

**KLW HOLDINGS LIMITED**

Company Registration No.199504141D

**UNAUDITED THIRD QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019**

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.

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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 Straits View, Marina One West Tower, #06-07, Singapore 018937.

**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 2019 (hereinafter referred as "Q3FY2020") and comparative figures for the three (3) months ended 31 December 2018 (hereinafter referred as "Q3FY2019"). Whereas results for nine (9) months ended 31 December 2019 (hereinafter referred as "9MFY2020") and comparative figures for the nine (9) months ended 31 December 2018 (hereinafter referred as "9MFY2019")

	Third Quarter			Nine months		
	Q3FY2020	Q3FY2019	Increase/ (Decrease)	9MFY2020	9MFY2019	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	7,006	6,528	7	19,453	24,116	(19)
Cost of sales	(5,790)	(6,296) <sup>#</sup>	(8)	(17,314)	(20,781) <sup>#</sup>	(17)
<b>Gross profit</b>	<b>1,216</b>	<b>232</b>	<b>N/M</b>	<b>2,139</b>	<b>3,335</b>	<b>(36)</b>
Other income	93	97	(4)	246	296	(17)
Selling and distribution expenses	(321)	(141)	N/M	(589)	(575)	2
Administrative expenses	(2,013)	(2,030) <sup>#</sup>	(1)	(6,124)	(6,888) <sup>#</sup>	(11)
Loss from operations	(1,025)	(1,842)	(44)	(4,328)	(3,832)	13
Finance costs	(64)	(55)	16	(202)	(160)	26
<b>Loss before tax</b>	<b>(1,089)</b>	<b>(1,897)</b>	<b>(43)</b>	<b>(4,530)</b>	<b>(3,992)</b>	<b>13</b>
Tax credit/(expense)	-	117	N/M	(3)	(10)	(70)
<b>Loss for the period</b>	<b>(1,089)</b>	<b>(1,780)</b>	<b>(39)</b>	<b>(4,533)</b>	<b>(4,002)</b>	<b>13</b>
<b>Loss attributable to:</b>						
Equity holders of the Company	(1,083)	(1,775)	(39)	(4,484)	(3,954)	13
Non-controlling interest	(6)	(5)	20	(49)	(48)	2
	<b>(1,089)</b>	<b>(1,780)</b>	<b>(39)</b>	<b>(4,533)</b>	<b>(4,002)</b>	<b>13</b>

N/M: Not Meaningful

<sup>#</sup> Restated due to comparative information:

	As Restated (\$'000)		As Previously Disclosed (\$'000)	
	Q3FY2019	9MFY2019	Q3FY2019	9MFY2019
Cost of sales	(6,296)	(20,781)	(6,169)	(20,350)
Administrative expenses	(2,030)	(6,888)	(2,157)	(7,319)

	<b>Q3FY2020</b>	Q3FY2019	Increase / (Decrease)	<b>9MFY2020</b>	9MFY2019	Increase / (Decrease)
	<b>\$'000</b>	\$'000	%	<b>\$'000</b>	\$'000	%
Loss for the period	<b>(1,089)</b>	(1,780)	(39)	<b>(4,533)</b>	(4,002)	13
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>(128)</b>	390	N/M	<b>622</b>	(237)	N/M
<b>Total comprehensive loss for the period</b>	<b>(1,217)</b>	(1,390)	(12)	<b>(3,911)</b>	(4,239)	(7)
<b>Total comprehensive loss attributable to:</b>						
Equity holders of the Company	<b>(1,157)</b>	(1,698)	(32)	<b>(4,070)</b>	(4,091)	(1)
Non-controlling interest	<b>(60)</b>	308	N/M	<b>159</b>	(148)	N/M
	<b>(1,217)</b>	(1,390)	(12)	<b>(3,911)</b>	(4,239)	(7)

N/M: Not Meaningful

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

	<b><u>The Group</u></b>					
	<b>Q3FY2020</b>	Q3FY2019	Increase/ (Decrease)	<b>9MFY2020</b>	9MFY2019	Increase/ (Decrease)
	<b>\$'000</b>	\$'000	%	<b>\$'000</b>	\$'000	%
Depreciation of property, plant and equipment	<b>248</b>	286	(13)	<b>751</b>	859	(13)
Amortisation of right-of-use assets	<b>77</b>	-	N/M	<b>233</b>	-	N/M
Interest expense	<b>64</b>	55	16	<b>202</b>	160	26
Interest income	<b>43</b>	54	(20)	<b>134</b>	142	(6)
Foreign currency exchange loss	<b>218</b>	71	N/M	<b>637</b>	1,011	(37)
Provision/(written back) for stock obsolescence	<b>95</b>	(319)	N/M	<b>222</b>	296	(25)

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>31-Dec-2019</b>	31-Mar-2019	<b>31-Dec-2019</b>	31-Mar-2019
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<b>16,785</b>	17,545	<b>2,337</b>	2,414
Right-of-use assets**	<b>983</b>	-	-	-
Subsidiaries	-	-	<b>54,190</b>	54,919
Financial assets at fair value through profit or loss	*	*	-	-
Contract assets	<b>124</b>	52	-	-
	<b>17,892</b>	17,597	<b>56,527</b>	57,333
<b>Current assets</b>				
Development properties	<b>43,211</b>	41,181	-	-
Prepayments, trade and other receivables	<b>5,545</b>	7,757	<b>22,431</b>	21,861
Contract assets	<b>791</b>	1,047	-	-
Inventories	<b>6,072</b>	5,388	-	-
Cash and cash equivalents	<b>13,077</b>	15,795	<b>5,854</b>	3,807
	<b>68,696</b>	71,168	<b>28,285</b>	25,668
Disposal group assets classified as held-for-sale	<b>6,308</b>	6,965	-	-
	<b>75,004</b>	78,133	<b>28,285</b>	25,668
<b>Total assets</b>	<b>92,896</b>	95,730	<b>84,812</b>	83,001
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	<b>3,046</b>	3,118	-	-
Lease liabilities**	<b>661</b>	-	-	-
Deferred income	<b>13</b>	14	-	-
Deferred tax liabilities	<b>1,363</b>	1,378	-	-
	<b>5,083</b>	4,510	-	-
<b>Current liabilities</b>				
Trade and other payables	<b>6,380</b>	6,414	<b>11,690</b>	11,948
Borrowings	<b>1,210</b>	974	-	-
Lease liabilities **	<b>338</b>	-	-	-
	<b>7,928</b>	7,388	<b>11,690</b>	11,948
Liabilities directly associated with disposal group classified as held-for-sale	<b>49</b>	85	-	-
<b>Total liabilities</b>	<b>13,060</b>	11,983	<b>11,690</b>	11,948
<b>Net assets</b>	<b>79,836</b>	83,747	<b>73,122</b>	71,053
<b>EQUITY</b>				
Share capital	<b>103,171</b>	103,171	<b>103,171</b>	103,171
Revaluation and other reserves	<b>(4,481)</b>	(4,864)	-	-
Reserves of disposal group classified as held-for-sale	<b>22</b>	(9)	-	-
Accumulated losses	<b>(28,714)</b>	(24,230)	<b>(30,049)</b>	(32,118)
Equity holders of the company	<b>69,998</b>	74,068	<b>73,122</b>	71,053
Non-controlling interest	<b>9,838</b>	9,679	-	-
<b>Total equity</b>	<b>79,836</b>	83,747	<b>73,122</b>	71,053

\* Amounts less than \$1,000

\*\* The Group adopted SFRS(I) 16 Lease using the modified retrospective approach on 1 April 2019. Refer to Note 5 of this announcement.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

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

As at 31 Dec 2019		As at 31 Mar 2019	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,548	-	974	-

**Amount repayable after one year**

As at 31 Dec 2019		As at 31 Mar 2019	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
3,707	-	3,118	-

**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 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.**

	<u>The Group</u>			
	Q3FY2020 \$'000	Q3FY2019 \$'000	9MFY2020 \$'000	9MFY2019 \$'000
<b>Cash flows from operating activities</b>				
Loss before income tax	(1,089)	(1,897)	(4,530)	(3,992)
Adjustments for:				
Depreciation of property, plant and equipment	248	286	751	859
Loss on disposal of property, plant and equipment	1	5	1	5
Amortisation of right-of-use assets	77	-	233	-
Interest expense	53	55	166	160
Interest expense on lease liabilities	11	-	36	-
Interest income	(43)	(54)	(134)	(142)
Operating loss before working capital changes	(742)	(1,605)	(3,477)	(3,110)
Changes in operating assets and liabilities				
Development properties	(4)	-	(1,778)	-
Inventories	(1,029)	1,247	(791)	760
Trade and other receivables	(1,050)	1,210	(911)	(1,038)
Trade and other payables	1,231	746	27	600
Currency translation adjustments	178	(76)	641	808
<b>Cash used in operations</b>	(1,416)	1,522	(6,289)	(1,980)
Interest income received	43	55	134	137
Income tax refund/(paid)	1	117	(245)	(10)
<b>Net cash (used in)/generated from operating activities</b>	(1,372)	1,694	(6,400)	(1,853)
<b>Cash flows from investing activities</b>				
Other receivables - commitment fees	-	-	3,500	-
Purchase of property, plant and equipment	(98)	(116)	(163)	(376)
Proceeds from disposal of property, plant and equipment	31	343	32	343
<b>Net cash (used in)/generated from investing activities</b>	(67)	227	3,369	(33)
<b>Cash flows from financing activities</b>				
Repayments of borrowings	(638)	(920)	(2,332)	(2,793)
Proceeds from borrowings	1,019	897	2,507	2,482
Interest paid	(53)	(55)	(166)	(160)
Interest element of lease payments	(11)	-	(36)	-
Principal element of lease payments	(73)	-	(217)	-
<b>Net cash generated from/(used in) financing activities</b>	244	(78)	(244)	(471)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	(1,195)	1,843	(3,275)	(2,357)
Cash and cash equivalents at beginning of the period	14,434	11,516	16,466	15,471
Effect of exchange rate changes on cash and cash equivalents - disposal group	(2)	-	(6)	-
Effect of exchange rate changes on cash and cash equivalents - continuing operations	(131)	(79)	(79)	166
<b>Cash and cash equivalents at end of the period</b>	13,106	13,280	13,106	13,280

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

	<u>The Group</u>	
	31-Dec-2019 \$'000	31-Dec-2018 \$'000
Cash and bank balances	8,130	8,009
Fixed deposits	4,947	5,271
Cash and bank balances as per balance sheets	13,077	13,280
Cash and cash equivalents		
- Continuing operations	13,077	13,280
- Disposal group assets classified as held for sale	29	-
Cash and cash equivalents as per consolidated statement of cash flows	13,106	13,280

1(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.

	Attributable to equity holders of the Company							Total equity
	Share capital	Asset revaluation reserve	Reserves of disposal group classified as held for sale	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interest	
<u>The Group</u>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1-Apr-2019	103,171	-	(9)	(4,864)	(24,230)	74,068	9,679	83,747
Loss for the period	-	-	-	-	(4,484)	(4,484)	(49)	(4,533)
Other comprehensive income	-	-	31	383	-	414	208	622
Total comprehensive income/ (loss) for the period	-	-	31	383	(4,484)	(4,070)	159	(3,911)
Balance at 31-Dec-2019	103,171	-	22	(4,481)	(28,714)	69,998	9,838	79,836
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	-	-	-	-	(3,954)	(3,954)	(48)	(4,002)
Other comprehensive loss	-	-	-	(137)	-	(137)	(100)	(237)
Total comprehensive loss for the period	-	-	-	(137)	(3,954)	(4,091)	(148)	(4,239)
Balance at 31-Dec-2018	103,171	-	-	(4,879)	(26,806)	71,486	9,668	81,154

<u>The Company</u>	Share capital	Accumulated losses	Total
	\$'000	\$'000	\$'000
Balance at 1-Apr-2019	103,171	(32,118)	71,053
Profit and total comprehensive income for the period	-	2,069	2,069
Balance at 31-Dec-2019	103,171	(30,049)	73,122
Balance at 1-Apr-2018	103,171	(31,352)	71,819
Loss and total comprehensive loss for the period	-	(429)	(429)
Balance at 31-Dec-2018	103,171	(31,781)	71,390

- 1(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.**

**Issued and fully paid ordinary share capital**

	Number of shares '000	\$ '000
Balance as at 31 December 2019	5,380,556	103,171

No change in the Company's share capital since the end of the previous period reported on. The Company did not have any treasury shares and there were no subsidiary holdings as at 31 December 2019 (31 December 2018: nil).

The Company did not have any other outstanding convertible securities as at 31 December 2019 (31 December 2018: nil).

- 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 2019 was 5,380,556,316 (31 March 2019: 5,380,556,316). The Company did not have any treasury shares as at 31 December 2019 (31 March 2019: nil).

- 1(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.**

The Company did not have any sales, transfers, 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 2019 and 31 December 2018.

- 1(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.**

The Company did not have any sales, transfers, cancellation and/or use of subsidiary holdings during the current financial period reported on.

There were no subsidiary holdings held by the Company as at 31 December 2019 and 31 December 2018.

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

**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 latest financial statements 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.

**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 2019, 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 new financial reporting standards and interpretations in Singapore effective for the financial period beginning 1 April 2019 as follows:-

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single lease accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use assets") and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expenses with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group has adopted the new standard on 1 April 2019 using the modified retrospective approach with no restatement to the comparative information. In accordance with SFRS(I)16, the Group has non-cancellable operating lease commitments of \$1.37 million. Of these commitments, approximately \$0.04 million relate to short term lease and leases of low value items which will continue to be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group recognised right-of-use assets and lease liabilities of approximately \$1.23 million on 1 April 2019.

Except for the above, the adoption of the new standard does not result in any significant changes to the accounting policies of the Group and the Company.

**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-2019	31-Dec-2018	31-Dec-2019	31-Dec-2018
Loss per share	Cents	Cents	Cents	Cents
- basic	(0.020)	(0.033)	(0.083)	(0.073)
- diluted	(0.020)	(0.033)	(0.083)	(0.073)

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 31 December 2019 (31 December 2018: 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 31 December 2019 and 31 December 2018, the Company did 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 period reported on and (b) immediately preceding financial year.**

	31-Dec-2019	31-Mar-2019
Net asset value per ordinary share based on existing issued share capital as at end of period/year	Cents	Cents
- Group	1.30	1.38
- Company	1.36	1.32

Net asset value per ordinary share is calculated based on 5,380,556,316 shares as at 31 December 2019. (31 March 2019: 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**

**Q3FY2020**

Revenue

The Group registered revenue of \$7.01 million for Q3FY2020, representing an increase of 7% as compared to \$6.53 million for Q3FY2019. This was due to an increase in the export sales of doors from the Door business.

Cost of sales

Cost of sales decreased by 8% to \$5.79 million in Q3FY2020 as compared to \$6.30 million in Q3FY2019. The decrease was mainly related to usage of written-down raw materials, lower overhead costs partly offset by provision for stock obsolescence in Q3FY2020 instead of a write back of stock obsolescence in Q3FY2019.

Gross Profit

The Group's gross profit increased from \$0.23 million in Q3FY2019 to \$1.22 million in Q3FY2020 and the gross margin increased from 4% in Q3FY2019 to 17% in Q3FY2020. This was mainly due to the increase in revenue coupled with a decrease in cost of sales as explained above.

Selling and distribution expenses

Selling and distribution expenses increased to \$0.32 million in Q3FY2020 as compared to \$0.14 million in Q3FY2019. The increase was mainly due to commission payment and travelling related expense.

Finance costs

Finance costs increased by 16% from \$0.06 million in Q3FY2019 to \$0.06 million in Q3FY2020. The increase was mainly due to the adoption of SFRS(I) 16 Leases, which resulted in the recognition of interest expense on lease liabilities.

Tax expense

Tax credit of \$0.12 million in Q3FY2019 was due to reversal of tax provision. No tax provision was accrued for Q3FY2020 as the Group registered a loss position.

Loss for the period

The Group posted a loss of \$1.09 million in Q3FY2020 as compared to a loss of \$1.78 million in Q3FY2019.

## **9MFY2020**

### Revenue

The Group registered revenue of \$19.45 million in 9MFY2020, representing a decrease of 19% as compared to \$24.12 million in 9MFY2019. This was mainly due to a decrease in the export sales of doors from the Door business.

### Cost of sales

Cost of sales decreased by 17% to \$17.31 million in 9MFY2020 as compared to \$20.78 million in 9MFY2019. The decrease was mainly related to lower raw materials, labour cost and overheads in tandem with the decrease in revenue and mitigated by a write back of back-charges from project installations.

### Gross Profit

The Group's gross profit decreased from \$3.34 million in 9MFY2019 to \$2.14 million in 9MFY2020 and the gross margin decreased from 14% in 9MFY2019 to 11% in 9MFY2020. This was because the reduction in production cost is not sufficient to mitigate the reduction in revenue due to a portion of the fixed labour and overhead cost incurred.

### Other income

Other income decreased by 17% to \$0.25 million in 9MFY2020 as compared to \$0.30 million in 9MFY2019. The decrease was due to lower scrap sales such as wood dust because of the lower production output and lesser government grant.

### Administrative expenses

Administrative expenses decreased by 11% to \$6.12 million in 9MFY2020 as compared to \$6.89 million in 9MFY2019. The decrease was mainly due to lower unrealized foreign exchange loss, lower staff costs, lower development related expenses in Australia partially offset by increases in legal fees, permit related expenses in Indonesia.

### Finance costs

Finance costs increased by 26% from \$0.16 million in 9MFY2019 to \$0.20 million in 9MFY2020. The increase was mainly due to the adoption of SFRS(I) 16 Leases, which resulted in the recognition of interest expense on lease liabilities.

### Tax expense

Tax expense decreased from \$0.01 million in 9MFY2019 to \$3,000 in 9MFY2020. The decrease was mainly due to lower provision for tax by a subsidiary of the Door division as it posted a higher profit in 9MFY2019 as compared to 9MFY2020.

### Loss for the period HYFY2020

The Group posted a loss of \$4.53 million in 9MFY2020 as compared to a loss of \$4.00 million in 9MFY2019.

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

### Non-current assets

Right-of-use asset as at 31 December 2019 was \$0.98 million. This is attributable to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases. (Please refer to note 5 for more details).

### Current assets

Development properties increased due to completion of the third tranche of land parcels in Jakarta in May 2019. Prepayments, trade and other receivables decreased by 29% from \$7.76 million as at 31 March 2019 to \$5.55 million as at 31 December 2019 mainly due to the recovery of \$3.50 million from the legal case initiated by the Company against Mr. Michael Chan offset against increase in trade receivables of \$1.09 million. Contract assets decreased by 24% from \$1.05 million as at 31 March 2019 to \$0.79 million as at 31 December 2019 due to payment received for local supply and installation project. Inventories increased by 13% from \$5.39 million as at 31 March 2019 to \$6.07 million as at 31 December 2019 mainly due to higher purchase of raw materials for the export doors orders. Cash and cash equivalents decreased by 17% from \$15.8 million as at 31 March 2019 to \$13.1 million as at 31 December 2019 due to working capital needs.

### Non-current liabilities

Lease liabilities as at 31 December 2019 was \$0.66 million. This is attributable to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases. (Please refer to note 5 for more details).

### Current liabilities

Borrowings increased by 24% from \$0.97 million as at 31 March 2019 to \$1.21 million as at 31 December 2019. This is mainly due to higher usage of the import loans for the Door business. Lease liabilities as at 31 December 2019 was \$0.34 million. This is attributable to the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 Leases. (Please refer to note 5 for more details).

### Equity

Total equity decreased by 5% from \$83.75 million as at 31 March 2019 to \$79.84 million as at 31 December 2019 mainly due to losses incurred in 9MFY2020.

### Cash Flow Statement Review

The Group's net cash used in operating activities for Q3FY2020 was \$1.37 million as compared to net cash generated in Q3FY2019 of \$1.69 million. Net cash used in operating activities in Q3FY2020 was mainly due to the changes in working capital for inventories, receivables and payables.

Net cash used in investing activities for Q3FY2020 was \$0.07 million as compared to net cash generated in Q3FY2019 of \$0.23 million. Net cash used in investing activities in Q3FY2020 was mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities for Q3FY2020 was \$0.24 million as compared to net cash used of \$0.08 million in Q3FY2019. Net cash generated from financing activities in Q3FY2020 was mainly due to the net proceeds of the foreign currency loans against import for the Door business.

As a result of the above, the Group's net cash and cash equivalents stood at \$13.11 million as at 31 December 2019.

**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.**

Revenue from the Group's Doors business increased in Q3FY2020 compared to Q3FY2019, but it remains to be seen if the increase in demand can be sustained in the foreseeable future. While there is greater political certainty with Brexit finally happening, the operating environment remains challenging. Although there is an ease in the trade tensions between US and China, the Group has yet to see the benefits in its sourcing of raw materials from US.

The Group will endeavour to further streamline operational processes wherever possible with a view to improving productivity and bringing down costs. This includes reviewing assets and resources that are not performing to expectations and determining how they can be optimised. On this note, the Group is pushing ahead with the proposed disposal of Key Bay Furniture Co Ltd. As announced on 10 January 2020, the long-stop date for the sale has been extended to 9 March 2020.

The Group's Dongguan factory operation is affected by the outbreak of the COVID-19 epidemic. As the situation relating to the spread of the epidemic remains uncertain, the Company is closely monitoring and assessing the potential impact on the financial performance of the Group, and will provide updates to the market if it is concluded that there is material impact.

Over in Jakarta, the Group is moving ahead with the application of the various permits and licences for its proposed property development for sale. Over in Melbourne, feasibility studies to determine the best commercial option for the Group's five-storey heritage building are still underway.

**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 and the reason(s) for the decision.**

No dividend has been declared or recommended for the financial period as the Group is currently in a loss-making position.

**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 Negative confirmation pursuant to Rule 705(5).**

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 third quarter and nine months financial results of the Company and the Group for the period ended 31 December 2019 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**

Gloria Wong  
Executive Director  
14 February 2020