



KLW HOLDINGS LIMITED

Company Registration No.199504141D

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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.

	The Group		
	Half year ended 30 September 2014	Half year ended 30 September 2013	Increase / (Decrease)
	\$'000	\$'000	%
Revenue	20,322	17,030	19.3
Cost of sales	(14,456)	(13,437)	7.6
Gross profit	5,866	3,593	63.3
Other operating income	118	446	(73.5)
Distribution costs	(729)	(627)	16.3
Administrative expenses	(3,741)	(2,976)	25.7
Profit from operations	1,514	436	247.2
Finance costs	(288)	(315)	(8.6)
Profit before taxation	1,226	121	913.2
Taxation	-	-	N/M
Profit for the period	1,226	121	913.2
Profit Attributable to:			
Equity holders of the parent	1,226	121	913.2
Minority interests	-	-	N/M
Profit for the period	1,226	121	913.2

Consolidated statement of comprehensive income for the half year ended 30 September 2014.

	<u>The Group</u>		
	Half year ended 30 September 2014	Half year ended 30 September 2013	Increase/ (Decrease)
	\$'000	\$'000	%
Profit /(loss) for the period	1,226	121	913.2
Other comprehensive income:			
Foreign currency translation gain / (loss)	151	(399)	N/M
Total comprehensive income / (loss) for the period	1,377	(278)	N/M
Total comprehensive income / (loss) attributable to:			
Equity holders of the parent	1,377	(278)	N/M
Minority interests	-	-	N/M
	1,377	(278)	N/M

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

	<u>The Group</u>		
	Half year ended 30 September 2014	Half year ended 30 September 2013	Increase/ (Decrease)
	\$'000	\$'000	%
Depreciation	353	219	61.2
Interest expense	288	315	(8.6)

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 September 2014 \$'000	31 March 2014 \$'000	30 September 2014 \$'000	31 March 2014 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	15,271	10,575	181	226
Available-for-sale financial assets	3	3	-	-
Other investments	2,181	-	-	-
Subsidiaries	-	-	28,636	28,636
	17,455	10,578	28,817	28,862
Current assets				
Inventories	6,932	6,488	-	-
Trade and other receivables	16,814	9,494	7,231	6,158
Cash and bank balances	60,603	10,824	56,343	41
	84,349	26,806	63,574	6,199
Total assets	101,804	37,384	92,391	35,061
EQUITY AND LIABILITIES				
EQUITY				
Share capital	106,819	48,014	106,819	48,014
Revaluation and other reserves	2,646	2,495	-	-
Accumulated losses	(24,904)	(26,130)	(21,161)	(20,731)
Shareholders' equity	84,561	24,379	85,658	27,283
Minority interests	-	-	-	-
Total Equity	84,561	24,379	85,658	27,283
Non-current liabilities				
Shares with preference rights*	5,790	5,790	5,790	5,790
Borrowings	3,674	67	5	13
Deferred tax liabilities	1,184	1,168	-	-
	10,648	7,025	5,795	5,803
Current liabilities				
Trade and other payables	4,195	4,405	920	1,955
Income tax payable	368	361	-	-
Borrowings	2,032	1,214	18	20
	6,595	5,980	938	1,975
Total equity and liabilities	101,804	37,384	92,391	35,061

*Under Non-current liabilities as at 30 September 2014, the amount of approximately \$5.79 million is for the sale consideration for the Group's 30% equity interest in door division to Koperasi Permodalan Felda Malaysia Berhad. The consideration is classified as financial liability as the 30% equity interest sold is deemed as preference shares issued by the Group.

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 September 2014		As at 31 March 2014	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
2,032	-	1,214	-

Amount repayable after one year

As at 30 September 2014		As at 31 March 2014	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
3,674	-	67	-

Details of any collateral

The obligations under finance leases are effectively secured as the rights to the leased motor vehicles of the Group to the lessor in the event of default by the Group.

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

- (a) a corporate guarantee from the Company and
- (b) a negative pledge over assets of certain subsidiaries

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>	
	Half year ended 30 September 2014	Half year ended 30 September 2013
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	1,226	121
Adjustments for:		
Depreciation of property, plant and equipment	353	219
Interest expense	288	315
Interest income	(7)	(9)
Exchange difference	147	(187)
Operating cash flow before working capital change	2,007	459
Change in operating assets and liabilities		
Receivables	(7,321)	(2,305)
Inventories	(444)	1,485
Payables	(209)	(1,345)
Cash generated from / (used in) operations	(5,967)	(1,706)
Interest paid	(288)	(315)
Interest income received	7	9
Income tax	-	-
Net cash generated from / (used in) operating activities	(6,248)	(2,012)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,609)	(263)
Acquisition of subsidiary	(2,181)	
Placement of structured deposit	(30,000)	
Proceeds from disposal of property, plant and equipment	-	14
Net cash generated from / (used in) investing activities	(36,790)	(249)
Cash flows from financing activities		
Withdrawal of pledged deposit	21	-
Proceeds from borrowings	4,121	-
Proceeds from issuance of shares	58,805	12,201
Repayments from borrowings	(109)	(2)
Net cash generated from / (used in) financing activities	62,838	12,199
Net increase / (decrease) in cash and cash equivalents	19,800	9,938
Cash and cash equivalents at beginning of the period	10,803	(503)
Cash and cash equivalents at end of the period	30,603	9,435

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

	<u>The Group</u>	
	30 September 2014	30 September 2013
	\$'000	\$'000
Cash and bank balances as per balance sheet	60,603	9,490
Less: Fixed deposits	(30,000)	(55)
Cash and cash equivalents per consolidated cash flow statement	30,603	9,435

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.

(i) Group

	Attributable to equity holders of the Company			
				
<u>The Group</u>	Share Capital \$'000	Revaluation and other reserves \$'000	<u>Accumulated (losses) / profit</u> \$'000	Total Equity \$'000
Balance at 1.4.2014	48,014	2,495	(26,130)	24,379
Issuance of Shares	58,805	-	-	58,805
Total comprehensive income for the financial period	-	151	1,226	1,377
Balance at 30.9.2014	106,819	2,646	(24,904)	84,561
Balance at 1.4.2013	35,813	1,367	(25,622)	11,558
Issuance of shares	12,201	-	-	12,201
Total comprehensive income/(loss) for the financial period		(399)	121	(278)
Balance at 30.9.2013	48,014	968	(25,501)	23,481

(ii) **Company**

<u>The Company</u>	Share <u>capital</u> \$'000	Accumulated <u>losses</u> \$'000	<u>Total</u> \$'000
Balance at 1.4.2014	48,014	(20,731)	27,283
Issuance of shares	58,805	-	58,805
Total comprehensive income	-	(430)	(430)
Balance at 30.9.2014	106,819	(21,161)	85,658
Balance at 1.4.2013	35,813	(22,935)	12,878
Issuance of shares	12,201		12,201
Total comprehensive income	-	10,732	10,732
Balance at 30.9.2013	48,014	(12,203)	35,811

- 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 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 2014	2,440,278	48,014
Shares issued during financial period / year	2,940,278	58,805
Balance as at 30 September 2014	<u>5,380,556</u>	<u>106,819</u>

The Company has on 9 June 2014 issued and allotted 500,000,000 new ordinary shares pursuant to the placement exercise.

The Company has on 27 June 2014 issued and allotted 2,440,278,158 new ordinary shares pursuant to the rights issue exercise..

As at 30 September 2014, the Company has no outstanding convertibles.

As at 30 September 2014, the Company has outstanding warrants of 2,440,278,158. Each warrant entitled the warrant holder to subscribe for 1 new ordinary share at an exercise price of \$0.07 each during the exercise period which expired on 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 30 September 2014 was 5,380,556,316. (31 Mar 2014:2,440,278,158).

- 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.**

As at 30 September 2014, the company does not have any sales transfers, disposal, cancellation and/or use of treasury shares.

There are no treasury shares as at 30 September 2014 and 31 March 2014.

- 2 Whether the figures have been audited, or reviewed and in accordance with which standard (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 2014.

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

	30/09/2014	30/09/2013
Earnings / (Loss) per share	Cents	Cents
- basic	0.03	0.01
- diluted	0.03	0.01

The weighted average number of ordinary shares for the purposes of basic and diluted earnings / (loss) per share is 4,400,463,697 shares for the year ended 30 September 2014. (30 September 2013: 2,236,921,645 shares)

Basic earnings / (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 profit / (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 2014, the Company has 2,440,278,158 outstanding warrants.

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

	30 September 2014	30 September 2013
	Cents	Cents
Net asset value backing per ordinary share based on existing issued share capital as at end of period/year		
- Group	1.57	0.49
- Company	1.59	0.94

Net asset value per share is calculated based on 5,380,556,316 shares as at 30 September 2014 and 2,440,278,158 as at 30 September 2013.

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

Performance of the Group

Revenue by business activities	30/9/2014	30/9/2013	Increase / (Decrease)	Increase / (Decrease)
	\$'000	\$'000	\$'000	%
Door business	19,059	15,670	3,389	21.6
Property leasing business	1,263	1,360	(97)	(7.1)
Total	20,322	17,030	3,292	19.3

For the half year ended 30 September 2014, K LW Group registered total revenue of approximately \$20.3m as compared to the half year ended 30 September 2013 of approximately \$17.0m. This 19.3% increase was mainly due to contribution from door business.

The door business being the core business of the Group achieved a 21.6% increase in revenue of approximately \$19.0m for the half year ended 30 September 2014 as compared to half year ended 30 September 2013 of approximately \$15.7m. This increase was due to an increase in export sales supported by factories in Malaysia and China.

Income Statement Review

Revenue

Revenue for the Group increased by approximately 19.3% for the half year ended 30 September 2014. The increase was mainly due to higher export sales from the door business.

Gross Profit

Gross Profit for the Group increased by approximately 63.3% for the half year ended 30 September 2014. Apart from the increase in revenue, other factors such as better cost structure and greater efficiency at our production facility, contributed to this increase.

Other operating income

Other operating income for the Group decreased by approximately 73.5% for the half year ended 30 September 2014. The decrease was mainly because there was lesser income received from government grants and sale of obsolete materials in China and disposal of property plant and equipment for the half year ended 30 September 2014.

Distribution cost

Distribution cost for the Group increased by approximately 16.3% for the half year ended 30 September 2014. The increase was mainly due to more travelling expenses incurred for business expansion.

Administrative expenses

Administrative expenses for the Group increased by approximately 25.7% for the half year ended 30 September 2014. The increase was mainly due to more professional fees incurred for holding company's corporate expenses and increase in employee remuneration.

Profit from operations

Profit from operations increased by approximately 247.2% with reference to the above review.

Profit before taxation

Profit before taxation increased by approximately 913.2% with reference to the above review.

Group Balance Sheet Review

Non-Current assets

The increase in non-current assets of approximately 65.0% was mainly due to the purchase of a building at Kaki Bukit for operational requirements and investment funds for the new Vietnam factory.

Current assets

The increase in current assets of approximately 214.7% was mainly due to the increase in cash and bank balances from the completed Placement and Rights Issue exercise and other receivables for acquisition opportunities.

Equity

The increase in total equity of approximately 246.9% was mainly due to the increase in the share capital of the Company from the completed Placement and Rights Issue exercises.

Non-Current liabilities

The increase in non-current liabilities of approximately 51.6% was mainly due to the term loan taken up for the purchase of Kaki Bukit factory.

Current liabilities

The increase in current liabilities of approximately 10.3% was mainly due to new hire purchase for motor vehicles and utilization of trade finance facilities.

Cash Flow Statement Review

The Group's cash flow used in operating activities for the half year ended 30 September 2014 amounted to approximately \$6.2m. This was mainly due to acquisition activities.

Investing activities used approximately \$36.8m for the half year ended 30 September 2014 on capital expenditure and placement of structured deposit.

Financing activities generated approximately \$62.8m for the half year ended 30 September 2014. This mainly arose from the issuance of shares.

As a result of the above, the Group's net cash and cash equivalent stood at approximately \$30.6m for the half year ended 30 September 2014.

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 had completed a Placement and a Rights Issue in June and July this year to raise a total of approximately \$58.8m before expenses. The proceeds from these exercises will be used for funding acquisition opportunities and business growth in new business.

On 30 September 2014, the Group announced the appointment of new Chairman Prince Abdul Qawi and acquisition of an Australian commercial building from Victoria University in Melbourne, Australia. On 27 October 2014, the Group announced another Sales & Purchase Agreement signed with the subsidiary of a Hong Kong's listed Group Prosperity Real Estate Holdings Limited to participate in a luxurious residential development in Suzhou China.

The Group will continue to source for new business opportunities and growth sector to add value to the Group' existing businesses going forward.

Door Business

Export revenue has been strong and continues to grow given the robust construction activities in UK and the recovery of the UK economy that spurs spending activities in the country. Singapore's project business also secures a few projects including Executive Condominiums door supply. The Group is expecting revenue growth to pick up pace in the next 12 months.

The Group's Vietnam factory is currently under construction and expected to complete by end of second quarter next year. However, this new facility will only be expected to contribute positively to the Group's revenue in 2016.

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)
N.A	N.A	N.A. The Company does not have a general mandate for interested persons transactions.

14. Use of net proceeds

The following table set out the intended use of the net proceeds:-

Rights Issue 2013

Intended use of the net proceeds	Amount	Utilisation	Balance	Remarks
Funding the Factory Setup	S\$0.24 million	S\$0.24 million	Nil	-
Funding acquisition opportunities and business growth in new businesses	S\$11.9million	S\$11.9 million	Nil	S\$10.5 million- Increase in issued and paid up capital of a subsidiary S\$1.4 million- Expenses incurred for corporate exercise.
Total	S\$12.14 million	S\$11.9 million	Nil	

Placement 2014

Intended use of the net proceeds	Amount	Utilisation	Balance	Remarks
Funding acquisition opportunities and business growth in new businesses	S\$7.84 million	S\$2.8 million	S\$5.04 million	S\$2.8 million- Acquisition of Melbourne property (301 Flinders Lane)
Working Capital	S\$1.96 million	S\$1.4million	S\$0.56 milliomm	S\$1.1million was used for purchase of industrial property for operational use.
Total	S\$9.80 million	S\$3.2 million	S\$5.60million	

Rights Issue 2014

Intended use of the net proceeds	Amount	Utilisation	Balance	Remarks
Funding acquisition opportunities and business growth in new businesses	S\$38.64 million	Nil	S\$38.64 million	-
Working Capital	S\$9.66 million	Nil	S\$9.66 milliomm	-
Total	S\$48.30 million	Nil	S\$48.30 million	

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable for Q2.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Refer to item 8 above.

17 A breakdown of sales

Not applicable for Q2.

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable for Q2.

CONFIRMATION BY THE BOARD

Pursuant to Rule 705(5) of the Listing Manual Section B: Rules of the Catalist Rules

We, the undersigned, hereby confirm 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 interim financial statements for the half year ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board

Lee Boon Teck
Managing Director
4 November 2014

Ho Pong Chong
Director
4 November 2014

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and 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 details of the contact person for the Sponsor is:

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