



KLW HOLDINGS LIMITED

Company Registration No.199504141D

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017

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.

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

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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 June 2017 (hereinafter referred as "Q1-FY2018") and comparative figures for three (3) months ended 30 June 2016 (hereinafter referred as "Q1-FY2017")

	The Group		
	1-Apr-17	1-Apr-16	Increase / (Decrease)
	to	to	
	30-Jun-17	30-Jun-16	%
	(Q1-FY2018)	(Q1-FY2017)	
	\$'000	\$'000	
Revenue	8,723	12,691	(31)
Cost of sales	(7,241)	(8,569)	(15)
Gross profit	1,482	4,122	(64)
Other operating income	208	214	(3)
Selling and distribution expenses	(247)	(251)	(2)
Administrative expenses	(2,184)	(2,307)	(5)
(Loss)/Profit from operations	(741)	1,778	N/M
Finance costs	(204)	(316)	(35)
(Loss)/Profit before tax	(945)	1,462	N/M
Tax expense	(8)	(134)	(94)
(Loss)/Profit for the period	(953)	1,328	N/M
(Loss)/Profit attributable to:			
Equity holders of the Company	(953)	1,328	N/M

	<u>The Group</u>		
	1-Apr-17	1-Apr-16	Increase /
	to	to	(Decrease)
	30-Jun-17	30-Jun-16	
	Q1-FY2018	Q1-FY2017	%
	\$'000	\$'000	
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation and other comprehensive income for the period, net of tax	(312)	(446)	(30)
Total comprehensive (loss)/income for the period	(1,265)	882	N/M
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(1,265)	882	N/M

N/M: not meaningful

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

	<u>The Group</u>		
	Q1-FY2018	Q1-FY2017	Increase/
			(Decrease)
	\$'000	\$'000	%
Depreciation	246	199	24
Interest expense	204	316	(35)
Interest income	138	129	7
(Loss)/Gain on disposal of property, plant and equipment	(21)	13	N/M
Foreign currency exchange (gain)/loss	301	(187)	N/M

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>	
	As at 30 June 2017	As at 31 March 2017	As at 30 June 2017	As at 31 March 2017
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	21,082	21,169	2,537	2,565
Investments in subsidiaries	-	-	28,820	28,820
Available-for-sale financial assets	*	*	-	-
Prepayments, trade and other receivables	428	428	-	-
Total non-current assets	21,510	21,597	31,357	31,385
Current assets				
Development property	14,036	14,208	-	-
Prepayments, trade and other receivables	16,172	16,052	30,133	29,833
Inventories	8,341	7,155	-	-
Cash and cash equivalents	46,997	28,080	16,998	17,525
	85,546	65,495	47,131	47,358
Property held-for-sale	-	36,594	-	-
Total current assets	85,546	102,089	47,131	47,358
Total Assets	107,056	123,686	78,488	78,743
Non-current liabilities				
Borrowings	3,297	3,327	-	-
Deferred tax liabilities	3,893	4,003	-	-
Total non-current liabilities	7,190	7,330	-	-
Current liabilities				
Trade and other payables	4,991	5,624	414	480
Shares with preference rights**	4,815	4,740	4,815	4,740
Borrowings	1,368	15,962	-	-
Income tax payable	627	700	-	-
Total current liabilities	11,801	27,026	5,229	5,220
Total liabilities	18,991	34,356	5,229	5,220
Net assets	88,065	89,330	73,259	73,523
Equity				
Share capital	106,458	103,171	106,458	103,171
Revaluation and other reserves	1,323	4,922	-	3,287
Accumulated losses	(19,716)	(18,763)	(33,199)	(32,935)
Total equity	88,065	89,330	73,259	73,523

* Amounts less than \$1,000

** For the financial period ended 30 June 2017, the amount of \$4.815 million relates to the RM15 million received to-date for the sale of the Group's 30% equity interest in KLV Resources Sdn Bhd to Koperasi Permodalan Felda Malaysia Berhad which the company has recorded as "Current liabilities - Shares with preference rights". The balance RM2 million of the total RM17 million sale consideration, equivalent to \$642,000 (FY2017: \$632,000), will be paid to the Company upon fulfilling the terms and conditions as stipulated in the Shares Sale Agreement. The consideration is classified as financial liability as the 30% equity interest sold is deemed as preference shares issued by the Group and that the Group has retained a certain degree of continuing involvement. The difference in amount is due to currency translation for the two comparative periods.

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

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 March 2017	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,368	-	15,962	-

Amount repayable after one year

As at 30 June 2017		As at 31 March 2017	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
3,297	-	3,327	-

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 trust receipts of the Group are secured by the following:-

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

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>	
	1-Apr-17	1-Apr-16
	to 30-Jun-17	to 30-Jun-16
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(945)	1,462
Adjustments for:		
Depreciation of property, plant and equipment	246	199
(Gain)/ Loss on disposal of property, plant and equipment	21	(13)
Impairment loss on inventories	-	3
Interest expense	204	316
Interest income	(138)	(129)
Operating cash flow before working capital changes	(612)	1,838
Inventories	(1,139)	(156)
Trade and other receivables	(95)	(1,273)
Trade and other payables	(741)	(592)
Currency translation adjustments	(109)	487
Cash (used in) / generated from operations	(2,696)	304
Interest paid	-	(316)
Interest income received	138	129
Income tax paid	(77)	(150)
Net cash used in operating activities	(2,635)	(33)
Cash flows from investing activities		
Sale of property held-for-sale	35,841	-
Purchase of property, plant and equipment	(101)	(2,163)
Proceeds from disposal of property, plant and equipment	13	28
Net cash generated from /(used in) investing activities	35,753	(2,135)
Cash flows from financing activities		
Repayments of borrowings	(14,275)	(166)
Interest paid	(204)	-
Net cash used in financing activities	(14,479)	(166)
Net increase / (decrease) in cash and cash equivalents	18,639	(2,334)
Cash and cash equivalents at beginning of the period	28,080	35,946
Effect of exchange rate changes on cash and cash equivalents	278	(125)
Cash and cash equivalents at end of the period	46,997	33,487

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

	<u>The Group</u>	
	30 June 2017	30 June 2016
	\$'000	\$'000
Cash and bank balances	11,217	7,784
Fixed deposits	35,780	25,703
Cash and bank balances as per balance sheets	46,997	33,487
Cash and cash equivalents as per consolidated statement of cash flows	46,997	33,487

- 1 (d) 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				
	← Revaluation and other reserves →				
<u>Current Period</u> <u>The Group</u>	Share Capital \$'000	other reserves \$'000	Warrant reserve \$'000	Accumulated profit/(losses) \$'000	Total Equity \$'000
Balance at 1-Apr-2017	103,171	1,635	3,287	(18,763)	89,330
Loss for the period	-	-	-	(953)	(953)
Expiry of warrant	3,287	-	(3,287)	-	-
Other comprehensive loss for the period	-	(312)	-	-	(312)
Total comprehensive income / (loss) for the period	3,287	(312)	(3,287)	(953)	(1,265)
Balance at 30-Jun-2017	106,458	1,323	-	(19,716)	88,065
<u>Prior Period</u>					
Balance at 1-Apr-2016	103,171	1,228	3,287	(28,698)	78,988
Profit for the period	-	-	-	1,328	1,328
Other comprehensive loss for the period	-	(446)	-	-	(446)
Total comprehensive income/(loss) for the period	-	(446)	-	1,328	882
Balance at 30-Jun-2016	103,171	782	3,287	(27,370)	79,870

Company

<u>The Company</u>	<u>Share capital</u>	<u>Warrant reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Balance at 1-Apr-2017	103,171	3,287	(32,935)	73,523
Expiry of Warrants	3,287	(3,287)	-	-
Net profit and total comprehensive loss for the period	-	-	(264)	(264)
Balance at 30-Jun-2017	<u>106,458</u>	<u>-</u>	<u>(33,199)</u>	<u>73,259</u>
Balance at 1-Apr-2016	103,171	3,287	(32,081)	74,377
Net loss and total comprehensive loss for the period	-	-	184	184
Balance at 30-Jun-2016	<u>103,171</u>	<u>3,287</u>	<u>(31,897)</u>	<u>74,561</u>

- 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**

Issued and fully paid ordinary share capital

	Number of Shares	\$
	'000	'000
Balance as at 1 April 2017	5,380,556	103,171
Warrant reserve	-	3,287
Balance as at 30 June 2017	<u>5,380,556</u>	<u>106,458</u>

There was a change in the Company's share capital due to the allocation of the fair values of the warrants which was previously recorded within warrants reserve and share capital. As at 30 June 2017, there were 2,440,278,158 unexercised warrants which expired that day. There was no new ordinary share being issued in the capital of the Company. The Company does not have any treasury shares as at 30 June 2017. (30 June 2016: nil).

Save for the above, the Company did not have any other outstanding convertible securities as at 30 June 2017.

- 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 excluding treasury shares as at the end of the current financial period ended 30 June 2017 was 5,380,556,316 (30 June 2016: 5,380,556,316).

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 year reported on.

The Company did not have any sales, transfers, disposal, 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 June 2017 (30 June 2016: nil).

2 Whether the figures have been audited, or reviewed and in accordance with which 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 2017.

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

None

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).

	30-Jun-2017	30-Jun-2016
(Loss)/Earnings per share	Cents	Cents
- basic	(0.02)	0.02
- diluted	(0.02)	0.02

The weighted average number of ordinary shares for the purposes of basic and diluted earnings or loss per share is 5,380,556,316 shares for the financial year ended 30 June 2017 (30 June 2016: 5,380,556,316 shares).

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

For the purposes of calculating diluted earnings or 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 June 2017, the Company does not have any outstanding share options. As at 30 June 2017, there were 2,440,278,158 unexercised warrants which expired that day.

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-Jun-2017	30-Jun-2016
Net asset value per ordinary share based on existing issued share capital as at end of period/year	Cents	Cents
- Group	1.64	1.48
- Company	1.36	1.39

Net asset value per share is calculated based on 5,380,556,316 shares as at 30 June 2017. (30 June 2016: 5,380,556,316).

8 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

Revenue by business activities	Q1-FY2018	Q1-FY2017	(Decrease)	(Decrease)
	\$'000	\$'000	\$'000	%
Door business	8,630	12,357	(3,727)	(30)
Property business	93	334	(241)	(72)
Total	8,723	12,691	(3,968)	(31)

Revenue

The Group registered revenue of approximately \$8.72 million for Q1-FY2018, representing a decrease of 31% as compared with \$12.69 million for Q1-FY2017. This was due to a decline in revenue attributable to projects relating to the supply and installation of doors and export of doors from the Door business. The decline in revenue from Property business of 72% was due to a decrease in rental income after the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Cost of sales

Cost of sales decreased by approximately 15% to \$7.24 million in Q1-FY2018 as compared to \$8.57 million in Q1-FY2017 in line with a decrease in the revenue.

Gross Profit

The Group's gross profit decreased from \$4.12 million in Q1-FY2017 to \$1.48 million in Q1-FY2018 and the Group's gross profit margin in Q1-FY2018 decreased to 17% from 32% in Q1-FY2017. This decrease in gross profit margin was attributed mainly from lower revenue recognised for projects relating to the supply and installation of doors from the Door business.

Finance costs

Finance costs for the Group decreased by 35% from \$0.32 million in Q1-FY2017 to \$0.20 million in Q1-FY2018. The decrease was mainly due to the settlement of the term loan during the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Tax expenses

Tax expenses for the Group decreased by 94% from \$0.13 million in Q1-FY2017 to \$0.08 million in Q1-FY2018. The decrease was mainly due to higher provision of tax in Q1-FY2017.

Loss for the period

Accounting for Q1-FY2018 performance, the Group posted a loss for the period of \$0.95 million as compared to a profit of \$1.33 million for Q1-FY2017.

Review of the Balance Sheet of the Group

Current assets

Cash and cash equivalents increased by 67% from \$28.08 million as at 31 March 2017 to \$46.99 million as at 30 June 2017 mainly due to the net sales consideration from the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017. Property held-for-sale decreased by 100% from 31 March 2017 to 30 June 2017. This is solely due to the completion of the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Equity

Total equity decreased by 1% from \$89.33 million as at 31 March 2017 to \$88.06 million as at 30 June 2017 mainly due to Q1-FY2018 loss.

Current liabilities

Trade and other payables decreased by 11% from \$5.62 million as at 31 March 2017 to \$4.99 million as at 30 June 2017. This is mainly due to payment made to creditors. Borrowings decreased by 91% from \$15.96 million as at 31 March 2017 to \$1.36 million as at 30 June 2017. This is mainly due to the settlement of the term loan during the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Cash Flow Statement Review

The Group's Net cash used in operating activities for Q1-FY2018 was \$2.63 million. This was mainly due to the loss recorded for past three months and changes in working capital for inventories, receivables and payables.

Net Cash generated from investing activities was \$35.75 million for Q1-FY2018. This was mainly due to the sales consideration from the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Net Cash used in financing activities was \$14.47 million for Q1-FY2018. This was mainly due to payment of the term loan during the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

As a result of the above, the Group's net cash and cash equivalents stood at \$46.99 million as at 30 June 2017.

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 global macroeconomic environment continues to be challenging. Export sales for doors remain the Group's core focus. The Group continues to bid for projects relating to Door Business.

For the Property business, the Group's strategy is to focus on generating income through property development.

The Group remains cautious with regards to market conditions and will continue to be vigilant in managing costs and improving operational efficiencies going forward.

- 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.

(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**

No dividend has been declared or recommended for the financial period.

- 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. Use of proceeds pursuant to Rule 704(30)

The utilisation of proceeds from the Company's 2014 Rights cum Warrants Issue as at the date of this Announcement is as follows:

Use of proceeds	Revised allocation	Balance brought forward 31 March 2017	Utilisation in Q1-FY2018	Balance
Funding acquisition opportunities	S\$32.84 million	S\$1.62 million	-	S\$1.62 million
Working Capital	S\$9.66 million	-	-	-
Funding for the purchase or construction of premises or factory for operational and manufacturing use.	S\$5.8 million	-	-	-
Total	S\$48.30 million	S\$1.62 million	-	S\$1.62 million

The Company will make further announcements via SGXNET as and when the remaining net proceeds from the 2014 Rights cum Warrants Issue are materially disbursed.

15 Statement by Directors pursuant to Rule 705(5) of the Listing Manual

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 first quarter financial results of the Company and the Group for the period ended 30 June 2017 to be false or misleading in any material aspect.

16. 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 under Rule 720(1) of the Listing Manual of SGX-ST.

On behalf of the Board

Terence Lam
Executive Director
13 August 2017