



GDS
Global Limited

GDS GLOBAL LIMITED

(Company Registration No.: 201217895H)
(Incorporated in the Republic of Singapore on 19 July 2012)

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(Registration No. 201217895H)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
31 MARCH 2023

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("the "SGX-ST") and 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

	Note	Group		Increase / (Decrease) %
		Six months ended 31 March		
		2023 S\$'000 Unaudited	2022 S\$'000 Unaudited	
Revenue	4.1	6,036	5,860	3.0%
Cost of sales		<u>(4,392)</u>	<u>(4,374)</u>	0.4%
Gross profit		1,644	1,486	10.6%
Other operating income		105	126	(16.7%)
Marketing and distribution expenses		(169)	(195)	(13.3%)
Administrative expenses		(2,309)	(2,276)	1.4%
Other operating expenses		(169)	(132)	28.0%
Interest revenue		-*	2	(100.0%)
Other gains and losses		(157)	(14)	n.m.
Finance costs		<u>(90)</u>	<u>(104)</u>	(13.5%)
Loss before tax	6	(1,145)	(1,107)	3.4%
Income tax expense	7	<u>(27)</u>	<u>(65)</u>	(58.5%)
Loss for the period		<u>(1,172)</u>	<u>(1,172)</u>	-
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		114	9	n.m.
Other comprehensive income for the period, net of tax		<u>114</u>	<u>9</u>	n.m.
Total comprehensive loss for the period		<u>(1,058)</u>	<u>(1,163)</u>	(9.0%)
(Loss) income attributable to:				
Owners of the Company		(1,274)	(1,362)	(6.5%)
Non-controlling interests		102	190	(46.3%)
		<u>(1,172)</u>	<u>(1,172)</u>	-
Total comprehensive (loss) income attributable to:				
Owners of the Company		(1,160)	(1,353)	(14.3%)
Non-controlling interests		102	190	(46.3%)
		<u>(1,058)</u>	<u>(1,163)</u>	(9.0%)
Basic and diluted loss per share (cents)	8	<u>(1.14)</u>	<u>(1.22)</u>	(6.6%)

Note:

n.m. denotes not meaningful.

* denotes less than S\$1,000

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at		As at	
		31.03.2023	30.09.2022	31.03.2023	30.09.2022
		S\$'000	S\$'000	S\$'000	S\$'000
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Current assets					
Cash and cash equivalents		5,876	7,177	2,320	3,292
Trade and other receivables		2,050	2,787	3,620	2,333
Contract assets		600	577	-	-
Inventories		1,833	1,945	-	-
Total current assets		10,359	12,486	5,940	5,625
Non-current assets					
Property, plant and equipment	11	1,773	1,905	-	-
Right-of-use assets		6,947	7,589	-	-
Intangible assets	12	1,313	1,360	-	-
Subsidiaries		-	-	4,240	4,240
Total non-current assets		10,033	10,854	4,240	4,240
Total assets		20,392	23,340	10,180	9,865
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables		799	1,412	166	205
Contract liabilities		555	815	-	-
Lease liabilities		1,340	1,331	-	-
Income tax payable		161	225	9	9
Total current liabilities		2,855	3,783	175	214
Non-current liabilities					
Deferred tax liabilities		184	184	-	-
Lease liabilities		6,357	6,997	-	-
Other payables		185	213	-	-
Total non-current liabilities		6,726	7,394	-	-
Total liabilities		9,581	11,177	175	214
Capital, reserves and non-controlling interests					
Share capital	13	5,245	5,245	5,245	5,245
Reserves		3,705	4,865	4,760	4,406
Equity attributable to owners of the Company		8,950	10,110	10,005	9,651
Non-controlling interests		1,861	2,053	-	-
Total equity		10,811	12,163	10,005	9,651
Total liabilities and equity		20,392	23,340	10,180	9,865

Note:

There are no borrowings and debt securities and any related collateral for the Group and the Company as at 31 March 2023. (30 September 2022: S\$Nil)

C. Condensed interim statements of changes in equity

	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Share capital	Translation reserve	Capital reserves	Merger reserve	Retained earnings	Total equity attributable to owners of the Company		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
<u>Unaudited</u>								
Balance at 1 October 2022	5,245	(127)	277	19	4,696	10,110	2,053	12,163
Total comprehensive (loss) income for the period								
(Loss) profit for the period	-	-	-	-	(1,274)	(1,274)	102	(1,172)
Other comprehensive income for the period	-	114	-	-	-	114	-	114
Total	-	114	-	-	(1,274)	(1,160)	102	(1,058)
Transactions with owners, recognised directly in equity								
Dividends paid to non-controlling shareholders by subsidiary	-	-	-	-	-	-	(294)	(294)
Total	-	-	-	-	-	-	(294)	(294)
Balance at 31 March 2023	5,245	(13)	277	19	3,422	8,950	1,861	10,811

C. Condensed interim statements of changes in equity

	Attributable to owners of the Company						Non-controlling interests	Total Equity
	Share capital	Translation reserve	Capital reserves	Merger reserve	Retained earnings	Total equity attributable to owners of the Company		
<u>The Group</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Unaudited</u>								
Balance at 1 October 2021	5,245	(50)	277	19	6,823	12,314	1,846	14,160
Total comprehensive (loss) income for the period								
(Loss) profit for the period	-	-	-	-	(1,362)	(1,362)	190	(1,172)
Other comprehensive income for the period	-	9	-	-	-	9	-	9
Total	-	9	-	-	(1,362)	(1,353)	190	(1,163)
Transactions with owners, recognised directly in equity								
Dividends paid to non-controlling shareholders by subsidiary	-	-	-	-	-	-	(245)	(245)
Total	-	-	-	-	-	-	(245)	(245)
Balance at 31 March 2022	5,245	(41)	277	19	5,461	10,961	1,791	12,752

C. Condensed interim statements of changes in equity

The Company	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
<u>Unaudited</u>			
Balance at 1 October 2022	5,245	4,406	9,651
Profit for the period, representing total comprehensive income for the period	-	354	354
Balance at 31 March 2023	<u>5,245</u>	<u>4,760</u>	<u>10,005</u>
<u>Unaudited</u>			
Balance at 1 October 2021	5,245	4,050	9,295
Profit for the period, representing total comprehensive income for the period	-	308	308
Balance at 31 March 2022	<u>5,245</u>	<u>4,358</u>	<u>9,603</u>

D. Consolidated interim statement of cash flows

	Group	
	Six months ended 31 March 2023 S\$'000 Unaudited	2022 S\$'000 Unaudited
Operating activities		
Loss before tax	(1,145)	(1,107)
Adjustments for:		
Interest income	-*	(2)
Interest expense on lease liabilities	90	104
Depreciation of property, plant and equipment	246	248
Depreciation of right-of-use assets	684	682
Amortisation of intangible assets	47	47
Amortisation of deferred grant income	(28)	(28)
Bad debts written off	-	1
Net foreign exchange loss	103	14
Operating cash flows before movements in working capital	(3)	(41)
Inventories	112	(47)
Trade and other receivables	733	227
Contract assets	(23)	530
Trade and other payables	(497)	33
Contract liabilities	(260)	(347)
Cash generated from operations	62	355
Income tax paid	(91)	(64)
Interest paid on lease liabilities	(90)	(104)
Net cash (used in) generated from operating activities	(119)	187
Investing activities		
Purchase of property, plant and equipment	(114)	(102)
Interest received	-*	2
Net cash used in investing activities	(114)	(100)
Financing activities		
Dividends paid to non-controlling shareholders by subsidiary	(294)	(245)
Repayment of lease liabilities	(671)	(620)
Net cash used in financing activities	(965)	(865)
Net decrease in cash and cash equivalents	(1,198)	(778)
Cash and cash equivalents at beginning of period	7,177	8,775
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(103)	(14)
Cash and cash equivalents at end of period	5,876	7,983

* Less than S\$1,000

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

GDS Global Limited (the "Company") is incorporated and domiciled in Singapore. The Company was listed on the Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 April 2013. These condensed interim consolidated financial statements as at and for the six months ended 31 March 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 manufacturing of metal doors, windows and door frames, grilles and grating, trading of production components and retail sale of metal doors via the internet.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 March 2023 have been prepared in accordance with SFRS(I) 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 30 September 2022.

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 financial statements are expressed in Singapore dollars, and all values are rounded to the nearest thousand (\$'000) except where otherwise stated.

2.1. New and amended standards adopted by the Group

On 1 October 2022, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new / revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2.2. 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 30 September 2022.

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.

In the process of applying the Group's accounting policies, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes.

Loss allowance

The Group measures allowance based on an assessment of the recoverability of trade and other receivables and contract assets where events or changes in circumstances indicate that the balances may not be collectible with supportable forward-looking information. The estimation of loss allowance requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact the carrying value of trade and other receivables, contract assets and loss allowance expenses in the period in which such estimate has been changed.

Management monitors outstanding receivables and the financial health of customers, particularly those of larger debtors. Where there are indications that raises doubt about the financial health of customers, management takes proactive steps to recover outstanding debts. Management assesses and determines the loss allowance by calculating the expected future receipts from customers based on past payment trends, relative age of the debtors, knowledge of the customers' business and its financial condition, and forward-looking adjustments based on macroeconomic factors.

As at 31 March 2023, the Group has trade receivables amounting to S\$1,571,000 (30 September 2022: S\$2,321,000) and contract assets amounting to S\$600,000 (30 September 2022: S\$577,000). There is no loss allowance for trade receivables and contract assets as at 31 March 2023 and 30 September 2022.

Impairment of goodwill

The impairment assessment is assessed and reviewed annually. The recoverable amount is based on the value in use of the cash-generating unit. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates. The carrying amount of goodwill at the end of the reporting period was S\$659,000 (30 September 2022: S\$659,000). Details of the impairment assessment are provided in Note 11.

Allowance for inventory obsolescence

At the end of each reporting period, management assesses and determines whether allowance for inventory obsolescence is required, taking into consideration the usability, market demand and market value of the inventory. For spare parts that are in usable condition but market value and demand are diminishing, allowance for inventory obsolescence will be made over time.

Arising from the reviews, management sets up the necessary allowance for obsolete and slow-moving inventories for any shortfall in the net realisable value of the inventories. Based on management's assessment, there was no allowance for inventory obsolescence and inventory written-off during the current reporting period.

Impairment of non-current assets

The recoverable amount is based on the value in use of the cash-generating unit, to which the assets belong to. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates.

The impairment assessment is assessed and reviewed annually where the estimates and underlying assumptions will be reviewed. Revisions to accounting estimates, if any are recognised at end of the year.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

By business segment

The Group operates and manages its business primarily as a single operating segment in the manufacture and supply of doors and shutter systems, provision of service and maintenance works and trading of production component products. As such, no operating segmental revenue and results have been prepared. The Group's chief operating decision maker reviews the consolidated results prepared based on the Group's accounting policies when making decisions, including the allocation of resources and assessment of performance of the Group.

4.1. Disaggregation of Revenue

A disaggregation of the Group's revenue for the period is as follows:

	Group	
	Six months ended 31 March	
	2023	2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Type of revenue		
Sale of doors and shutter systems	2,145	1,525
Trading of production components	2,342	3,035
Service and maintenance works	1,549	1,300
	<u>6,036</u>	<u>5,860</u>

	Group	
	Six months ended 31 March	
	2023	2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Revenue recognised at a point in time		
Sale of doors and shutter systems	2,145	1,525
Trading of production components	2,342	3,035
Service and maintenance works	1,549	1,300
	<u>6,036</u>	<u>5,860</u>

By geographical segment

The Group operates mainly in Singapore and in geographical areas of Europe, Asia Pacific, North America, Middle East and East Asia. The Group's revenue from external customers by geographical locations are as follows:

	Group	
	Six months ended 31 March	
	2023	2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Revenue from external customers (based on location of products delivered)		
Singapore	3,386	2,632
Europe	1,792	2,424
Asia Pacific	720	579
North America	111	179
Middle East	27	42
East Asia	-	4
Total	<u>6,036</u>	<u>5,860</u>

	Group	
	As at	
	31.03.2023	30.09.2022
	S\$'000	S\$'000
	Unaudited	Audited
Non-current assets		
(based on location of assets)		
Singapore*	10,033	10,854

*All non-current assets for the Group and Company reside in Singapore.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2023 and 30 September 2022:

	Group		Company	
	As at		As at	
	31.03.2023	30.09.2022	31.03.2023	30.09.2022
	Unaudited	Audited	Unaudited	Audited
Financial assets:				
At amortised cost (including cash and cash equivalents)	8,114	10,127	5,925	5,608
Financial liabilities:				
At amortised cost	744	1,357	166	205
Lease liabilities	7,697	8,328	-	-

6. Loss before taxation

6.1. Significant items

	Group	
	Six months ended 31 March	
	2023	2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Other operating income:		
Sundry income	19	30
Grant income	86	96
		126
Interest revenue:		
Interest income from bank deposits	-*	2
Interest expense on lease liabilities	(90)	(104)
Depreciation of property, plant and equipment	(246)	(248)
Depreciation of right-of-use assets	(684)	(682)
Amortisation of intangible assets	(47)	(47)
Net foreign exchange losses	(157)	(14)

* Less than S\$1,000

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six months ended 31 March 2023	31 March 2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Income tax expense comprises:		
- Current tax expense	27	65
Total income tax expense	<u>27</u>	<u>65</u>

8. Loss per Share ("LPS")

	Group	
	Six months ended 31 March 2023	31 March 2022
	Unaudited	Unaudited
Loss attributable to owners of the Company (S\$'000)	(1,274)	(1,362)
Weighted average number of ordinary shares ('000)	112,000	112,000
LPS - Basic and diluted (cents)	<u>(1.14)</u>	<u>(1.22)</u>

LPS is calculated based on loss attributable to owners of the Company divided by the weighted average number of ordinary shares in issue. There were no dilutive equity instruments for six months ended 31 March 2023 and 31 March 2022.

9. Dividends

There was no dividend paid by the Company during the six months ended 31 March 2023 and 31 March 2022.

10. Net Asset Value ("NAV")

	Group		Company	
	As at		As at	
	31.03.2023	30.09.2022	31.03.2023	30.09.2022
	Unaudited	Unaudited	Unaudited	Unaudited
NAV per ordinary share (cents)	7.99	9.03	8.93	8.62
Number of ordinary shares used in computation of NAV per ordinary share ('000)	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>	<u>112,000</u>

11. Property, Plant and Equipment

During the six months ended 31 March 2023, the Group acquired S\$114,000 (31 March 2022: S\$102,000) of property, plant and equipment at cost. There were no disposal of property, plant and equipment for periods ended 31 March 2023 and 31 March 2022.

12. Intangible assets

Intangible assets comprise of patent, goodwill and other intangible assets acquired where other intangible assets relate to a subsidiary's website.

As at 31 March 2023, the carrying amount of patent, goodwill and other intangible assets are S\$560,000 (30 September 2022: S\$607,000), S\$659,000 (30 September 2022: S\$659,000), S\$94,000 (30 September 2022: S\$94,000) respectively.

The patent has a finite useful life. Amortisation is charged using the straight-line method over its estimated useful life of 18 years.

Goodwill acquired in a business combination is allocated to the cash generating units ("CGUs") that are expected to benefit from that business combination.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. On an annual basis, the Group prepares cash flow forecasts approved by management for the next five years based on estimated revenue and growth rate.

13. Share capital

Group and Company

	Number of ordinary shares		Issued and paid up	
	As at	As at	As at	As at
	31.03.2023	30.09.2022	31.03.2023	30.09.2022
	'000	'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Issued and paid up:				
At the beginning and end of the interim period	112,000	112,000	5,245	5,245

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The Company has no treasury shares as at 31 March 2023 and 31 March 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2023 and 31 March 2022.

There were no changes to the Company's share capital as at 31 March 2023 and 30 September 2022. There were no outstanding convertibles as at 31 March 2023 and 31 March 2022.

**Other Information Required by Catalist Rule
Appendix 7C**

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of the GDS Global Limited and its subsidiaries as at 31 March 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

The Group's latest audited financial statements for the financial year ended 30 September 2022 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. Review of performance of the Group

Review of the Group's Financial Performance

Revenue

For the sales of doors and shutter systems, the Group typically experiences a fluctuation in revenue contribution from its customers from period to period due to the project-based nature of its business. The Group's projects differ in their scope and size and are typically non-recurring.

The Group's revenue for the six-month period ended 31 March 2023 ("1H2023") was S\$6.04 million, a marginal increase of S\$0.18 million or 3.0% as compared to S\$5.86 million for the corresponding six-month period ended 31 March 2022 ("1H2022").

The increase in revenue of S\$0.18 million was mainly due to:

- (i) an increase in sales of door and shutter systems of S\$0.62 million;
- (ii) an increase in provision of service and maintenance work of S\$0.25 million; and offset by
- (iii) a decrease in trading of production components of S\$0.69 million.

The changes in revenue recorded in 1H2023 for each sales type was mainly due to:

- (i) increase in sales of manufactured products with higher revenue recognised on larger contract value projects;
- (ii) increase in repair and maintenance works on ad-hoc basis, and
- (iii) weaker demand on the trading of production components amid inflationary cost pressure.

Cost of sales

Cost of sales increased marginally by S\$0.02 million or 0.4% from S\$4.37 million in 1H2022 to S\$4.39 million in 1H2023 mainly due to increase in labour cost, sub-contractor and overhead cost of S\$0.41 million, partially offset by a decrease in material costs of S\$0.39 million.

Gross profit

Gross profit increased by S\$0.15 million or 10.6% from S\$1.49 million in 1H2022 to S\$1.64 million in 1H2023. Gross profit margin increased from 25.4% in 1H2022 to 27.2% in 1H2023. The higher gross profit margin in 1H2023 was mainly due to higher sales in manufactured products which typically generate better margins.

Other operating income

Other operating income decreased by S\$0.02 million or 16.7% from S\$0.13 million in 1H2022 to S\$0.11 million in 1H2023. The lower other operating income in 1H2023 was mainly due to the absence of government grants as Singapore moves from a Covid-19 pandemic to an endemic state and there was bad debts recovered in 1H2022.

Marketing and distribution expenses

Marketing and distribution expenses decreased by S\$0.03 million or 13.3% from S\$0.20 million in 1H2022 to S\$0.17 million in 1H2023. The decrease in marketing and distribution expenses was primarily due to a decrease in freight costs.

Administrative expenses

Administrative expenses increased by S\$0.03 million or 1.4% from S\$2.28 million in 1H2022 to S\$2.31 million in 1H2023. The increase in administrative expenses was due to higher professional fees, rental expense and utilities charges of S\$0.07 million in aggregate and this was partially offset by a decrease in personnel cost of S\$0.04 million.

Other operating expenses

Other operating expenses increased by S\$0.04 million or 28.0% from S\$0.13 million in 1H2022 to S\$0.17 million in 1H2023. The increase in other operating expenses was mainly due to an increase in research and development expense of S\$0.05 million and it is partially offset by a decrease in repair and maintenance expense of S\$0.01 million.

Interest revenue

Interest revenue comprising interest income from bank deposits placed with financial institution. Interest revenue remains the same at below \$2,000 for 1H2023 and 1H2022.

Other gains and losses

Other gains and losses increased from a S\$0.01 million loss in 1H2022 to a S\$0.16 million loss in 1H2023. The increase in other gains and losses was mainly due to an increase in net foreign exchange loss of S\$0.15 million arising from the translation of trade receivables and bank balances denominated in US dollar during 1H2023.

Finance costs

Finance costs decreased by S\$0.01 million or 13.5% from S\$0.10 million in 1H2022 to S\$0.09 million in 1H2023. The decrease in finance costs was mainly due to lower finance costs recognised in 1H2023 in relation to lease liabilities.

Income tax expense

The income tax expenses decreased by S\$0.03 million from S\$0.06 million to S\$0.03 million. The decrease in income tax expense was mainly due to lower taxable profit from a subsidiary in 1H2023.

Loss for the period

As a result of the above, the Group reported a loss of S\$1.17 million for 1H2023 and 1H2022.

Review of the Group's Financial Position

Current assets

Current assets decreased by S\$2.13 million from S\$12.49 million as at 30 September 2022 to S\$10.36 million as at 31 March 2023. The decrease in current assets was mainly due to:

- (i) a decrease in cash and cash equivalents of S\$1.30 million;
- (ii) a decrease in trade and other receivables of S\$0.74 million due to decrease in trading of production components and increase in collections on sales of manufactured products; and
- (iii) a decrease in inventories of S\$0.11 million; which was partially offset by
- (iv) an increase in contract assets of S\$0.02 million.

Non-current assets

Non-current assets decreased by S\$0.82 million from S\$10.85 million as at 30 September 2022 to S\$10.03 million as at 31 March 2023. The decrease in non-current assets was mainly due to lower net book value in property, plant and equipment, rights-of-use assets and intangible assets arising from depreciation and amortization charges.

Current liabilities

Current liabilities decreased by S\$0.92 million from S\$3.78 million as at 30 September 2022 to S\$2.86 million as at 31 March 2023. The decrease in current liabilities was mainly due:

- (i) a decrease in trade and other payables of S\$0.61 million mainly arising from payments made on the provision accrued in prior years;
- (ii) a decrease in contract liabilities of S\$0.26 million; and
- (iii) a decrease in income tax payable of S\$0.06 million, which was partially offset by
- (iv) an increase in lease liabilities of S\$0.01 million.

Non-current liabilities

Non-current liabilities decreased by S\$0.67 million from S\$7.39 million as at 30 September 2022 to S\$6.73 million as at 31 March 2023. The decrease in non-current liabilities was mainly due to a decrease in lease liabilities of S\$0.64 million.

Capital, reserves and non-controlling interests

Total equity decreased by S\$1.35 million from S\$12.16 million as at 30 September 2022 to S\$10.81 million as at 31 March 2023.

Review of the Group's Cash Flows

Net cash from operating activities

In 1H2023, the Group utilized cash from operating activities before changes in working capital of S\$3,000. The Group's net working capital inflow amounted to S\$0.06 million and was mainly due to the decrease in trade and other receivables of S\$0.73 million and decrease in inventories of S\$0.11 million partially offset by a decrease in trade and other payables of S\$0.50 million, decrease in contract liabilities of S\$0.26 million and a decrease in contract assets of S\$0.02 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$0.11 million, mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities

Net cash used in financing activities was S\$0.96 million which was mainly due to the repayment of lease liabilities of S\$0.67 million and payment of dividend to non-controlling shareholders by a subsidiary of S\$0.29 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The Group's financial results for 1H2023 are in line with the Company's trends and competitive conditions previously disclosed in the Company's announcement dated 18 November 2022 in relation to its full year results for year ended 30 September 2022.

4. 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 operating period and the next 12 months

The door and shutter industry remains challenging and competitive.

It was expected that Singapore as well as and global businesses gradually return to normalcy post Covid-19 pandemic. However, the inflationary pressures on material cost and interest rates, coupled with the geopolitical tensions globally have led to a slower recovery.

For the door and shutter industry, the Group expects to experience delays in some scheduled installation works as the elevated materials and financing costs are expected to impede the progress of the construction projects where the Group acts as one of the end-process contractors. In respect of trading of production components in global markets, the Group expects to see a decline in business volume especially in countries with mounting inflationary pressures and fear of recession may lead to tightening in spending.

In view of the above, the Board expects the Group's prospects in the months ahead to remain weak and clouded with uncertainty. The Group had resumed sales and marketing efforts in its overseas markets and is constantly exploring other business opportunities. At the same time, the Group continues to focus on innovations and improving its production efficiency to stay competitive. It will also leverage on technology in enhancing its distribution channels and will continually evaluate strategies to navigate through these market uncertainties.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No

Name of Dividend	Not applicable
Dividend type Dividend per share Tax rate	Not applicable

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

Name of Dividend	Not applicable
Dividend type Dividend per share Tax rate	Not applicable

5c. Date Payable

Not applicable

5d. Books Closure Date

Not applicable

5e. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared / recommended for the current financial period reported on, as it is the Company's practice to consider dividend declaration / recommendation (if any) during the full year financial period.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions. There were no interested person transactions during the period.

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

The Company has received undertaking from all its directors and executive officers in the format as set out Appendix 7H under Rule 720(1) of the Catalist Rules.

8. Disclosure pursuant to Rule 706A of the Catalist Rules

There were no acquisitions or realization of shares in any of the Group's subsidiaries or associated companies nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities in 1H2023.

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months period ended 31 March 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wong Lok Yung

Chairman and Chief Executive Officer

Wu Chiaw Ching

Lead Independent Non-Executive Director

Singapore

12 May 2023