

HS OPTIMUS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199504141D)

UNAUDITED FINANCIAL STATEMENTS FOR THE
SIX MONTHS ENDED 30 SEPTEMBER 2023

TABLE OF CONTENTS

	Page
A Condensed interim consolidated statement of profit or loss and other comprehensive income	1
B Condensed interim statements of financial position	2
C Condensed interim statements of changes in equity	3
D Condensed interim consolidated statement of cash flows	4
E Notes to the condensed interim consolidated financial statements	5-14
F Information required under Appendix 7C of the Catalist Rules	15-21

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").

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes 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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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			
	6 months ended			
	Note	30 Sep 2023	30 Sep 2022	Increase/ (Decrease)
		\$'000	\$'000	%
Revenue	N4.1	8,254	5,891	40
Cost of sales		(6,832)	(5,404)	26
Gross profit		<u>1,422</u>	<u>487</u>	N/M
Other income		392	226	73
Selling and distribution expenses		(252)	(223)	13
Administrative expenses		(2,223)	(3,931)	(43)
Finance costs		(96)	(86)	12
Loss before tax	N6	(757)	(3,527)	(79)
Tax expense	N7	-	-	
Loss for the period		<u>(757)</u>	<u>(3,527)</u>	(79)
Other comprehensive loss				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences		(727)	(380)	91
Total comprehensive loss for the period		<u>(1,484)</u>	<u>(3,907)</u>	(62)
(Loss)/profit for the period attributable to:				
Owners of the Company				
Loss from continuing operations		(807)	(3,437)	(77)
Non-controlling interests		50	(90)	N/M
		<u>(757)</u>	<u>(3,527)</u>	(79)
Total comprehensive loss for the period attributable to:				
Owners of the Company				
Loss from continuing operations		(1,452)	(3,773)	(62)
Non-controlling interests		(32)	(134)	(76)
		<u>(1,484)</u>	<u>(3,907)</u>	(62)
Loss per share from continuing operations attributable to owners of the Company (cents per share)				
-Basic		(0.015)	(0.064)	
-Diluted		(0.015)	(0.064)	
Loss per share attributable to owners of the Company (cents per share)				
-Basic		(0.015)	(0.064)	
-Diluted		(0.015)	(0.064)	

N/M: Not Meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		30-Sep-2023 \$'000	31-Mar-2023 \$'000	30-Sep-2023 \$'000	31-Mar-2023 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	N10	5,920	6,250	115	4
Right-of-use assets		3,639	3,708	2,050	2,069
Investment properties	N11	12,325	12,653	-	-
Subsidiaries	N12	-	-	39,125	39,124
Financial assets at fair value through profit or loss		*	*	-	-
		21,884	22,611	41,290	41,197
Current assets					
Development properties	N13	29,182	29,212	-	-
Property held-for-sale	N14	-	2,840	-	-
Prepayments, trade and other receivables		4,033	3,704	22,808	23,183
Income tax recoverable		25	34	-	-
Inventories	N15	5,560	4,436	-	-
Cash and cash equivalents		7,393	8,314	513	1,377
		46,193	48,540	23,321	24,560
Total assets		68,077	71,151	64,611	65,757
LIABILITIES					
Non-current liabilities					
Loans and borrowings	N16	16	2,513	-	-
Deferred tax liabilities		1,017	1,073	-	-
		1,033	3,586	-	-
Current liabilities					
Trade and other payables		4,275	4,077	247	234
Loans and borrowings	N16	1,769	1,004	-	-
Income tax payable		1	1	-	-
		6,045	5,082	247	234
Total liabilities		7,078	8,668	247	234
Net assets		60,999	62,483	64,364	65,523
EQUITY					
Share capital	N17	103,171	103,171	103,171	103,171
Foreign currency translation reserve		(8,884)	(8,239)	-	-
Accumulated losses		(41,547)	(40,740)	(38,807)	(37,648)
Equity holders of the company		52,740	54,192	64,364	65,523
Non-controlling interests		8,259	8,291	-	-
Total equity		60,999	62,483	64,364	65,523
Total equity and liabilities		68,077	71,151	64,611	65,757

*Amounts less than \$1,000

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Share capital	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total
<u>Group</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1-Apr-2023	103,171	(8,239)	(40,740)	54,192	8,291	62,483
(Loss)/profit for the period	-	-	(807)	(807)	50	(757)
Other comprehensive loss	-	(645)	-	(645)	(82)	(727)
Total comprehensive loss for the period	-	(645)	(807)	(1,452)	(32)	(1,484)
Balance at 30-Sep-2023	103,171	(8,884)	(41,547)	52,740	8,259	60,999
Balance at 1-Apr-2022	103,171	(7,415)	(33,314)	62,442	9,006	71,448
Loss for the period	-	-	(3,437)	(3,437)	(90)	(3,527)
Other comprehensive loss	-	(336)	-	(336)	(44)	(380)
Total comprehensive loss for the period	-	(336)	(3,437)	(3,773)	(134)	(3,907)
Balance at 30-Sep-2022	103,171	(7,751)	(36,751)	58,669	8,872	67,541

<u>Company</u>	Share capital \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1-Apr-2023	103,171	(37,648)	65,523
Loss for the period, representing total comprehensive loss for the period	-	(1,159)	(1,159)
Balance at 30-Sep-2023	103,171	(38,807)	64,364
Balance at 1-Apr-2022	103,171	(32,900)	70,271
Loss for the period, representing total comprehensive loss for the period	-	(983)	(983)
Balance at 30-Sep-2022	103,171	(33,883)	69,288

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Group	6 months ended	
	30 Sep 2023 \$'000	30 Sep 2022 \$'000
Cash flows from operating activities		
Loss before tax	(757)	(3,527)
Adjustments for:		
Depreciation of property, plant and equipment	286	318
Depreciation of right-of-use assets	47	50
Depreciation of investment property	173	239
Interest expense	96	86
Interest income	(134)	(138)
Impairment loss on development properties	-	203
Reversal of impairment loss on development properties	(192)	-
Written back of allowance for inventory obsolescence	(3)	(53)
Unrealised foreign exchange differences	(246)	611
Operating loss before working capital changes	(730)	(2,211)
Changes in operating assets and liabilities		
(Increase)/Decrease in development properties	(6)	124
(Increase)/Decrease in inventories	(1,121)	635
(Increase)/Decrease in trade and other receivables	(328)	708
Increase/(Decrease) in trade and other payables	213	(1,274)
Cash used in operations	(1,972)	(2,018)
Interest income received	134	138
Income tax refund	8	-
Net cash used in operating activities	(1,830)	(1,880)
Cash flows from investing activities		
Sale proceeds from property held-for-sale	2,840	-
Purchase of property, plant and equipment and right-of-use assets	(173)	(113)
Net cash generated from/(used in) investing activities	2,667	(113)
Cash flows from financing activities		
Repayments of loans and borrowings	(4,524)	(3,475)
Proceeds from loans and borrowings	2,732	2,601
Interest paid	(96)	(86)
Principal element of lease payments	(14)	(17)
Net cash used in financing activities	(1,902)	(977)
Net decrease in cash and cash equivalents	(1,065)	(2,970)
Cash and cash equivalents at beginning of the period	8,317	11,130
Effect of exchange rate changes on cash and cash equivalents	144	548
Cash and cash equivalents at end of the period	7,396	8,708

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

Group	30 Sep 2023	30 Sep 2022
	\$'000	\$'000
Cash and bank balances	3,477	4,109
Fixed deposits	3,916	4,596
Cash and cash equivalents as per consolidated statement of financial position	7,393	8,705
Cash and cash equivalents		
- Continuing operations	7,393	8,705
- Disposal group assets classified as held-for-sale	3	3
Cash and cash equivalents as per consolidated statement of cash flows	7,396	8,708

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

N1. Corporate information

HS Optimus Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the “Group”). The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) Door manufacturing and distribution;
- (b) Property investments and property developments;
- (c) Secured property financing; and
- (d) Investment holding.

N2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

N2.1. New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

N2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are:

Note 11 – Valuation of investment properties determined using significant unobservable inputs.

Note 12 – Impairment assessment of investment in subsidiaries

Note 13 – Valuation of development properties determined using significant unobservable inputs

N3. Seasonal operations

Generally, the Group's businesses are not subject to any significant seasonal fluctuations that will affect the business and operations.

N4. Segment and revenue information

Business segments

The Group is organised into the following business segments:

- (a) Door business segment: This relates to the manufacture and distribution of doors, furniture and fittings, wood related products and supply and installation of doors.
- (b) Property business segment: This relates to rental of premises, property developments and investments.
- (c) Secured property financing segment: This relates to provision of financing to corporations in the form of loan secured by a first mortgage charge.
- (d) Investment segment: This relates to investment holding.

1 April 2023 to 30 September 2023	Door Business \$'000	Property Business \$'000	Secured property financing \$'000	Investment \$'000	Total \$'000
Segment revenue					
Sales – external	8,243	-	11	-	8,254
Segment (loss)/gain	895	(787)	11	(1,172)	(1,053)
Other income					392
Finance costs					(96)
Loss before taxation					(757)
Income tax credit					-
Loss for the period					(757)
Consolidated total assets	21,088	44,194	-	2,795	68,077
Segment liabilities	1,897	2,131	-	247	4,275
-Deferred tax liabilities	1,017	-	-	-	1,017
-Income tax payable	1	-	-	-	1
-Borrowings, secured	1,785	-	-	-	1,785
Consolidated total liabilities					7,078
<u>Other segment items</u>					
Depreciation of property, plant and equipment	281	-	-	5	286
Depreciation on right-of-use assets	27	-	-	20	47
Depreciation on investment property	-	173	-	-	173
Reversal of impairment loss on development properties	-	(192)	-	-	(192)
Written back of allowances for inventory obsolescence	(3)	-	-	-	(3)

N4. Segment and revenue information (Cont'd)

1 April 2022 to 30 September 2022	Door Business \$'000	Property Business \$'000	Investment \$'000	Total \$'000
Segment revenue				
Sales - external	5,891	-	-	5,891
Segment loss	170	(2,831)	(1,006)	(3,667)
Other income				226
Finance costs				(86)
Loss before taxation				(3,527)
Income tax expense				-
Loss for the period				(3,527)
Consolidated total assets	24,969	47,147	4,837	76,953
Segment liabilities	1,215	2,280	225	3,720
-Deferred tax liabilities	1,399	-	-	1,399
-Income tax payable	17	-	-	17
-Borrowings, secured	4,276	-	-	4,276
Consolidated total liabilities				9,412
Other segment items				
Depreciation of property, plant and equipment	306	-	12	318
Depreciation on right-of-use assets	30	-	20	50
Depreciation on investment property	49	190	-	239
Written back of allowances for inventory obsolescence	(53)	-	-	(53)
Impairment loss on development property	-	203	-	203

N4.1 Revenue and Geographical segments

	Group Revenue	
	6 months ended	
	30 September 2023	30 September 2022
	\$'000	\$'000
<i>Recognised at a point in time</i>		
Sale of goods	8,243	5,891
Interest income from secured property financing	11	-
	8,254	5,891

N4.1 **Revenue and Geographical segments (Cont'd)**

The Group's revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Group Revenue	
	6 months ended	
	30 September 2023	30 September 2022
	\$'000	\$'000
Australia	11	-
Ireland	331	674
Singapore	78	-
United Kingdom	7,834	5,217
	8,254	5,891

	Group Non-current assets	
	30 September 2023	31 March 2023
	\$'000	\$'000
Singapore	2,163	2,072
Malaysia	7,396	7,886
Australia	12,325	12,653
Indonesia	*	*
	21,884	22,611

**Amounts less than \$1,000*

Non-current assets presented above exclude financial assets at fair value through profit or loss.

N5. **Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 September 2023 and 31 March 2023:

	Group		Company	
	30 September 2023	31 March 2023	30 September 2023	31 March 2023
Financial assets				
Financial assets at amortised cost:	\$'000	\$'000	\$'000	\$'000
- Trade and other receivables	3,168	2,601	22,779	23,136
- Cash and cash equivalents	7,393	8,314	513	1,377
Financial asset at fair value through profit or loss	*	*	-	-
	10,561	10,915	23,292	24,513
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	4,265	4,027	247	192
- Interest bearing borrowings				
- Foreign currency loan against import	1,754	825	-	-
- Term loan	-	2,666	-	-
- Lease liabilities	31	26	-	-
	6,050	7,544	247	192
	4,511	3,371	23,045	24,321

**Amounts less than \$1,000*

N6. (Loss)/profit before tax from continuing operations

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

	Group	
	6 months ended	
	30 September	30 September
	2023	2022
	\$'000	\$'000
Depreciation of property, plant and equipment	286	318
Depreciation of right-of-use assets	47	50
Depreciation of investment properties	173	239
Interest expense	96	86
Interest income	(134)	(138)
Government grants and incentives	1	5
Foreign currency exchange (gain) / loss	(128)	1,194
Written back of allowances for inventory obsolescence	(3)	(53)
Impairment loss on development properties	-	203
Reversal of impairment loss in development properties	(192)	-

N7. Taxation

The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended	
	30 September	30 September
	2023	2022
	\$'000	\$'000
Current tax expense		
-current year	-	-
Income tax expense recognised in profit or loss	-	-

N8. Dividends

No interim dividend has been proposed for the periods ended 30 September 2023 and 30 September 2022.

N9. Net asset value

	Group		Company	
	30 September	31 March	30 September	31 March
	2023	2023	2023	2023
	Cents	Cents	Cents	Cents
Net asset value per share based on existing issued share capital as at end of period/year	0.98	1.01	1.20	1.21

Net asset value per ordinary share is calculated based on 5,380,556,316 shares as at 30 September 2023 (31 March 2023: 5,380,556,316).

N10. Property, plant and equipment

During the six months ended 30 September 2023, the Group acquired assets amounting to \$172,564 (30 September 2022: \$113,313) and disposed of assets with a net book value amounting to Nil (30 September 2022: \$190).

N11. Investment properties

	Group	
	30 September 2023 \$'000	31 March 2023 \$'000
Cost		
As at 1 April	13,422	19,907
Addition	-	-
Transfer to property held-for-sale	-	(4,646)
Currency translation differences	(166)	(1,839)
As at 30 September / 31 March	13,256	13,422
Accumulated depreciation		
As at 1 April	769	1,920
Depreciation charge for the year	173	467
Transfer to property held-for-sale	-	(1,539)
Currency translation differences	(11)	(79)
As at 30 September / 31 March	931	769
Net carrying amount	12,325	12,653

During the financial year ended 31 March 2023, the Group transferred cost and accumulated depreciation of \$4,645,050 and \$1,538,612 respectively from investment property to property held-for-sale as its subsidiary had signed an option to purchase with a third party in respect of the leasehold property located in Singapore and in compliance with SFRS(1) 5.

The investment property held by the Group as at 30 September 2023 is as follows:

Description	Tenure	Building area (sqm)
A block of five-storey commercial/office building at 23-31 Lincoln Square South, Carlton, Melbourne, Australia	Freehold	3,745

The Group's investment property includes building and building improvements that are held to earn rentals or for capital appreciation, or both. The Group has no restriction on the realisability of its investment property and no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment. As at 31 March 2023, fair value of the investment property held by the Group in Australia is valued at \$16,198,000. The valuation was performed based on the property's highest and best use. The valuation was performed by accredited independent valuers with recognised and relevant professional qualifications and recent experience in the location and category of the property being valued. The valuation was carried out based on a primary method, the Income Capitalisation approach modelled on net income at market rental and supported by a secondary method, the Direct Comparison Approach, a comparative method of valuation of the open market value of the subject property, taking into consideration the state and condition of the property. The fair value measurement of the investment property was categorised under Level 3 of the fair value hierarchy. Management has made an internal assessment and are of the view that there are no material changes to the fair value as at 30 September 2023.

N12. Subsidiaries

	Company	
	30 September 2023 \$'000	31 March 2023 \$'000
Unquoted equity shares, at cost		
Investment in subsidiaries	42,470	42,470
Loan to subsidiary	A 23,698	23,697
	<hr/>	<hr/>
	66,168	66,167
Less: impairment losses	B (27,043)	(27,043)
	<hr/>	<hr/>
	39,125	39,124

Note A

During the six months ended 30 September 2023, the Company extended a loan of \$1,193 (31 March 2023: \$121,514) to its subsidiary which is accounted for as an investment in equity instrument. The loan due from its subsidiary of \$23,698,574 (31 March 2023: \$23,697,381) is unsecured, non-interest bearing and repayable at the discretion of the subsidiary, only when the cash flows of the subsidiary permit. The amount relates to contributions from the Company, which forms a part of the Company's net investment in subsidiary and are accounted for at cost less accumulated impairment losses.

Note B

An impairment loss of \$2,920,268 was recognised for the financial year ended 31 March 2023 based on discounted cash flow model using cash flow projections from financial budget and forecasts. The Company has used cash flow projections of five years to reflect the time period for investment returns for its door business. Cash flows beyond the terminal year are extrapolated using the estimated growth rate of 1%. Key assumptions used in the discounted cash flow models are growth rate, operating margins and discount rate. The discount rate of 11.5% applied to the cash flow projections are based on weighted average cost of capital (WACC) where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

N13. Development properties

	Group	
	30 September 2023 \$'000	31 March 2023 \$'000
<i>Land use rights designated as part of development properties</i>		
As at 1 April	11,494	10,489
Addition	6	6
Depreciation of right-of-use asset capitalized	875	1,785
Impairment loss on land	-	(135)
Reversal of impairment loss on land	192	-
Currency translation differences	(104)	(651)
As at 30 September / 31 March	<hr/>	<hr/>
	12,463	11,494
Net carrying amount of land use rights (Note A)	<hr/>	<hr/>
	16,719	17,718
Total	<hr/>	<hr/>
	29,182	29,212

N13. Development properties (Cont'd)

Note A

Land use rights designated as part of development properties relate to right-of-use assets (“ROUA”) on the land held by a subsidiary of the Group. Depreciation of ROUA recognised during the year is subsequently capitalised under development properties. The movement of ROUA in relation to land use rights is shown below.

	Group \$'000
<i>Land use rights designated as part of development properties</i>	
Cost	
At 31 March 2022	28,384
Exchange difference	(1,643)
At 31 March 2023	26,741
Exchange difference	(206)
At 30 September 2023	26,535
Accumulated depreciation	
At 31 March 2022	7,732
Depreciation charge	1,785
Exchange difference	(494)
At 31 March 2023	9,023
Depreciation charge	875
Exchange difference	(82)
At 30 September 2023	9,816
Net carrying amount	
At 31 March 2023	17,718
At 30 September 2023	16,719

As at 31 March 2023, fair value of the land use rights designated as part of development properties of the Group is valued at \$26,873,516, excluding VAT and land tax incurred on the land. The valuation was performed by an accredited independent valuer with a recognised and relevant professional qualification and experience in the location and category of the properties being valued. The valuation was carried out based on the Direct Comparison Approach, a comparative method of valuation of the open market value of the subject property, taking into consideration the state and condition of the properties. The fair value measurement of the development properties was categorised under Level 3 of the fair value hierarchy.

The Group has engaged an accredited independent valuer for the valuation of the development properties and has recognised a reversal of impairment loss of \$192,521 on land held for redevelopment as at 30 September 2023.

N14. Property held-for-sale

	Group	
	30 September 2023 \$'000	31 March 2023 \$'000
Net carrying amount		
As at 1 April	2,840	-
Disposal	(2,841)	-
Transfer from investment property	-	3,107
Impairment loss on property held-for sale	-	(267)
Currency translation differences	1	-
As at 30 September / 31 March	-	2,840

N14. Property held-for-sale (Cont'd)

During the financial year ended 31 March 2023, the Group transferred cost and accumulated depreciation of \$4,645,050 and \$1,538,612 respectively from investment property to property held-for-sale as its subsidiary had signed an option to purchase with a third party in respect of the leasehold property located in Singapore and in compliance with SFRS(1) 5.

The sale of this property was completed on 22 June 2023.

N15. Inventories

	Group	
	30 September 2023 \$'000	31 March 2023 \$'000
Finished goods	1,586	826
Work-in-progress	1,482	1,504
Raw materials	2,492	2,106
	<u>5,560</u>	<u>4,436</u>

During the six months ended 30 September 2023, the Group recognised inventories written back of \$3,314.

N16. Loans and borrowings

	Group	
	30 September 2023 \$'000	31 March 2023 \$'000
Current		
Lease liabilities	15	17
Loans and borrowings:		
-Foreign currency loan against import	1,754	825
-Term loan	-	162
	<u>1,769</u>	<u>1,004</u>
Non-current		
Lease liabilities	16	9
Loans and borrowings:		
-Term loan	-	2,504
	<u>16</u>	<u>2,513</u>
Total loans and borrowings	<u>1,785</u>	<u>3,517</u>

Amount repayable in one year or less, or on demand

As at 30 September 2023		As at 31 March 2023	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,769	-	1,004	-

Amount repayable after one year

As at 30 September 2023		As at 31 March 2023	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
16	-	2,513	-

N16. Loans and borrowings (Cont'd)

Details of collateral

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

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

As at 31 March 2023, the term loan of the Group is secured by the following:-

- (a) legal charges over one of the Group's investment properties in Singapore; and
- (b) corporate guarantee from the Company.

Following the completion of the disposal of the leasehold property located at 39 Kaki Bukit Industrial Terrace, Singapore 416119 on 22 June 2023, the term loan was fully repaid and legal charges over the property and corporate guarantee from the Company has been discharged.

N17. Share Capital

	Company			
	30 September 2023		31 March 2023	
	Number of shares	\$'000	Number of shares	\$'000
Issued and fully paid ordinary share capital	5,380,556,316	103,171	5,380,556,316	103,171

There were no changes in the share capital of the Company in the six months ended 30 September 2023.

The Company did not hold any treasury shares and there were no subsidiary holdings of the Company as of 30 September 2023 and 30 September 2022.

The Company did not hold any other outstanding convertible securities as at 30 September 2023 and 30 September 2022.

N18. Related Party Transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

N19. Fair value measurement

The table below analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
- (iii) Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table present the asset measured at fair value:

	Group	
	30 September 2023	31 March 2023
	\$	\$
	Level 1	Level 1
Recurring fair value measurement		
Financial assets at fair value through profit or loss	111	111

N20. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES

- 1. (a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to paragraph A.

- (a)(ii) Significant items**

Please refer to N6.

- (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.**

Please refer to paragraph B.

- (b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

- (A) Amount repayable by the Group in one year or less, or on demand**

Please refer to N16

- (B) Amount repayable after one year**

Please refer to N16

- (C) Whether the amounts are secured or unsecured**

Please refer to N16

- (D) Details of any collaterals**

Please refer to N16

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

Please refer to paragraph D.

- (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Please refer to paragraph C.

F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES (CONT'D)

- (d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.**

Please refer to N17.

- (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.**

Please refer to N17.

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

Please refer to N17. The Company did not have any sales, transfers, cancellation and/or use of treasury shares during the six months ended 30 September 2023.

- (d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial year reported on.**

Please refer to N17. The Company did not have any sales, transfers, cancellation and/or use of subsidiary holdings during the six months ended 30 September 2023.

There were no subsidiary holdings of the Company as at 30 September 2023.

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

The figures 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 modifications or emphasis of a matter).**

Not applicable.

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**

The Group's latest audited financial statements for the financial year ended 31 March 2023 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Not applicable.

F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES (CONT'D)

4. **Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

Please refer to N2.

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.**

Please refer to N2.

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).**

	Group	
	6 months ended	
	30 September 2023	30 September 2022
Loss per share	Cents	Cents
- basic	(0.015)	(0.064)
- diluted	(0.015)	(0.064)

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 2023 (30 September 2022: 5,380,556,316 shares).

Basic profit / 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 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 2023 and 30 September 2022, the Company does not have any outstanding share options.

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

Please refer to N9.

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

Review of the Group’s performance for the 6 months ended 30 September 2023 (“HYFY2024”) as compared to the 6 months ended 30 September 2022 (“HYFY2023”)

Revenue

The Group registered revenue of \$8.25 million in HYFY2024, representing an increase of 40% as compared to \$5.89 million in HYFY2023. The increase was mainly due to doors sold to new customers and an increase in the total number of doors sold.

Cost of sales and Gross Profit

Cost of sales increased by 26% to \$6.83 million in HYFY2024 as compared to \$5.40 million in HYFY2023. The increase in cost of sales corresponded to the increase in the number of doors sold to our customers which leads to an increase in raw materials and labour costs. The cost per unit of door produced decreased due to lower purchased prices of lumber, lower purchased prices of processed

F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES (CONT'D)

wood boards and the lower direct labour costs and direct overheads per unit from higher production scale achieved.

The Group's gross profit increased from \$0.49 million in HYFY2023 to \$1.42 million in HYFY2024. The Group's gross margin increased from 8% in HYFY2023 to 17% in HYFY2024 due largely to the increase in revenue, specifically pre-finished fire doors outpacing the increase in cost of sales as explained above.

Other income

Other income increased by 73% from \$0.23 million in HYFY2023 to \$0.39 million in HYFY2024. The increase was largely due to the reversal of impairment loss on development properties and increase in interest income from fixed deposits offset against decrease in government grants and absence on performance fee earned and interest earned from the investment (debt) and marketing agreement which were recognised in HYFY2023.

Selling and distribution expenses

Selling and distribution expenses increased by 13% from \$0.22 million in HYFY2023 to \$0.25 million in HYFY2024. The increase was primarily due to increase in inspection and test fee, advertising fee incurred offset against decrease in marketing support fee and travelling expenses.

Administrative expenses

Administrative expenses decreased by 43% from \$3.93 million in HYFY2023 to \$2.22 million in HYFY2024. The decrease was mainly due to absence on impairment loss on development properties of \$0.20 million, decrease in staff costs and depreciation and an unrealized foreign exchange gain of \$0.13 million in HYFY2024 as compared to an unrealized foreign exchange loss of \$1.19 million in HYFY2023.

Finance costs

Finance costs increased by 12% from \$0.09 million in HYFY2023 to \$0.10 million in HYFY2024. The increase was mainly due to higher interest cost resulting from higher foreign currency loan against import drawn down.

Loss for the period HYFY2024

The Group recorded a lower loss of \$0.76 million in HYFY2024 as compared to a loss of \$3.53 million in HYFY2023.

Condensed Interim Statements of the Group's Financial position

Review of the Group's financial position as at 30 September 2023 as compared to 31 March 2023

Non-current assets

Investment properties decreased by 3% from \$12.65 million as at 31 March 2023 to \$12.33 million as at 30 September 2023. The decrease was mainly due to depreciation of investment property and the weakening of the Australian dollar relative to the Singapore dollar.

Current assets

As at 31 March 2023, property held-for-sale amounting to \$2.84 million refers to the property located at 39 Kaki Bukit Industrial Terrace, Singapore 416119. The sale of this property was completed on 22 June 2023.

Prepayments, trade and other receivables increased by 9% from \$3.70 million as at 31 March 2023 to \$4.03 million as at 30 September 2023 mainly due to increase in trade receivables as a result from the higher export sales of doors offset against the full repayment together with all interest accrued and break costs for early repayment in relation to the Group's first secured property financing arrangement, which was previously announced during the Company's first quarter business update on 4 September 2023.

Inventories increased by 25% from \$4.44 million as at 31 March 2023 to \$5.56 million as at 30 September 2023 mainly due to increase in finished goods as a result of higher sales orders received.

F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES (CONT'D)

Cash and cash equivalents decreased by 11% from \$8.31 million as at 31 March 2023 to \$7.39 million as at 30 September 2023 due to working capital purpose.

Non-Current liabilities

Loans and borrowings decreased by 99% from \$2.51 million as at 31 March 2023 to \$0.02 million as at 30 September 2023 mainly due to the repayment of the mortgage term loan in relation to the completion of the sale of the property located at 39 Kaki Bukit Industrial Terrace, Singapore 416119 on 22 June 2023.

Current liabilities

Loans and borrowings increased by 76% from \$1.00 million as at 31 March 2023 to \$1.77 million as at 30 September 2023. This was mainly due to increase in the usage of the foreign currency loan against import due to more purchases offset against decrease in the mortgage term loan in relation to the completion of the sale of the property located at 39 Kaki Bukit Industrial Terrace, Singapore 416119 on 22 June 2023.

Equity

Total equity decreased by 2% from \$62.48 million as at 31 March 2023 to \$61.00 million as at 30 September 2023 mainly due to the loss recognized in HYFY2024.

Condensed Interim Consolidated Statement of Cash Flows

Review of the Group's cash flow statement for HYFY2024 as compared to HYFY2023

The Group's net cash used in operating activities for HYFY2024 was \$1.83 million as compared to \$1.88 million for HYFY2023. Net cash used in operating activities in HYFY2024 was mainly due to working capital use.

Net cash generated from investing activities for HYFY2024 was \$2.67 million mainly due to the completion of the sale of the property located at 39 Kaki Bukit Industrial Terrace, Singapore 416119 on 22 June 2023 as compared to net cash used of \$0.11 million for purchase of plant and equipment for HYFY2023.

Net cash used in financing activities for HYFY2024 was \$1.90 million as compared to \$0.98 million for HYFY2023. Net cash used in financing activities in HYFY2024 was mainly due to the repayments of the loans and borrowings, lease payments and interest.

As a result of the above, the Group's cash and cash equivalents stood at \$7.40 million as at 30 September 2023.

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.

Despite the Group's reporting revenue of \$8.25 million in HYFY2024, representing an increase of 40% as compared to \$5.89 million in HYFY2023 and a loss after tax of \$0.76 million, representing a decrease of 79% as compared to a loss after tax of \$3.53 million in HYFY2023, continued macro-economic headwinds and recent geo-political events and tensions continue to create uncertainty, unpredictability and may hinder the Group's attempts at returning to profitability.

For the Door business, export sales for doors remain the Group's main business. The continued macro-economic weakness, high inflation and interest rates in the United Kingdom ("UK") will continue to pose challenges to our UK customers in terms of price competition. Additionally, the weakened demand of our UK customers may be attributed to their high levels of unsold inventory. To mitigate this, Group will aim to continue being vigilant on costs and productivity, develop new

F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES (CONT'D)

customer bases and work expeditiously with both existing customers to help bring in more sales orders, with a view towards improving and increasing our position as a reliable and consistent producer and supplier of high-quality timber doors.

As for Singapore market, the Group has received both the 30-minute and 60-minute fire door test certificates of conformity. With these certifications in place, the Singapore door subsidiary, HS Optimus Joinery Pte Ltd will be able to provide its fire rated door products, 30-minute and 60-minute fire rated doors to various projects in Singapore. The Group intends to pursue and achieve the two-hour fire door test certification, which if achieved, would allow the Group to provide scale and help facilitate the Group's effort to re-enter the Singapore door market, where it has observed signs of shortage and construction backlog in both the public and private housing markets.

For the Property business, the Group has appointed a realtor in Melbourne to undertake a marketing campaign exercise with a view to achieving the disposal and full asset realisation of the unencumbered property located at 23-31 Lincoln Square South, Carlton, Melbourne, Australia. This marks a significant change in strategy for the Group as the five-storey fully refurbished heritage office building was met with low demand from the office leasing market in the last two years post-pandemic. As of date of this report, the marketing campaign exercise has commenced.

In relation to the land located at Jalan RA. Kartini No. 18, Jakarta, Indonesia, the Group had also announced on 26 July 2023, that it had entered into an agency agreement with a leading realtor to advise the Group on local market conditions and marketing strategy for a possible divestment of the land. The realtor has commenced a marketing campaign and will continue to pursue all leads.

The Group will continue to work closely with both realtors to achieve the disposal of these two properties. In the event that a transaction materialises as a result of the above efforts, the Company will provide further updates to shareholders via SGXNET as and when there are material developments. The Company is also concurrently consulting its sponsor and the SGX-ST on the applicability of Chapter 10 of the Catalist Rules in relation to any opportunities relating to the above properties.

For its maiden secured property financing arrangement under the secured property financing business, the Group had on 8 May 2023 received the full repayment of the A\$400,000 loan extended to an Australian incorporated company for a term of one year at an interest rate of 12%, along with all interest accrued up to such date and break costs for early repayment. The Company will continue to develop this new business line and look for feasible and attractive opportunities in Singapore and/or Australia, in order to generate additional revenue for the Group.

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.

F. INFORMATION REQUIRED UNDER APPENDIX 7C OF THE CATALIST RULES (CONT'D)

(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 and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period as the Group was not in financial position to declare dividends.

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. Negative confirmation pursuant to Rule 705(5).

Two Directors of the Company have signed a confirmation on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and the Group for half-year ended 30 September 2023 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) in accordance with Rule 720(1) of the Catalist Rules.

On behalf of the Board

Chia Fook Sam
Executive Director and Chief Operating Officer
14 November 2023