,002	7.9
Share of loss of a joint-venture company	(17)	(28)	(39.3)
Profit before income tax	763	805	(5.2)
Income tax expense	(133)	(227)	(41.4)
Profit after income tax	630	578	9.0
Other comprehensive (loss)/income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
- Shares of other comprehensive (loss)/income of associated companies	(372)	3	N/M
- Currency translation differences arising from consolidation	17	23	(26.1)
Other comprehensive (loss)/income, net of tax	(355)	26	N/M
Total comprehensive income	275	604	(54.5)
Profit/(loss) attributable to:			
Equity holders of the Company	850	774	9.8
Non-controlling interests	(220)	(196)	12.2
	630	578	9.0
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	492	801	(38.6)
Non-controlling interests	(217)	(197)	10.2
	275	604	(54.5)

N/M - not meaningful

1(a) Notes to the statement of comprehensive income

	Half Year ended 31 March		
	2021 \$'000	2020 \$'000	+ / (-) %
Other income			
Interest income from bank deposits	1	1	-
Government grant	111	-	N/M
Rental income from lease	216	215	0.5
Service income – at a point in time	663	587	12.9
Others	26	22	18.2
	1,017	825	23.3
Other (losses)/gains – net			
Currency translation losses – net	(385)	(43)	N/M
Gain on amortisation of interest-free non-current payables	701	961	(27.1)
	316	918	(65.6)
The following were charged to the income statement:			
Amortised interest on non-current payables	708	1,093	(35.2)
Cost of inventories recognised as an expense (included in 'cost of sales')	5,308	4,538	17.0
Depreciation of property, plant and equipment	348	307	13.4
Employee compensation (included Directors' remuneration)	2,424	2,143	13.1
Interest expense on borrowings	27	18	50.0
Interest expense on lease liabilities	33	35	(5.7)

N/M - not meaningful

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

	Group		Company	
	31 Mar 2021 \$'000	30 Sep 2020 \$'000	31 Mar 2021 \$'000	30 Sep 2020 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,037	5,081	204	490
Trade and other receivables	3,003	3,277	34,509	34,568
Inventories	3,537	3,361	-	-
	<u>11,577</u>	<u>11,719</u>	<u>34,713</u>	<u>35,058</u>
Non-current assets				
Development properties	54,551	55,283	-	-
Investments in associated companies	16,741	16,119	9,945	9,945
Investment in a joint venture company	3,008	2,904	-	-
Investments in subsidiary corporations	-	-	12,241	12,241
Property, plant and equipment	10,916	10,669	-	-
	<u>85,216</u>	<u>84,975</u>	<u>22,186</u>	<u>22,186</u>
Total assets	<u>96,793</u>	<u>96,694</u>	<u>56,899</u>	<u>57,244</u>
LIABILITIES				
Current liabilities				
Trade and other payables	3,908	4,110	8,754	8,670
Current income tax liabilities	368	336	-	-
Borrowings	919	373	-	-
Lease liabilities	53	51	-	-
Provision	497	483	-	-
	<u>5,745</u>	<u>5,353</u>	<u>8,754</u>	<u>8,670</u>
Non-current liabilities				
Other payables	29,917	30,188	-	-
Borrowings	2,313	1,525	-	-
Lease liabilities	1,518	1,545	-	-
Provisions	162	165	-	-
Deferred income tax liabilities	127	133	-	-
	<u>34,037</u>	<u>33,556</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>39,782</u>	<u>38,909</u>	<u>8,754</u>	<u>8,670</u>
NET ASSETS	<u>57,011</u>	<u>57,785</u>	<u>48,145</u>	<u>48,574</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	32,315	32,315	32,315	32,315
Currency translation reserve	134	492	-	-
Retained profits	25,098	25,297	15,830	16,259
	<u>57,547</u>	<u>58,104</u>	<u>48,145</u>	<u>48,574</u>
Non-controlling interests	(536)	(319)	-	-
Total equity	<u>57,011</u>	<u>57,785</u>	<u>48,145</u>	<u>48,574</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	As at 31 Mar 2021		As at 30 Sep 2020	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less	919	-	373	-
Amount repayable after one year	2,313	-	1,525	-
	3,232	-	1,898	-

Details of any collateral

Bank borrowings of the Group are secured over Company's corporate guarantee, joint and several guarantees issued by the directors and asset under construction.

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

	Half Year ended 31 March	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Net profit	630	578
Adjustments for:		
- Income tax expense	133	227
- Depreciation of property, plant and equipment	348	307
- Gain on amortisation of interest-free non-current payables	(701)	(961)
- Loss on disposal of property, plant and equipment	2	-
- Interest income	(1)	(1)
- Finance expense	773	1,160
- Share of profit of associated companies	(1,081)	(1,002)
- Share of loss of a joint venture company	17	28
- Unrealised currency translation losses	414	44
	534	380
Change in working capital:		
- Development properties	(46)	(9)
- Inventories	(176)	1,045
- Trade and other receivables	273	1,046
- Trade and other payables	416	(766)
Cash generated from operations	1,001	1,696
Income tax paid	(108)	(78)
Net cash provided by operating activities	893	1,618
Cash flows from investing activities		
Additions to property, plant and equipment	(652)	(17)
Loan to a joint-venture company	(113)	(158)
Dividends received from an associated company	87	-
Interest received	1	1
Net cash used in investing activities	(677)	(174)
Cash flows from financing activities		
Dividends paid to equity owners	(1,049)	-
Proceeds from bank borrowings	1,667	1,494
Proceeds from related parties' borrowings	148	177
Repayment of bank borrowings	(641)	(1,971)
Repayment of bills payable	(298)	(780)
Repayment of lease liabilities	(58)	(33)
Interest paid	(32)	(67)
Net cash used in financing activities	(263)	(1,180)
Net (decrease)/increase in cash and cash equivalents	(47)	264
Cash and cash equivalents		
Beginning of the financial period	5,081	1,752
Effects of currency translation on cash and cash equivalents	3	1
End of the financial period	5,037	2,017

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 →						
	Share capital \$'000	Currency translation reserve \$'000	Retained profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
Group						
2021						
Balance as at 1 October 2020	32,315	492	25,297	58,104	(319)	57,785
Profit for the period	-	-	850	850	(220)	630
Other comprehensive income/(loss) for the financial period	-	(358)	-	(358)	3	(355)
Dividends paid	-	-	(1,049)	(1,049)	-	(1,049)
Balance as at 31 March 2021	32,315	134	25,098	57,547	(536)	57,011
2020						
Balance as at 1 October 2019	32,315	542	23,764	56,621	101	56,722
Profit for the period	-	-	774	774	(196)	578
Other comprehensive income/(loss) for the financial period	-	27	-	27	(1)	26
Balance as at 31 March 2020	32,315	569	24,538	57,422	(96)	57,326
Company						
2021						
Balance as at 1 October 2020	32,315		16,259	48,574		
Total comprehensive income for the financial period	-		620	620		
Dividends paid	-		(1,049)	(1,049)		
Balance as at 31 March 2021	32,315		15,830	48,145		
2020						
Balance as at 1 October 2019	32,315		13,881	46,196		
Total comprehensive income for the financial period	-		2,012	2,012		
Balance as at 31 March 2020	32,315		15,893	48,208		

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no change to the Company's issued and paid up share capital in HY2021.

There were no outstanding convertibles as at 31 March 2021 and 31 March 2020 where shares may be issued upon conversion.

The Company did not hold any treasury shares as at 31 March 2021 and 31 March 2020.

- 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**

	Company	
	31 Mar 2021	30 Mar 2020
Number of issued shares excluding treasury shares and subsidiary holdings of the Company	<u>209,826,140</u>	<u>209,826,140</u>

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

Not applicable.

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

The figures as shown in the announcement have not been audited or reviewed by the Company's auditor.

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

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:- (to update if there is any)**

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

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

This is not required for any audit issue that is a material uncertainty relating to going concern.

(a) Latest financial statements not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) 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.**

These financial results have been prepared based on accounting policies and methods of computation consistent with those adopted in the most recently audited annual financial statements for the financial year ended 30 September 2020.

- 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.**

Not applicable.

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

	Group	
	Half Year ended 31 March 2021	2020
Earnings per share ("EPS") for profit attributable to equity holders of the Company (cents per share)		
(a) Based on weighted average number of ordinary shares on issue	0.41	0.37
(b) On a fully diluted basis	0.41	0.37

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	31 Mar 2021	30 Sept 2020	31 Mar 2021	30 Sept 2020
Net asset value per ordinary share (cents)	27.43	27.69	22.95	23.15

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

REVIEW OF STATEMENT OF COMPREHENSIVE INCOME

Overview

The Group recorded a net profit attributable to equity holders of the Company of \$0.9 million in HY2021, increase by \$0.1 million against \$0.8 million in HY2020.

Revenue

Revenue increased by 17.6% to \$9.5 million in HY2021 (HY2020: \$8.0 million) due to increase in demand of the consumers to replace their home appliances or purchase new home appliances as more people are working and cooking from home due to COVID-19 pandemic.

Cost of sales

The Group's cost of sales increased by 19.3% to \$5.6 million in HY2021 (HY2020: \$4.7 million) which is in line with increase in revenue.

Gross profit

Gross profit increased by 15.2% to \$3.9 million in HY2021 (HY2020: \$3.4 million), consistent with the increase of revenue and cost of sales.

Other income

Other income increased by 23.3% to \$1.0 million in HY2021 (HY2020: \$0.8million). The increase is mainly due to the government grant received from IRAS relate to Jobs Support Scheme amounted to \$0.1 million in HY2021 (HY2020: nil) and increase of service income by \$0.1 million as compared with previous financial period.

Other gains

Other gains decreased by 65.6% to \$0.3 million in HY2021 (HY2020: \$0.9 million). The decrease is mainly due to the decrease in interest rate used to compute the gain on amortization of interest-free non-current payables to 4.2% per annum (HY2020: 5.8% per annum) resulting in the recognition of a lower gain on amortisation of interest-free non-current payables amounting to \$0.7 million (HY2020: \$1.0 million). The interest rate used is consistent with the reduction in bank base rate and LIBOR rate. And the depreciation of Malaysian Ringgit against Singapore dollar result in loss on foreign currency loss during the financial period amounted to \$0.4 million (HY2020: \$43,000).

Distribution and marketing expenses

Distribution and marketing expenses increased by 24.4% to \$1.3 million in HY2021 (HY2020: \$1.0 million). The increase is mainly due to the increase of advertising and promotion expense amounted to \$0.3 million in HY2021 (HY2020: \$0.1 million), arising from the development of new brand, Kith as well as radio advertisement and more digital advertising campaign was organized to raise the brand awareness. The changes of the incentive scheme also result in increase of both incentive and commission by 24.3% to \$0.4 million in HY2021 (HY2020: \$0.3 million). The increment is in line with the increase of the revenue during the financial period.

8. Review of Group Performance (continued)

REVIEW OF STATEMENT OF COMPREHENSIVE INCOME (continued)

Administrative expenses

Administrative expenses increased by 12.0% to \$3.5 million in HY2021 (HY2020: \$3.1 million). The increase is mainly due to increase in employee compensation by 13.1% to \$2.4million in HY2021 (HY2020: \$2.1 million) as a result of increase of headcount and overtime charges after COVIDS-19.

Finance expenses

Finance expenses decreased by 33.4% to \$0.8 million in HY2021 (HY2020: \$1.1 million). The decrease is due to decrease in amortised interest in interest-free non-current payables by 35.2% to \$0.7 million in HY2021 (HY2020: \$1.0 million).

Income tax expense and profit attributable to equity holders of the Company

Tax expense decreased by 41.4% to \$0.1 million in HY2021 (HY2020: \$0.2 million) due to the adoption of SFRS(I) 16 Leases for the Group's non-cancellable operating lease with JTC in previous financial period result in the higher income tax expense of \$0.1 million.

As a result, profit attributable to owners of the Company was \$0.9 million in HY2021 (HY2020: \$0.8 million).

REVIEW OF BALANCE SHEET

Cash and cash equivalents

Cash and cash equivalents decreased by 0.9% to \$5.0 million in HY2021 (HY2020: \$5.1 million) mainly due to cash generated from operating activities of \$0.9 million, net of cash used in investing activities of \$0.7 million and cash used in financing activities of \$0.3 million.

Trade and other receivables

Trade and other receivables decreased by 8.4% to \$3.0 million in HY2021 (HY2020: \$3.3 million), mainly due to decrease of the other receivables pertains to the government grant received from IRAS relate to Jobs Support Scheme amounted to \$0.1million and deposits paid for the renovation works amounted to \$0.2 million.

Inventories

Inventories increased by 5.2% to \$3.5 million in HY2021 (HY2020: \$3.4 million) to cater the demand of the consumer for the kitchen appliances during the financial period.

Development properties

Development properties comprises of residential and commercial properties in Malaysia, and they are classified as non-current assets as the Group does not expect to realise the assets within the normal operating cycle from the reporting period. Development properties decreased marginally by 1.3% to \$54.6 million in HY2021 (HY2020: \$55.3million), mainly due to the foreign currency translation loss arising from the depreciation of Malaysian Ringgit against Singapore dollar during the financial period.

Investments in associated companies

Investments in associated companies increased by 3.9% to \$16.7 million in HY2021 (HY2020: \$16.1 million), due to share of profit of \$1.0 million less loss on foreign translation reserve of \$0.4 million arising from the depreciation of Malaysian Ringgit against Singapore dollar during the financial period.

Investment in a joint venture company

Investment in a joint venture company increased by 3.6% to \$3.0 million in HY2021 (HY2020: \$2.9 million), largely due to an increase in loan to joint venture company classified under cost of investment.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET (continued)

Property, plant and equipment

Property, plant and equipment increased by 2.3% to \$10.9 million in HY2021 (HY2020: \$10.7 million), mainly due the addition of property, plant and equipment of \$0.6 million offset against depreciation charges of \$0.3 million during the financial period.

Trade and other payables, current

Trade payables and other payables decreased by 4.9% to \$3.9 million in HY2021 (HY2020: \$4.1 million) mainly due to decrease in bills payable by \$0.3 million to \$0.9 million in HY2021 (HY2020: \$1.2million) resulting from supply chain disruption, decrease in trade receivable financing liabilities of \$0.3 million, offset against increase of trade payable of \$0.4 million pertains to the goods in transits.

Borrowings

Borrowings increased by 70.3% to \$3.2 million in HY2021 (HY2020: \$1.9 million) mainly due to proceeds from additional bank borrowings of \$1.5 million net off against repayments of borrowings amounting to \$0.2 million.

Lease liabilities and deferred income tax liabilities

Lease liabilities and deferred income tax liabilities relates to the adoption of SFRS(I) 16 *Leases* for the Group's non-cancellable operating lease with JTC group. The decrease of lease liabilities and deferred income tax liabilities arise from the repayment of the lease during the financial period.

Other payables, non-current

Other payables comprises of non-trade payables to related parties. Other payables decreased by 0.9% to \$30.0 million in HY2021 (HY2020: \$30.2 million) due to the loss on currency translation difference result in the decrease of other payable amounted to \$0.3 million, offset against increase in related parties' loan by \$0.1 million.

Non-controlling interests

Non-controlling interests decreased due to share of net loss recorded in foreign subsidiary corporations.

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

No forecast or prospect statement was made previously in respect of the results for HY2021.

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 Prolonged COVID-19 pandemic has resulted in tension in supply of stocks, increase in raw material price and freight charges. While we manage to secure some project sales, the delivery of goods is further delayed due to shortage of foreign workers in construction site.

Meanwhile, we continue to serve the increase in demand for replacement market for kitchen appliances as more people is working and cooking from home. We are however, mindful of the changing lifestyle of our customer and hence create a Kith Brand to bridge the demand for trendy and handy home appliances.

The government is implementing and imposing e-Waste Membership fees and recycling and disposal charges of washer, dryer and refrigerator and we are committed in playing our role under Corporate Social Responsibility and contribution to a sustainable living environment. The increase in cost is however a huge challenge to our already thin product margin arising from a competitive industry.

As we are constantly working hard to increase sales and maintain our gross profit margin, we foresee our operating expenses to increase at a faster rate in the next 12 months as we complete our showroom renovation in 15 Kian Teck Crescent, spend more to increase various brands awareness and increase in IT spending due to the implementation of a new ERP system.

11. **If a decision regarding dividend has been made:-**

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

No ordinary dividend has been declared/recommended for the current period.

- (b) Corresponding period of the immediately preceding financial year**

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 5.00 pm) 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.

Not applicable.

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 IPT mandate has been obtained, a statement to that effect.

Name and Nature 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)
	\$'000
Renovation services rendered by Polikon Pte Ltd	334
Rental income received from Multicable Manufacturing (S) Pte Ltd	214
Purchase of home appliances from Arda (Zhejiang) Electric Co Ltd	194
Total	742

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

CONFIRMATION BY THE BOARD

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results of the Group for HY2021 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 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Lim Soo Kong @ Lim Soo Chong
Director and Chief Executive Officer
14 May 2021