



**KLW HOLDINGS LIMITED**

Company Registration No.199504141D

**UNAUDITED SECOND QUARTER AND/OR HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

*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 September 2018 (hereinafter referred as "Q2FY2019") and comparative figures for the three (3) months ended 30 September 2017 (hereinafter referred as "Q2FY2018"). Whereas results for six (6) months ended 30 September 2018 (hereinafter referred as "HY2019") and comparative figures for the six (6) months ended 30 September 2017 (hereinafter referred as "HY2018")**

	<u>Second Quarter</u>			<u>Half Year</u>		
	<b>Q2FY2019</b>	<b>Q2FY2018</b>	<b>Increase/ (Decrease)</b>	<b>HY2019</b>	<b>HY2018</b>	<b>Increase/ (Decrease)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Revenue	<b>7,984</b>	9,753	(18)	<b>17,588</b>	18,476	(5)
Cost of sales	<b>(7,508)</b>	(7,736)	(3)	<b>(14,181)</b>	(14,977)	(5)
<b>Gross profit</b>	<b>476</b>	2,017	(76)	<b>3,407</b>	3,499	(3)
Other income	<b>82</b>	250	(67)	<b>199</b>	458	(57)
Selling and distribution expenses	<b>(188)</b>	(295)	(36)	<b>(434)</b>	(542)	(20)
Administrative expenses	<b>(2,757)</b>	(1,975)	40	<b>(5,162)</b>	(4,159)	24
Loss from operations	<b>(2,387)</b>	(3)	N/M	<b>(1,990)</b>	(744)	N/M
Finance costs	<b>(52)</b>	(155)	(66)	<b>(105)</b>	(359)	(71)
<b>Loss before tax</b>	<b>(2,439)</b>	(158)	N/M	<b>(2,095)</b>	(1,103)	90
Tax credit/(expense)	<b>26</b>	(42)	N/M	<b>(127)</b>	(50)	N/M
<b>Loss for the period</b>	<b>(2,413)</b>	(200)	N/M	<b>(2,222)</b>	(1,153)	93
<b>Loss attributable to:</b>						
Equity holders of the Company	<b>(2,390)</b>	(200)	N/M	<b>(2,179)</b>	(1,153)	89
Non-controlling interest	<b>(23)</b>	-	N/M	<b>(43)</b>	-	N/M
	<b>(2,413)</b>	(200)	N/M	<b>(2,222)</b>	(1,153)	93

N/M: Not Meaningful

	<b>Q2FY2019</b>	<b>Q2FY2018</b>	Increase / (Decrease)	<b>HY2019</b>	<b>HY2018</b>	Increase / (Decrease)
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Loss for the period	<b>(2,413)</b>	(200)	N/M	<b>(2,222)</b>	(1,153)	93
Other comprehensive loss:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Currency translation differences arising from consolidation and representing other comprehensive income for the period, net of tax	<b>(1,290)</b>	(78)	N/M	<b>(627)</b>	(390)	61
<b>Total comprehensive loss for the period</b>	<b>(3,703)</b>	(278)	N/M	<b>(2,849)</b>	(1,543)	85
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	<b>(3,288)</b>	(278)	N/M	<b>(2,393)</b>	(1,543)	55
Non-controlling interest	<b>(415)</b>	-	N/M	<b>(456)</b>	-	N/M
	<b>(3,703)</b>	(278)	N/M	<b>(2,849)</b>	(1,543)	85

N/M: Not Meaningful

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

	<b><u>The Group</u></b>					
	<b>Q2FY2019</b>	<b>Q2FY2018</b>	Increase/ (Decrease)	<b>HY2019</b>	<b>HY2018</b>	Increase/ (Decrease)
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	<b>272</b>	244	11	<b>573</b>	490	17
Interest expense	<b>52</b>	155	(66)	<b>105</b>	359	(71)
Interest income	<b>(44)</b>	(110)	(60)	<b>(88)</b>	(248)	(65)
Loss on disposal of property, plant and equipment	-	5	N/M	-	26	N/M
Foreign currency exchange loss / (gain)	<b>602</b>	(111)	N/M	<b>940</b>	190	N/M
Provision for stock obsolescence	<b>649</b>	41	N/M	<b>615</b>	119	N/M

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>	
	<b>30-Sep-2018</b>	31-Mar-2018	1-Apr-2017	<b>30-Sep-2018</b>	31-Mar-2018
		(Restated)	(Restated)		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	<b>18,058</b>	18,666 <sup>^</sup>	21,169	<b>2,468</b>	2,520
Subsidiaries	-	-	-	<b>53,509</b>	53,509
Available-for-sale financial assets	*	*	*	-	-
Prepayments, trade and other receivables	-	121	428	-	-
	<b>18,058</b>	18,787	21,597	<b>55,977</b>	56,029
<b>Current assets</b>					
Development properties	<b>40,448</b>	41,774	14,208	-	-
Prepayments, trade and other receivables	<b>10,321</b>	7,952	16,053	<b>21,663</b>	20,905
Inventories	<b>6,805</b>	6,591	7,155	-	-
Cash and cash equivalents	<b>11,516</b>	15,471	28,080	<b>5,911</b>	7,512
	<b>69,090</b>	71,788	65,496	<b>27,574</b>	28,417
Property held-for-sale	<b>5,820</b>	5,815	36,594	-	-
	<b>74,910</b>	77,603	102,090	<b>27,547</b>	28,417
<b>Total assets</b>	<b>92,968</b>	96,390	123,687	<b>83,551</b>	84,446
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	<b>3,167</b>	3,221	3,327	-	-
Deferred tax liabilities	<b>878</b>	909 <sup>^</sup>	4,003	-	-
	<b>4,045</b>	4,130	7,330	-	-
<b>Current liabilities</b>					
Trade and other payables	<b>5,050</b>	5,337	5,624	<b>12,158</b>	12,627
Shares with preference rights	-	-	4,740	-	-
Borrowings	<b>1,282</b>	1,484	15,962	-	-
Income tax payable	<b>47</b>	46	700	-	-
	<b>6,379</b>	6,867	27,026	<b>12,158</b>	12,627
<b>Total liabilities</b>	<b>10,424</b>	10,997	34,356	<b>12,158</b>	12,627
<b>Net assets</b>	<b>82,544</b>	85,393	89,331	<b>71,393</b>	71,819
<b>EQUITY</b>					
Share capital	<b>103,171</b>	103,171	103,171	<b>103,171</b>	103,171
Revaluation and other reserves	<b>(4,956)</b>	(4,742) <sup>^</sup>	949 <sup>^</sup>	-	-
Accumulated losses	<b>(25,031)</b>	(22,852) <sup>^</sup>	(14,789) <sup>^</sup>	<b>(31,778)</b>	(31,352)
Equity holders of the company	<b>73,184</b>	75,577	89,331	<b>71,393</b>	71,819
Non-controlling interest	<b>9,360</b>	9,816	-	-	-
<b>Total equity</b>	<b>82,544</b>	85,393	89,331	<b>71,393</b>	71,819

\* Amounts less than \$1,000

<sup>^</sup> Restated

**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 Sep 2018		As at 31 March 2018	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,282	-	1,484	-

**Amount repayable after one year**

As at 30 Sep 2018		As at 31 March 2018	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
3,167	-	3,221	-

**Details of any collateral**

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

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

- (a) a corporate guarantee from the Company;
- (b) a negative pledge over certain asset 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**

	The Group			
	Q2FY2019 \$'000	Q2FY2018 \$'000	HY2019 \$'000	HY2018 \$'000
<b>Cash flows from operating activities</b>				
Loss before income tax	(2,439)	(158)	(2,095)	(1,103)
Adjustments for:				
Depreciation of property, plant and equipment	272	244	573	490
Loss on disposal of property, plant and equipment	-	5	-	26
Interest expense	52	155	105	359
Interest income	(44)	(110)	(88)	(248)
Operating (loss)/profit before working capital changes	(2,159)	136	(1,505)	(476)
Changes in operating assets and liabilities				
Inventories	(96)	(513)	(487)	(1,652)
Trade and other receivables	209	(1,727)	(2,248)	(1,822)
Trade and other payables	(542)	292	(146)	(449)
Currency translation adjustments	205	169	884	60
<b>Cash used in operations</b>	(2,383)	(1,643)	(3,502)	(4,339)
Interest income received	43	110	82	248
Income tax refund/(paid)	156	(277)	(127)	(354)
<b>Net cash used in operating activities</b>	(2,184)	(1,810)	(3,547)	(4,445)
<b>Cash flows from investing activities</b>				
Sale of property held-for-sale	-	-	-	35,841
Purchase of property, plant and equipment	(192)	(71)	(260)	(172)
Proceeds from disposal of property, plant and equipment	-	4	-	17
<b>Net cash (used in)/generated from investing activities</b>	(192)	(67)	(260)	35,686
<b>Cash flows from financing activities</b>				
Repayments of borrowings	(759)	(1,146)	(1,873)	(16,444)
Proceeds from borrowings	814	982	1,585	2,005
Interest paid	(52)	(155)	(105)	(359)
<b>Net cash generated from/(used in) financing activities</b>	3	(319)	(393)	(14,798)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,373)	(2,196)	(4,200)	16,443
Cash and cash equivalents at beginning of the period	13,621	46,997	15,471	28,080
Effect of exchange rate changes on cash and cash equivalents	268	(219)	245	59
<b>Cash and cash equivalents at end of the period</b>	11,516	44,582	11,516	44,582

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

	30 September 2018 \$'000	30 September 2017 \$'000
Cash and bank balances	5,219	29,749
Fixed deposits	6,297	14,833
Cash and bank balances as per balance sheets	11,516	44,582
Cash and cash equivalents as per consolidated statement of cash flows	11,516	44,582

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 →					Total	Non-controlling interest	Total equity
	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Warrant Reserve	Accumulated losses			
<u>The Group</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1-Apr-2018	103,171	4,766	(4,742)	-	(26,825)	76,370	9,816	86,186
Effect of adoption of SFRS(1)	-	(4,766)	-	-	3,973	(793)	-	(793)
At 1-Apr-2018, as restated	103,171	-	(4,742)	-	(22,852)	75,577	9,816	85,393
Loss for the period	-	-	-	-	(2,179)	(2,179)	(43)	(2,222)
Other comprehensive loss	-	-	(214)	-	-	(214)	(413)	(627)
Total comprehensive loss for the period	-	-	(214)	-	(2,179)	(2,393)	(456)	(2,849)
Balance at 30-Sep-2018	103,171	-	(4,956)	-	(25,031)	73,184	9,360	82,544
Balance at 1-Apr-2017	103,171	3,973	(2,338)	3,287	(18,762)	89,331	-	89,331
Effect of adoption of SFRS(1)	-	(3,973)	-	-	3,973	-	-	-
At 1-Apr-2017, as restated	103,171	-	(2,338)	3,287	(14,789)	89,331	-	89,331
Loss for the period	-	-	-	-	(1,153)	(1,153)	-	(1,153)
Other comprehensive loss	-	-	(390)	-	-	(390)	-	(390)
Total comprehensive loss for the period	-	-	(390)	-	(1,153)	(1,543)	-	(1,543)
Expiry of warrant	-	-	-	(3,287)	3,287	-	-	-
Balance at 30-Sep-2017	103,171	-	(2,728)	-	(12,655)	87,788	-	87,788
<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-2018		103,171		-	(31,352)		71,819	
Loss and total comprehensive loss for the period		-		-	(426)		(426)	
Balance at 30-Sep-2018		103,171		-	(31,778)		71,393	
Balance at 1-Apr-2017		103,171		3,287	(32,935)		73,523	
Expiry of warrant		-		(3,287)	3,287		-	
Loss and total comprehensive loss for the period		-		-	(435)		(435)	
Balance at 30-Sep-2017		103,171		-	(30,083)		73,088	

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

**Issued and fully paid ordinary share capital**

	Number of shares '000	\$ '000
Balance as at 30 September 2018	5,380,556	103,171

No change in the Company's share capital since the end of the previous period reported on. The Company does not have any treasury shares and there were no subsidiary holdings as at 30 September 2018. (30 September 2017: nil)

The Company did not have any other outstanding convertibles securities as at 30 September 2018.

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

The total number of issued shares in the capital of the Company as at the end of the current financial period ended 30 September 2018 was 5,380,556,316 (31 March 2018: 5,380,556,316). The Company does not have any treasury shares as at 30 September 2018. (31 March 2018: 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 30 September 2018 and 30 September 2017.

- 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 2018, except for those disclosed under paragraph 5 below.

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

Pursuant to the SGX-ST listing requirements, the Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (“SFRS(I)”) that are effective from 1 January 2018. In addition to adopting all the applicable standards under SFRS(I), the Group also took the opportunity to review the relevance of the accounting policy choices with the application of SFRS(I) *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 March 2019), subject to mandatory exceptions and optional exemptions under SFRS(I). The Group elected for the optional exemption in SFRS(I) 1 to measure the leasehold land and buildings classified under property, plant and equipment held by the Group at the date of transition to SFRS(I) on 1 April 2017 at fair value and use that fair value as its deemed cost in its SFRS(I) financial statements. Any amount in asset revaluation reserve relating to the properties is transferred to accumulated losses directly. As a result, the Group reclassified \$4.0 million of asset revaluation reserve to the accumulated losses as at 1 April 2017. As at 31 March 2018, the Group’s asset revaluation reserve, deferred tax liabilities, accumulated losses and carrying amount of leasehold land and building decrease by \$4.8 million, \$0.3 million, \$4.0 million and \$1.1 million respectively.

Except for the above, the adoption of new SFRS(I) does not result in any significant changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current and prior period.

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

	Second Quarter ended		Half year ended	
	30-Sep-2018	30-Sep-2017	30-Sep-2018	30-Sep-2017
Loss per share	Cents	Cents	Cents	Cents
- basic	(0.043)	(0.003)	(0.040)	(0.021)
- diluted	(0.043)	(0.003)	(0.040)	(0.021)

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share is 5,380,556,316 shares for the financial period ended 30 September 2018 (30 September 2017: 5,380,556,316 shares).

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

For the purposes of calculating diluted loss per share, the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 30 September 2018, the Company does not have any outstanding share options. As at 30 September 2017, there were no outstanding warrants as 2,440,278,158 warrants had expired on 30 June 2017.

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

	30-Sep-2018	31-Mar-2018
Net asset value per ordinary share based on existing issued share capital as at end of period/year	Cents	Cents
- Group	1.36	1.40
- Company	1.33	1.33

Net asset value per ordinary share is calculated based on 5,380,556,316 shares as at 30 September 2018. (31 March 2018: 5,380,556,316).



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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	Q2FY2019	Q2FY2018	Increase/ (Decrease)	Increase/ (Decrease)	HY2019	HY2018	Increase/ (Decrease)	Increase/ (Decrease)
	\$'000	\$'000	\$'000	%	\$'000	\$'000	\$'000	%
Door business	7,984	9,753	(1,769)	(18)	17,588	18,383	(795)	(4)
Property business	-	-	-	-	-	93	(93)	N/M
Total	7,984	9,753	(1,769)	(18)	17,588	18,476	(888)	(5)

### Q2FY2019

#### Revenue

The Group registered revenue of \$7.98 million for Q2FY2019, representing a decrease of 18% as compared to \$9.75 million for Q2FY2018. The decline was primarily due to lower export sales for the Door business.

#### Gross Profit

The Group's gross profit decreased from \$2.02 million in Q2FY2018 to \$0.48 million in Q2FY2019 and the gross margin decreased from 21% in Q2FY2018 to 6% in Q2FY2019. This was mainly due to higher provision for stock obsolescence and higher production cost offset by a lower back-charge from project installations.

#### Other income

Other income decreased by 67% to \$0.08 million in Q2FY2019 as compared to \$0.25 million in Q2FY2018. The decrease was due to lower interest income earned as less fixed deposits were placed in Q2FY2019 as compared to Q2FY2018. This was because the net proceeds from the disposal of property at Flinders Lane, Melbourne, Australia was used to fund the purchase of land at Jakarta, Indonesia in FY2018.

#### Selling and distribution expenses

Selling and distribution expenses decreased by 36% from \$0.30 million in Q2FY2018 to \$0.19 million in Q2FY2019. The decrease was mainly due to lower commission payment and travelling related expenses.

#### Administrative expenses

Administrative expenses increased by 40% from \$1.98 million in Q2FY2018 to \$2.76 million in Q2FY2019. The increase was mainly due to the general and administrative expenses in Indonesia, development related expenses and land tax incurred in Australia, unrealized foreign exchange loss, and staff cost.

#### Finance costs

Finance costs decreased by 66% from \$0.16 million in Q2FY2018 to \$0.05 million in Q2FY2019. The decrease was mainly due to saving in interest payable to Koperasi Permodalan Felda Malaysia Berhad ("Felda") amounting to \$0.11 million after the acquisition of the remaining 30% share capital of KLW Resources Sdn. Bhd. ("KLW Resources") from Felda in February 2018.

#### Tax expense

Tax expense decreased from \$0.04 million in Q2FY2018 to a tax credit of \$0.03 million in Q2FY2019. This was mainly due to a reversal of tax provision in Q2FY2019.

#### Loss for the period

The Group posted a loss of \$2.41 million in Q2FY2019 as compared to a loss of \$0.20 million in Q2FY2018.

## **HY2019**

### **Revenue**

The Group registered revenue of \$17.59 million for HY2019, representing a decrease of 5% as compared to \$18.48 million for HY2018. The decrease was mainly due to lower export sales from the Door business.

### **Gross Profit**

The Group's gross profit decreased from \$3.50 million in HY2018 to \$3.41 million in HYFY2019 but gross margin remained stable at 19%. This was mainly due to lower production cost and back-charge from project installations offset by higher provision for stock obsolescence.

### **Other income**

Other income decreased by 57% to \$0.20 million in HY2019 as compared to \$0.46 million in HY2018. The decrease was due to lower interest income earned as less fixed deposits were placed in HY2019 as compared to HY2018.

### **Selling and distribution expenses**

Selling and distribution expenses decreased by 20% to \$0.43 million in HY2019 as compared to \$0.54 million in HY2018. The decrease was mainly due to lower commission payment and travelling related cost.

### **Administrative expenses**

Administrative expenses increased by 24% from \$4.16 million in HY2018 to \$5.16 million in HY2019. The increase was mainly due to the general and administrative expenses in Indonesia, development related expenses and land tax incurred in Australia, fire insurance, unrealized foreign exchange loss and staff cost.

### **Finance costs**

Finance costs decreased by 71% from \$0.36 million in HY2018 to \$0.11 million in HY2019. The decrease was mainly due to:-

- 1) saving in interest payable to Felda amounting to \$0.22 million after the acquisition of the remaining 30% share capital of KLW Resources from Felda in February 2018; and
- 2) repayment of the term loan after the disposal of the property at Flinders Lane, Melbourne, Australia in April 2017.

### **Tax expense**

Tax expense increased from \$0.05 million in HY2018 to \$0.13 million in HY2019. The increase was mainly due to provision of tax in one of the subsidiary in the Door division as it posted a profit in HY2019 as compared to a loss in HY2018.

### **Loss for the period HY2019**

The Group posted a loss of \$2.22 million in HY2019 as compared to a loss of \$1.15 million in HY2018.

## **Review of the Balance Sheet of the Group**

### **Current assets**

Prepayments, trade and other receivables increased by 30% from \$7.95 million as at 31 March 2018 to \$10.32 million as at 30 September 2018 mainly due to the increase in trade receivables from higher shipment of orders at end of HY2019. Cash and cash equivalents decreased by 26% from \$15.47 million as at 31 March 2018 to \$11.52 million as at 30 September 2018 mainly due to working capital needs.

### **Current liabilities**

Borrowings decreased by 14% from \$1.48 million as at 31 March 2018 to \$1.28 million as at 30 September 2018. This was mainly due to payment import loans for the Door business.

### **Equity**

Total equity decreased by 3% from \$85.39 million as at 31 March 2018 to \$82.54 million as at 30 September 2018 mainly due to loss incurred in HY2019.

## **Cash Flow Statement Review**

The Group's net cash used in operating activities for Q2FY2019 was \$2.18 million as compared to \$1.81 million for Q2FY2018. Net cash used in Q2FY2019 was mainly due to the changes in working capital for inventories, receivables and payables.

Net cash used in investing activities for Q2FY2019 was \$0.19 million as compared to \$0.07 million for Q2FY2018. Net cash used in Q2FY2019 was mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities for Q2FY2019 was \$0.003 million as compared to net cash used in Q2FY2018 was \$0.32 million. Net cash generated from Q2FY2019 was mainly due to the net proceeds of the import loans for the Door business whereas in Q2FY2018, this was mainly due to the net payment of the import loans for the Door business.

As a result of the above, the Group's net cash and cash equivalents stood at \$11.52 million as at 30 September 2018.

**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.**

For the Door business, export sales for doors remain the Group's core focus. However, the macroeconomic environment in which the Group operates continues to be challenging and this is negatively affecting sales orders from our customers. With the escalation of US-China trade war, our China factory's import of raw materials from United States will continue to be adversely affected and thereby increase the Group's cost of sales. In order to mitigate such effect, the Group is implementing cost control measures and initiatives to increase productivity at the factory floor.

For the Property business, the Group's strategy is to focus on obtaining the necessary permits and licenses within a reasonable time frame so that the Group is able to proceed with its construction and sales plan.

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.

**(b)(ii) Previous corresponding period**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be**

**registered before entitlements to the dividend are determined.**

Not applicable.

**12 If no dividend has been declared (recommended), a statement to that effect**

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.

<b>Name of Interested Person</b>	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 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 30 September 2018 to be false or misleading in any material aspect.

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

The Company confirms that it has procured undertakings from all its Directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Listing Manual of SGX-ST.

**On behalf of the Board**

Terence Lam  
Executive Director  
12 November 2018