



KLW HOLDINGS LIMITED

Company Registration No.199504141D

UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

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The contact person for the Sponsor is Mr Howard Cheam Heng Haw (Telephone: +65 6232 0685) at R & T Corporate Services Pte. Ltd., 9 Battery Road, #25-01, Singapore 049910.

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 31 December 2017 (hereinafter referred as "Q3FY2018") and comparative figures for the three (3) months ended 31 December 2016 (hereinafter referred as "Q3FY2017"). Whereas results for nine (9) months ended 31 December 2017 (hereinafter referred as "9MFY2018") and comparative figures for the nine (9) months ended 31 December 2016 (hereinafter referred as "9MFY2017")

| | <u>Third Quarter</u> | | | <u>Nine months</u> | | |
|--|----------------------|--------------|-----------------------|--------------------|---------------|-----------------------|
| | Q3FY2018 | Q3FY2017 | Increase / (Decrease) | 9MFY2018 | 9MFY2017 | Increase / (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Revenue | 8,215 | 10,450 | (21) | 26,691 | 37,433 | (29) |
| Cost of sales | (7,070) | (7,408) | (5) | (22,047) | (24,777) | (11) |
| Gross profit | 1,145 | 3,042 | (62) | 4,644 | 12,656 | (63) |
| Other operating income | 206 | 30 | N/M | 664 | 480 | 38 |
| Selling and distribution expenses | (218) | (291) | (25) | (760) | (841) | (10) |
| Administrative expenses | (2,764) | (2,205) | 25 | (6,923) | (6,195) | 12 |
| (Loss)/Profit from operations | (1,631) | 576 | N/M | (2,375) | 6,100 | N/M |
| Finance costs | (161) | (345) | (53) | (520) | (978) | (47) |
| (Loss)/Profit before tax | (1,792) | 231 | N/M | (2,895) | 5,122 | N/M |
| Tax credit / (expense) | 98 | (120) | N/M | 48 | (721) | N/M |
| (Loss)/Profit after tax | (1,694) | 111 | N/M | (2,847) | 4,401 | N/M |
| (Loss)/Profit attributable to : | | | | | | |
| Equity holders of the Company | (1,682) | 111 | N/M | (2,835) | 4,401 | N/M |
| Non-controlling interest | (12) | - | N/M | (12) | - | N/M |
| | (1,694) | 111 | N/M | (2,847) | 4,401 | N/M |

N/M : Not Meaningful

| | Q3FY2018 | Q3FY2017 | Increase/ (Decrease) | 9MFY2018 | 9MFY2017 | Increase / (Decrease) |
|--|-----------------|-----------------|-------------------------|-----------------|-----------------|--------------------------|
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| (Loss)/Profit for the period | (1,694) | 111 | N/M | (2,847) | 4,401 | N/M |
| Other comprehensive (loss)/income: | | | | | | |
| <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 | (1,021) | 852 | N/M | (1,411) | 763 | N/M |
| Total comprehensive (loss)/income for the period | (2,715) | 963 | N/M | (4,258) | 5,164 | N/M |
| Total comprehensive (loss)/in attributable to: | | | | | | |
| Equity holders of the Company | (2,381) | 963 | N/M | (3,924) | 5,164 | N/M |
| Non-controlling interest | (334) | - | - | (334) | - | - |
| | (2,715) | 963 | N/M | (4,258) | 5,164 | N/M |

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

| | Q3FY2018 | Q3FY2017 | Increase / (Decrease) | 9MFY2018 | 9MFY2017 | Increase / (Decrease) |
|--|-----------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Depreciation | 248 | 200 | 24 | 738 | 593 | 24 |
| Interest expense | 161 | 345 | (53) | 520 | 978 | 47 |
| Interest (income)/cost | (123) | 69 | N/M | (371) | (184) | N/M |
| (Loss)/Gain on disposal of property, plant and equipment | - | - | - | (26) | 22 | N/M |
| Foreign currency exchange loss/(gain), net | 585 | 134 | N/M | 775 | (711) | N/M |

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

| | The Group | | The Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Dec-2017 \$'000 | 31-Mar-2017 \$'000 | 31-Dec-2017 \$'000 | 31-Mar-2017 \$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 21,293 | 21,169 | 2,547 | 2,565 |
| Land held for development | 25,767 | - | - | - |
| Investments in subsidiaries | - | - | 28,820 | 28,820 |
| Available-for-sale financial assets | * | * | - | - |
| Prepayments, trade and other receivables | 428 | 428 | - | - |
| Total non-current assets | 47,488 | 21,597 | 31,367 | 31,385 |
| Current assets | | | | |
| Development property | 13,850 | 14,208 | - | - |
| Prepayments, trade and other receivables | 12,796 | 16,052 | 39,352 | 29,833 |
| Inventories | 9,434 | 7,155 | - | - |
| Cash and cash equivalents | 29,252 | 28,080 | 19,600 | 17,525 |
| | 65,332 | 65,495 | 58,952 | 47,358 |
| Property held-for-sale | - | 36,594 | - | - |
| Total Assets | 112,820 | 123,686 | 90,319 | 78,743 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Borrowings | 3,249 | 3,327 | - | - |
| Deferred tax liabilities | 1,450 | 4,003 | - | - |
| | 4,699 | 7,330 | - | - |
| Current liabilities | | | | |
| Trade and other payables | 5,828 | 5,624 | 13,041 | 480 |
| Shares with preference rights** | 4,965 | 4,740 | 4,965 | 4,740 |
| Borrowings | 1,669 | 15,962 | - | - |
| Income tax payable | 48 | 700 | - | - |
| Total current liabilities | 12,510 | 27,026 | 18,006 | 5,220 |
| Total liabilities | 17,209 | 34,356 | 18,006 | 5,220 |
| Net assets | 95,611 | 89,330 | 72,313 | 73,523 |
| EQUITY | | | | |
| Share capital | 103,171 | 103,171 | 103,171 | 103,171 |
| Revaluation and other reserves | 546 | 4,922 | - | 3,287 |
| Accumulated losses | (18,311) | (18,763) | (30,858) | (32,935) |
| Equity holders of the company | 85,406 | 89,330 | 72,313 | 73,523 |
| Non-controlling interest | 10,205 | - | - | - |
| Total equity | 95,611 | 89,330 | 72,313 | 73,523 |

* Amounts less than \$1,000

** For the financial period ended 31 December 2017, the amount of \$4.965 million relates to the RM15 million received to date for the sale of the Group's 30% equity interest in KLW Resources Sdn Bhd to Koperasi Permodalan Felda Malaysia Berhad ("KPF") which the company has recorded as "Current Liabilities - Shares with preference rights". On 29 December 2017, the Company has entered into a sale and purchase agreement with KPF for the purchase of 13,016,054 Class A shares in the share capital of KLW Resources Sdn. Bhd., the Company's subsidiary.

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

Amount repayable in one year or less, or on demand:

| As at 31 December 2017 | | As at 31 March 2017 | |
|------------------------|-----------------------|---------------------|-----------------------|
| Secured (\$'000) | Unsecured (\$'000) | Secured (\$'000) | Unsecured (\$'000) |
| 1,669 | - | 15,962 | - |

Amount repayable after one year

| As at 31 December 2017 | | As at 31 March 2017 | |
|------------------------|-----------------------|---------------------|-----------------------|
| Secured (\$'000) | Unsecured (\$'000) | Secured (\$'000) | Unsecured (\$'000) |
| 3,249 | - | 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 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**

| | Q3FY2018 | Q3FY2017 | 9MFY2018 | 9MFY2017 |
|---|-----------------|----------|----------------|----------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | |
| (Loss)/Profit before income tax | (1,792) | 231 | (2,895) | 5,122 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 248 | 200 | 738 | 593 |
| Loss / (Gain) on disposal of property, plant and equipment | - | - | 26 | (22) |
| Interest expense | 161 | 345 | 520 | 978 |
| Interest (income) / cost | (123) | 69 | (371) | (184) |
| Inventories written down | - | 154 | - | 154 |
| Operating cash flow before working capital changes | <u>(1,506)</u> | 999 | <u>(1,982)</u> | 6,641 |
| Inventories | (401) | (885) | (2,053) | (966) |
| Trade and other receivables | 5,072 | 3,730 | 3,250 | 2,433 |
| Trade and other payables | 553 | (1,309) | 104 | (2,448) |
| Currency translation adjustments | (35) | 109 | 25 | 7 |
| Cash generated from / (used in) operations | <u>3,683</u> | 2,644 | <u>(656)</u> | 5,667 |
| Interest paid | - | (345) | - | (978) |
| Interest (cost)/ income received | 123 | (69) | 371 | 184 |
| Income tax paid | (2,819) | (85) | (3,173) | (315) |
| Net cash generated from / (used in) operating activities | <u>987</u> | 2,145 | <u>(3,458)</u> | 4,558 |
| Cash flows from investing activities | | | | |
| Sale of property held-for-sale | - | - | 35,841 | - |
| Purchase of property, plant and equipment | (529) | (12) | (701) | (2,672) |
| Acquisition of land held for development | (26,236) | - | (26,236) | - |
| Proceeds from disposal of property, plant and equipment | - | - | 17 | 122 |
| Net cash (used in) / generated from investing activities | <u>(26,765)</u> | (12) | <u>8,921</u> | (2,550) |
| Cash flows from financing activities | | | | |
| Interest paid | (161) | - | (520) | - |
| Contribution from non-controlling interest | 10,217 | - | 10,217 | - |
| Repayments of borrowings | - | (853) | (14,115) | (1,932) |
| Proceeds from borrowings | 324 | 584 | - | 1,603 |
| Net cash generated from / (used in) financing activities | <u>10,380</u> | (269) | <u>(4,418)</u> | (329) |
| Net (decrease)/increase in cash and cash equivalents | <u>(15,398)</u> | 1,864 | <u>1,045</u> | 1,679 |
| Cash and cash equivalents at beginning of the period | 44,582 | 35,687 | 28,080 | 35,946 |
| Effect of exchange rate changes on cash and cash equivalents | 68 | 166 | 127 | 92 |
| Cash and cash equivalents at end of the period | <u>29,252</u> | 37,717 | <u>29,252</u> | 37,717 |

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

| | <u>The Group</u> | |
|---|-----------------------------|---------------------|
| | 31 December 2017 | 31 December 2016 |
| | \$'000 | \$'000 |
| Cash and bank balances | 18,802 | 22,572 |
| Fixed deposits | 10,450 | 15,145 |
| Cash and bank balances as per balance sheets | 29,252 | 37,717 |
| Cash and cash equivalents as per consolidated statement of cash flows | 29,252 | 37,717 |

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.

| <u>The Group</u> | Attributable to equity holders of the Company | | | | | | |
|--|---|--------------------------------------|--------------------|--------------------------------|---------------|---------------------------------|-----------------|
| | Share Capital | Revaluation and Other reserves | Warrant reserve | Accumulated profit/(losses) | Total | Non- controlling interest | Total equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1-Apr-2017 | 103,171 | 1,635 | 3,287 | (18,763) | 89,330 | - | 89,330 |
| Loss for the period | - | - | - | (2,835) | (2,835) | (12) | (2,847) |
| Other comprehensive loss for the period | - | (1,089) | - | - | (1,089) | (322) | (1,411) |
| Total comprehensive income / (loss) for the period | - | (886) | - | (2,835) | (3,924) | (334) | 4,258 |
| Expiry of warrant | - | - | (3,287) | 3,287 | - | - | - |
| Incorporation of subsidiary | - | - | - | - | - | 10,539 | 10,539 |
| Balance at 31-Dec-2017 | 103,171 | 546 | - | (18,311) | 85,406 | 10,205 | 95,611 |
| Balance at 1-Apr-2016 | 103,171 | 1,228 | 3,287 | (28,698) | 78,988 | - | 78,988 |
| Profit for the period | - | - | - | 4,401 | 4,401 | - | 4,401 |
| Other comprehensive income for the period | - | 763 | - | - | 763 | - | 763 |
| Total comprehensive income for the period | - | 763 | - | 4,401 | 5,164 | - | 5,164 |
| Balance at 31-Dec-2016 | 103,171 | 1,991 | 3,287 | (24,297) | 84,152 | - | 84,152 |

| <u>The Company</u> | Share capital \$'000 | Warrant reserve \$'000 | Accumulated Profit / (Losses) \$'000 | Total \$'000 |
|--|----------------------------|------------------------------|---|-----------------|
| Balance at 1-Apr-2017 | 103,171 | 3,287 | (32,935) | 73,523 |
| Expiry of warrant | - | (3,287) | 3,287 | - |
| Net loss and total comprehensive loss for the period | - | - | (1,210) | (1,210) |
| Balance at 31-Dec-2017 | 103,171 | - | (30,858) | 72,313 |
| Balance at 1-Apr-2016 | 103,171 | 3,287 | (32,081) | 74,377 |
| Net loss and total comprehensive loss for the period | - | - | (282) | (282) |
| Balance at 31- Dec-2016 | 103,171 | 3,287 | (32,363) | 74,095 |

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 31 December 2017 | 5,380,556 | 103,171 |

There was no new ordinary share being issued in the capital of the Company. The Company does not have any treasury shares as at 31 December 2017. (31 December 2016: nil).

The Company did not have any other outstanding convertible securities as at 31 December 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 in the capital of the Company as at the end of the current financial period ended 31 December 2017 was 5,380,556,316 (31 December 2016: 5,380,556,316). The Company does not have any treasury shares as at 31 December 2017. (31 December 2016: nil).

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 31 December 2017 (31 December 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).

| | Third Quarter ended | | Nine months ended | |
|---------------------------|---------------------|-------------|-------------------|-------------|
| | 31-Dec-2017 | 31-Dec-2016 | 31-Dec-2017 | 31-Dec-2016 |
| (Loss)/Earnings per share | Cents | Cents | Cents | Cents |
| - basic | (0.031) | 0.002 | (0.053) | 0.082 |
| - diluted | (0.031) | 0.002 | (0.053) | 0.082 |

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 period ended 31 December 2017 (31 December 2016: 5,380,556,316 shares).

Basic earnings or loss per share is calculated by dividing the profit or loss 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 31 December 2017, the Company does not have any outstanding share options.

As at 31 December 2017, there were no outstanding warrants as 2,440,278,158 warrants had expired on 30 June 2017. As at 31 December 2016, the Company has 2,440,278,158 outstanding warrants. As the outstanding warrants are anti-dilutive, the basic EPS for the financial period ended 31 December 2016 were the same as the diluted EPS.

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

| | 31-December-2017 | 31-March-2017 |
|--|------------------|---------------|
| Net asset value backing per ordinary share attributable to equity holders of the Company based on existing issued share capital as at end of period/year | Cents | Cents |
| - Group | 1.59 | 1.66 |
| - Company | 1.34 | 1.37 |

Net asset value per share is calculated based on 5,380,556,316 shares as at 31 December 2017 (31 March 2017: 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 | Q3FY2018 | Q3FY2017 | Increase/ (Decrease) | Increase/ (Decrease) | 9MFY2018 | 9MFY2017 | Increase / (Decrease) | Increase / (Decrease) |
|--------------------------------|--------------|----------|----------------------|----------------------|---------------|----------|-----------------------|-----------------------|
| | \$'000 | \$'000 | \$'000 | % | \$'000 | \$'000 | \$'000 | % |
| Door business | 8,215 | 10,094 | (1,879) | (19) | 26,598 | 36,408 | (9,810) | (27) |
| Property business | - | 356 | (356) | (100) | 93 | 1,025 | (932) | (91) |
| Total | 8,215 | 10,450 | (2,235) | (21) | 26,691 | 37,433 | (10,742) | (29) |
| | | | | | | | | |

Q3FY2018

Revenue

The Group registered revenue of \$8.22 million for Q3FY2018, representing a decrease of 21% as compared with \$10.45 million for Q3FY2017. The decline was primarily due to the lower revenue recognised from existing local projects. There is no revenue from Property business for Q3FY2018 due to the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017 which was the sole contributor of rental income.

Gross Profit

The Group's gross profit decreased from \$3.04 million in Q3FY2017 to \$1.15 million in Q3FY2018 and the Group's gross profit margin in Q3FY2018 decreased to 14% from 29% in Q3FY2017. 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 and zero gross profit from the Property business due to the completion of the disposal of property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Other operating income

Other operating income increased from \$0.03 million in Q3FY2017 to \$0.21 million in Q3FY2018. The increase was mainly due to interest income derived from fixed deposits placed with banks.

Selling and distribution expenses

Selling and distribution expenses decreased by 25% from \$0.29 million in Q3FY2017 to \$0.22 million in Q3FY2018. The decrease in Q3FY2018 was mainly due to lower sales commission, freight costs and customs duties from the Door business.

Administrative expenses

Administrative expenses increased by 25% from \$2.21 million in Q3FY2017 to \$2.76 million in Q3FY2018. The increase in Q3FY2018 was mainly due to higher depreciation and higher foreign currency exchange loss.

Finance costs

Finance costs decreased by 53% from \$0.35 million in Q3FY2017 to \$0.16 million in Q3FY2018. The decrease was mainly due to settlement of the term loan upon disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Tax expenses

Tax expenses decreased from \$0.12 million in Q3FY2017 to a tax income of \$0.10 million in Q3FY2018. This was mainly due to a reversal of tax provision in Q3FY2018 and higher provision of tax in Q3FY2017

Loss for the period Q3FY2018

Accounting for Q3FY2018 performance, the Group posted a loss for the period of \$1.69 million as compared to a profit of \$0.11 million for Q3FY2017.

9MFY2018

Revenue

As a result of lower revenue in the first three quarters of FY2018, the Group posted \$26.69 million of revenue for 9MFY2018, a decrease of 29% as compared with \$37.43 million in 9MFY2017. This decrease was due to the lower revenue recognised from existing local projects and export of doors from the Door business.

Cost of sales

Cost of sales decreased by 11% to \$22.05 million in 9MFY2018 as compared to \$24.78 million in 9MFY2017 in tandem with a decrease in the revenue.

Gross Profit

The Group's gross profit margin in 9MFY2018 decreased to 17% from 34% in 9MFY2017. This decrease in gross profit margin was attributed mainly from lower revenue recognised for local projects relating to the supply and installation of doors and export doors from the Door business. It is also due to the absence of eight months of revenue from Property business after the completion of the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Other operating income

Other operating income increased by 38% from \$0.48 million in 9MFY2017 to \$0.66 million in 9MFY2018. The increase was mainly due to interest income derived from fixed deposits placed with banks.

Selling and distribution expenses

Selling and distribution expenses decreased by 10% to \$0.76 million in 9MFY2018 as compared to \$0.84 million in 9MFY2017. This decrease was mainly due to lower sales commission, freight costs and customs duties from the Door business.

Administrative expenses

Administrative expenses increased by 12% from \$6.20 million in 9MFY2017 to \$6.92 million in 9MFY2018. The increase was mainly due to higher depreciation and higher foreign currency exchange loss.

Finance cost

Finance costs decreased by 47% from \$0.98 million in 9MFY2017 to \$0.52 million in 9MFY2018. The decrease was mainly due to settlement of the term loan upon disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Tax expenses

Tax expenses decreased from \$0.72 million in 9MFY2017 to a tax income of \$0.05 million in 9MFY2018. This was mainly due to a reversal of tax provision in Q3FY2018 and higher provision of tax liabilities in 9MFY2017.

Loss for the period 9MFY2018

Accounting for 9MFY2018 performance, the Group posted a loss for the period of \$2.85 million as compared to a profit of \$4.40 million for 9MFY2017.

Review of the Financial Position of the Group

Non-current assets

Land held for development increased by 100% from 31 March 2017 to 31 December 2017. This is due to the acquisition of land held for development in Republic of Indonesia.

Current assets

Prepayments, trade and other receivables decreased by 20% from \$16.05 million to \$12.80 million as at 31 December 2017. This is mainly due to the withdrawal of monies held in the escrow account for the acquisition of land and net off against the deposit paid for new machineries purchase from the Door business.

Inventories increased by 32% from \$7.16 million to \$9.43 million as at 31 December 2017. This is mainly due to increase in raw materials in anticipation of increase in sales from the new production line in Malaysia.

Property held-for-sale decreased by 100% from 31 March 2017 to 31 December 2017. This is due to the completion of the disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Non-current liabilities

Deferred tax liabilities decreased by 64% from \$4.00 million as at 31 March 2017 to \$1.45 million as at 31 December 2017. This is due to settlement of the tax liabilities for the disposal of the property at 301 Flinders Lane, Melbourne, Australia.

Current liabilities

Borrowings decreased by 90% from \$15.96 million as at 31 March 2017 to \$1.67 million as at 31 December 2017. This is mainly due to settlement of the term loan upon disposal of the property at 301 Flinders Lane, Melbourne, Australia on 21 April 2017.

Equity

Total equity holder of the Company decreased by 4% from \$89.33 million as at 31 March 2017 to \$85.41 million as at 31 December 2017. This is mainly due to 9MFY2018 loss.

Cash Flow Statement Review

The Group's net cash generated from operating activities for Q3FY2018 was \$0.99 million. This was mainly due to the changes in working capital for inventories, trade and other receivables and payables.

Net Cash used in investing activities was \$26.77 million for Q3FY2018. This was mainly due to the acquisition of land in Indonesia for real estate developments.

Net Cash generated from financing activities was \$10.38 million for Q3FY2018. This was mainly due to the contribution from non-controlling interest.

As a result of the above, the Group's net cash and cash equivalents stood at \$29.25 million as at 31 December 2017.

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 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 the Door Business. To this end, we are in the process of upgrading our production lines and introducing new machines to further enhance production capacity.

For the Property business, the Group's strategy is to focus on developing this business segment in our diversification effort to augment our business through 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 Q3FY2018 | 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 second quarter and half year financial results of the Company and the Group for the period ended 31 December 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
12 February 2018