



GDS
Global Limited

GDS GLOBAL LIMITED

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

GDS GLOBAL LIMITED
(Registration No. 201217895H)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED
30 SEPTEMBER 2021

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						
		Six months ended 30 September			Incr / (Decr)	Twelve months ended 30 September		Incr / (Decr)
		2021	2020	2021		2020		
		S\$'000 Unaudited	S\$'000 Unaudited	%	S\$'000 Unaudited	S\$'000 Audited	%	
Revenue	4.1	7,252	4,656	55.8%	12,991	14,282	(9.0%)	
Cost of sales		(5,109)	(4,064)	25.7%	(9,070)	(9,839)	(7.8%)	
Gross profit		2,143	592	n.m	3,921	4,443	(11.7%)	
Other operating income		179	1,018	(82.4%)	560	1,121	(50.0%)	
Marketing and distribution		(228)	(131)	74.0%	(373)	(326)	14.4%	
Administrative expenses		(2,514)	(2,625)	(4.2%)	(4,996)	(5,241)	(4.7%)	
Other operating expenses		(176)	(456)	(61.4%)	(315)	(625)	(49.6%)	
Interest revenue		2	7	(71.4%)	4	20	(80.0%)	
Other gains and losses		37	(188)	n.m	(48)	(161)	(70.2%)	
Finance costs		(110)	(124)	(11.3%)	(227)	(254)	(10.6%)	
Loss before tax	5	(667)	(1,907)	(65.0%)	(1,474)	(1,023)	44.1%	
Income tax expense	6	(99)	(61)	62.3%	(130)	(125)	4.0%	
Loss for the year		(766)	(1,968)	(61.1%)	(1,604)	(1,148)	39.7%	
Other comprehensive (loss) income:								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign operations		(15)	61	n.m	7	15	(53.3%)	
Other comprehensive (loss) income for the year, net of tax		(15)	61	n.m	7	15	(53.3%)	
Total comprehensive loss for the year		(781)	(1,907)	(59.0%)	(1,597)	(1,133)	41.0%	
(Loss) income attributable to:								
Owners of the Company		(983)	(2,088)	(52.9%)	(1,911)	(1,468)	30.2%	
Non-controlling interests		217	120	80.8%	307	320	(4.1%)	
		(766)	(1,968)	(61.1%)	(1,604)	(1,148)	39.7%	
Total comprehensive (loss) income attributable to:								
Owners of the Company		(998)	(2,027)	(50.8%)	(1,904)	(1,453)	31.0%	
Non-controlling interests		217	120	80.8%	307	320	(4.1%)	
		(781)	(1,907)	(59.0%)	(1,597)	(1,133)	41.0%	
Basic and diluted loss per share (cents)	7	(0.88)	(1.86)	(52.7%)	(1.71)	(1.31)	30.5%	

Note:

(1) n.m. denotes not meaningful.

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at		As at	
		30.09.2021	30.09.2020	30.09.2021	30.09.2020
		S\$'000	S\$'000	S\$'000	S\$'000
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Current assets					
Cash and cash equivalents		8,775	9,193	3,486	3,787
Trade and other receivables		2,041	2,701	1,784	1,203
Contract assets		1,073	871	-	-
Inventories		1,904	2,228	-	-
Total current assets		13,793	14,993	5,270	4,990
Non-current assets					
Property, plant and equipment	10	2,298	2,685	-	-
Right-of-use assets		8,938	10,195	-	-
Intangible assets	11	1,454	1,501	-	-
Subsidiaries		-	-	4,240	4,240
Total non-current assets		12,690	14,381	4,240	4,240
Total assets		26,483	29,374	9,510	9,230
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables		1,236	1,197	205	236
Contract liabilities		891	1,034	-	-
Lease liabilities		1,248	987	-	-
Income tax payable		172	203	10	12
Total current liabilities		3,547	3,421	215	248
Non-current liabilities					
Deferred tax liabilities		184	192	-	-
Lease liabilities		8,324	9,473	-	-
Other payables		268	335	-	-
Total non-current liabilities		8,776	10,000	-	-
Total liabilities		12,323	13,421	215	248
Capital, reserves and non-					
Share capital	12	5,245	5,245	5,245	5,245
Reserves		7,069	8,973	4,050	3,737
Equity attributable to owners of the Company		12,314	14,218	9,295	8,982
Non-controlling interests		1,846	1,735	-	-
Total equity		14,160	15,953	9,295	8,982
Total liabilities and equity		26,483	29,374	9,510	9,230

Note:

There are no borrowings and debt securities and any related collateral for the Group and the Company as at 30 September 2021. (2020: S\$Nil)

C. Condensed interim statements of changes in equity

The Group	Share capital	Translation reserve	Capital reserves	Merger reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
<u>Unaudited</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 October 2020	5,245	(57)	277	19	8,734	14,218	1,735	15,953
Total comprehensive (loss) income for the period								
(Loss) profit for the period	-	-	-	-	(1,911)	(1,911)	307	(1,604)
Other comprehensive income for the period	-	7	-	-	-	7	-	7
Total	-	7	-	-	(1,911)	(1,904)	307	(1,597)
Transactions with owners, recognised directly in equity								
Dividends paid to non-controlling shareholders by subsidiary	-	-	-	-	-	-	(196)	(196)
	-	-	-	-	-	-	(196)	(196)
Balance at 30 September 2021	5,245	(50)	277	19	6,823	12,314	1,846	14,160

C. Condensed interim statements of changes in equity

The Group	Share capital	Translation reserve	Capital reserves	Merger reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
<u>Audited</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 October 2019	5,245	(72)	277	19	10,815	16,284	1,709	17,993
Adjustment on initial application of SFRS(I) 16	-	-	-	-	(277)	(277)	-	(277)
Adjusted balance at 1 October 2019	5,245	(72)	277	19	10,538	16,007	1,709	17,716
Total comprehensive (loss) income for the period								
(Loss) profit for the period	-	-	-	-	(1,468)	(1,468)	320	(1,148)
Other comprehensive income for the period	-	15	-	-	-	15	-	15
Total	-	15	-	-	(1,468)	(1,453)	320	(1,133)
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(336)	(336)	-	(336)
Dividends paid to non-controlling shareholders by subsidiary	-	-	-	-	-	-	(294)	(294)
Total	-	-	-	-	(336)	(336)	(294)	(630)
Balance at 30 September 2020	5,245	(57)	277	19	8,734	14,218	1,735	15,953

C. Condensed interim statements of changes in equity

The Company	Share capital	Retained earnings	Total
	S\$'000	S\$'000	S\$'000
<u>Unaudited</u>			
Balance at 1 October 2020	5,245	3,737	8,982
Profit for the period, representing total comprehensive income for the period	-	313	313
Balance at 30 September 2021	<u>5,245</u>	<u>4,050</u>	<u>9,295</u>
<u>Audited</u>			
Balance at 1 October 2019	5,245	3,646	8,891
Profit for the period, representing total comprehensive income for the period	-	427	427
Transactions with owners, recognised directly in equity			
Dividends	-	(336)	(336)
Balance at 30 September 2020	<u>5,245</u>	<u>3,737</u>	<u>8,982</u>

D. Consolidated interim statement of cash flows

	Group	
	Twelve months ended 30 September	
	2021 S\$'000 Unaudited	2020 S\$'000 Audited
Operating activities		
Loss before tax	(1,474)	(1,023)
Adjustments for:		
Interest income	(4)	(20)
Interest expense on lease liabilities	227	254
Depreciation of property, plant and equipment	476	556
Depreciation of right-of-use assets	1,373	1,391
Amortisation of intangible assets	142	239
Amortisation of deferred grant income	(258)	(81)
(Write back) loss allowance on trade receivables and contract assets, net	(32)	6
Allowance for inventory obsolescence	1	15
Inventory written-off	-	297
Net foreign exchange loss	36	23
Loss on disposal of property, plant and equipment	20	130
Impairment loss on goodwill	-	200
Operating cash flows before movements in working capital	507	1,987
Inventories	322	203
Trade and other receivables	(101)	(331)
Contract assets	(202)	963
Trade and other payables	289	(271)
Contract liabilities	598	772
Cash generated from operations	1,413	3,323
Income tax paid	(169)	(138)
Interest paid on lease liabilities	(227)	(254)
Net cash generated from operating activities	1,017	2,931
Investing activities		
Purchase of property, plant and equipment	(137)	(112)
Interest received	4	20
Proceeds from disposal of property, plant and equipment	28	96
Payment for intangible assets	(95)	-
Net cash (used in) generated from investing activities	(200)	4
Financing activities		
Dividends paid	-	(336)
Dividends paid to non-controlling shareholders by subsidiary	(196)	(294)
Repayment of lease liabilities	(1,003)	(1,403)
Net cash used in financing activities	(1,199)	(2,033)
Net (decrease) increase in cash and cash equivalents	(382)	902
Cash and cash equivalents at beginning of year	9,193	8,314
Effects of foreign exchange rate changes on the balance of cash held in foreign currencies	(36)	(23)
Cash and cash equivalents at end of year	8,775	9,193

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 and full year ended 30 September 2021 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 30 September 2021 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 2020.

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 2020, 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 2020.

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 most 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, and the estimation of loss allowance requires the use of judgement and estimates.

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 30 September 2021, the Group has trade receivables amounting to S\$1,608,000 (2020: S\$2,252,000) net of allowance amounting to S\$Nil (2020: S\$1,278,000) and contract assets amounting to S\$1,073,000 (2020: S\$871,000) net of allowance amounting to S\$Nil (2020: S\$199,000).

Impairment of goodwill

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 (2020: S\$659,000). Impairment loss of S\$200,000 was previously recognised in financial year ended 30 September 2020. Details of the impairment assessment are provided in Note 11.

Allowance for inventory obsolescence and inventory written-off

The management assesses and determines whether allowance for inventory obsolescence is required, taking into consideration the usability, market demand and market value of the inventory.

Based on management's assessment, there was an allowance for inventory obsolescence (net) of S\$1,000 (2020: S\$15,000). During the current financial year, there was no inventory written-off as compared to previous year's inventory written-off of S\$297,000.

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.

As at the end of the reporting period, one of the Group's subsidiaries, Gliderol Doors (S) Pte. Ltd. was loss-making and cash flow forecasts was prepared based on the most recent financial budgets approved by management for the next five years and beyond.

3. Seasonal operations

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

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 door and shutter systems and provision of service and maintenance works. As such, no operating segmental revenue and results have been prepared.

4.1. Disaggregation of Revenue

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

	Group			
	Six months		Twelve months	
	ended 30 September		ended 30 September	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Audited
Type of revenue				
Sale of doors and shutter systems	2,669	1,059	5,082	6,418
Trading of production components	3,368	2,780	5,512	5,643
Service and maintenance works	1,215	817	2,397	2,221
	<u>7,252</u>	<u>4,656</u>	<u>12,991</u>	<u>14,282</u>

	Group			
	Six months ended 30 September		Twelve months ended 30 September	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Audited
Revenue recognised at a point in time:				
Sale of doors and shutter systems	2,669	1,059	5,082	6,418
Trading of production components	3,368	2,780	5,512	5,643
Service and maintenance works	1,215	817	2,397	2,221
	<u>7,252</u>	<u>4,656</u>	<u>12,991</u>	<u>14,282</u>

By geographical segment

The Group operates mainly in the geographical areas of Singapore, Europe, Australia, United States of America, Middle East, Greater China and Others. The Group's revenue from external customers by geographical locations are as follows:

	Group			
	Six months ended 30 September		Twelve months ended 30 September	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Audited
Revenue from external customers (based on location of customers)				
Singapore	3,554	1,634	7,115	8,184
Europe	2,740	2,350	4,568	4,562
Australia	366	250	574	640
United States of America	164	128	236	309
Middle East	232	57	247	278
Greater China	-	77	-	77
Others	196	160	251	232
Total	<u>7,252</u>	<u>4,656</u>	<u>12,991</u>	<u>14,282</u>

	Group As at	
	30.09.2021	30.09.2020
	S\$'000	S\$'000
	Unaudited	Audited
Non-current assets (based on location of assets)		
Singapore*	<u>12,690</u>	<u>14,381</u>

***Note:**

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

4.2 A breakdown of sales as follows:

	Group		Increase/ (Decrease) %
	Year ended 30 September		
	2021 S\$'000 Unaudited	2020 S\$'000 Unaudited	
(a) Sales reported for first half year	5,739	9,626	(40.4%)
(b) Operating (loss) profit after tax before deducting non-controlling interests reported for first half year	(838)	820	n.m
(c) Sales reported for second half year	7,252	4,656	55.8%
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(766)	(1,968)	(61.1%)

Note:

(1) n.m. denotes not meaningful.

5. Loss before taxation

5.1. Significant items

	Group			
	Six months		Twelve months	
	ended 30 September		ended 30 September	
	2021 S\$'000 Unaudited	2020 S\$'000 Unaudited	2021 S\$'000 Unaudited	2020 S\$'000 Audited
Other operating income:				
Sundry income	47	72	61	109
Grant income	132	946	499	1,012
	<u>179</u>	<u>1,018</u>	<u>560</u>	<u>1,121</u>
Interest revenue:				
Interest income from bank deposits	2	7	4	20
Interest expense on lease liabilities	(110)	(124)	(227)	(254)
Depreciation of property, plant and	(239)	(275)	(476)	(556)
Depreciation of right-of-use assets	(681)	(696)	(1,373)	(1,391)
Amortisation of intangible assets	(47)	(120)	(142)	(239)
Net foreign exchange gains (losses)	34	(104)	(28)	(31)
Gain (loss) on disposal of property, plant and equipment	3	(84)	(20)	(130)
Impairment loss on goodwill	-	(200)	-	(200)
Write back (loss allowance) on trade receivables and contract assets, net	32	(6)	32	(6)
Allowance for inventory obsolescence, net	(1)	(15)	(1)	(15)
Inventory written-off	-	(297)	-	(297)

6. 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		Twelve months	
	ended 30 September		ended 30 September	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Audited
Income tax expense comprises:				
- Current tax expense	99	74	138	150
- Deferred tax benefit	-	(13)	(8)	(25)
Total income tax expense	<u>99</u>	<u>61</u>	<u>130</u>	<u>125</u>

7. Loss per Share ("LPS")

	Group			
	Six months		Twelve months	
	ended 30 September		ended 30 September	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Audited
Loss attributable to owners of the Company (S\$'000)	(983)	(2,088)	(1,911)	(1,468)
Weighted average number of ordinary shares ('000)	112,000	112,000	112,000	112,000
LPS - Basic and diluted (cents)	<u>(0.88)</u>	<u>(1.86)</u>	<u>(1.71)</u>	<u>(1.31)</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 the financial years ended 30 September 2021 and 30 September 2020.

8. Dividends

	Group	
	Financial year	
	2021	2020
	S\$'000	S\$'000
	Unaudited	Audited
Ordinary dividends paid:		
Nil dividend paid in FY2021 (2020: Final tax-exempt dividend of 0.3 cents per share)	-	336
	<u>-</u>	<u>336</u>

9. Net Asset Value (“NAV”)

	Group		Company	
	As at 30 September		As at 30 September	
	2021	2020	2021	2020
	Unaudited	Audited	Unaudited	Audited
NAV per ordinary share (cents)	10.99	12.69	8.30	8.02
Number of ordinary shares used in computation of NAV per ordinary share ('000)	112,000	112,000	112,000	112,000

10. Property, Plant and Equipment

During the six months ended 30 September 2021, the Group acquired S\$104,000 (2020: S\$17,000) of property, plant and equipment at cost and the net book value disposed was S\$3,000 (2020: S\$113,000). For twelve months ended 30 September 2021, the cost of property, plant and equipment acquired was S\$137,000 (2020: S\$112,000) and the net book value disposed was S\$48,000 (2020: S\$226,000).

11. Intangible assets

Intangible assets comprise of patent, goodwill and other intangible assets acquired or acquired in a business combination. Other intangible assets relate to a subsidiary's website.

As at 30 September 2021, the carrying amount of patent, goodwill and other intangible assets are S\$700,000 (2020: S\$795,000), S\$659,000 (2020: S\$659,000), S\$95,000 (2020: S\$47,000) 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. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years based on estimated revenue from 2022 to 2026 and estimated growth rate of 1.0% beyond 5 years. The rate does not exceed the average long-term growth rate for the relevant markets.

12. Share capital

	Group and Company			
	Number of ordinary shares		Issued and paid up	
	2021	2020	2021	2020
	'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 subsidiary holdings and treasury shares as at 30 September 2021 and 30 September 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 31 September 2020.

There were no changes to the Company's share capital as at 30 September 2021 and 31 March 2021. There were no outstanding convertibles or treasury shares as at 30 September 2021 and 30 September 2020.

**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 30 September 2021 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 and full year 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 2020 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.

Revenue for the financial year ended 30 September 2021 ("FY2021") was S\$12.99 million, a decrease of S\$1.29 million or 9.0% as compared to S\$14.28 million for the previous financial year ended 30 September 2020 ("FY2020"). The decrease in revenue was due to a decrease in the Group's sales of doors and shutter systems and a decrease in revenue from trading of production components and this was partially offset by an increase in revenue from the provision of service and maintenance work, as follows:

- (i) The Group's overall sales of doors and shutter system decreased by S\$1.34 million or 20.9% from S\$6.42 million in FY2020 to S\$5.08 million in FY2021. The decrease was mainly due to the decrease in the Group's sales of manufactured products of S\$1.29 million and the decrease in sales of distributed products of S\$0.05 million;
- (ii) The Group's trading of production component revenue recorded a decrease in revenue of S\$0.13 million or 2.3% from S\$5.64 million in FY2020 to S\$5.51 million in FY2021; and
- (iii) The Group's provision of service and maintenance work increased by S\$0.18 million or 8.1% from S\$2.22 million in FY2020 to S\$2.40 million in FY2021; and

The lower revenue recorded in FY2021 was mainly due to

- (i) The door and shutter systems installation that were not carried out according to schedule due to delays and a slow progress in the construction projects; and
- (ii) The existing ports congestions globally has affected the goods delivery and hence the business volume.

Cost of sales

Cost of sales decreased by S\$0.77 million or 7.8% from S\$9.84 million in FY2020 to S\$9.07 million in FY2021. The lower cost of sales corresponds with lower revenue recorded for FY2021.

Gross profit

Gross profit decreased by S\$0.52 million or 11.7% from S\$4.44 million in FY2020 to S\$3.92 million in FY2021. Gross profit margin decreased slightly from 31.1% in FY2020 to 30.2% in FY2021. The lower gross profit margin was mainly due to lower sales in manufactured products which typically have better margins.

Other operating income

Other operating income decreased by S\$0.56 million or 50.0% from S\$1.12 million in FY2020 to S\$0.56 million in FY2021. The decrease was mainly due to lower government grants and relief relating to the Covid-19 pandemic as the country slowly moves towards recovering from the pandemic.

Marketing and distribution expenses

Marketing and distribution expenses increased by S\$0.04 million or 14.4% from S\$0.33 million in FY2020 to S\$0.37 million in FY2021. This was mainly due to an increase in freight charges and offset by a decrease in travelling expenses.

Administrative expenses

Administrative expenses decreased by S\$0.24 million or 4.7% from S\$5.24 million in FY2020 to S\$5.00 million in FY2021. The decrease was mainly due to a decrease in personnel cost of S\$0.14 million from staff attrition and a decrease in depreciation and amortisation expenses of S\$0.14 million which were partially offset by an increase in product certification and assessment fees of S\$0.03 million.

Other operating expenses

Other operating expenses decreased by S\$0.31 million or 49.6% from S\$0.63 million in FY2020 to S\$0.32 million in FY2021. The decrease was mainly due to the absence of an impairment loss on goodwill acquired in a business combination of S\$0.20 million, lower bank charges of S\$0.04 million and GST claim of S\$0.03 million arising from bad debts written-off .

Interest revenue

Interest revenue which mainly comprise interest from bank deposits, decreased by S\$16,000 or 80.0% from S\$20,000 in FY2020 to S\$4,000 in FY2021. The decrease was mainly due to lower fixed deposit balance placed with the bank.

Other gains and losses

Other gains and losses decreased by S\$0.11 million or 70.2% from S\$0.16 million loss in FY2020 to S\$0.05 million loss in FY2021. The decrease in other losses were mainly due to a decrease in loss on disposal of fixed assets relating to machinery and equipment.

Finance costs

Finance costs consists of interest expense arising from the application of *Leases Accounting* for lease liabilities. Finance costs decreased by S\$27,000 from S\$254,000 in FY2020 to S\$227,000 in FY2021.

Income tax expense

Income tax expense increased by S\$5,000 from S\$125,000 in FY2020 to S\$130,000 in FY2021.

Loss for the year

As a result of the above, the Group recorded a loss of S\$1.60 million in FY2021 as compared to loss of S\$1.15 million in FY2020.

Review of the Group's Financial Position

Current assets

Current assets decreased by S\$1.20 million from S\$14.99 million as at 30 September 2020 to S\$13.79 million as at 30 September 2021, as a result of the following:

- (i) a decrease in trade and other receivables of S\$0.66 million due primarily to overall lower revenue generated;
- (ii) a decrease in cash and cash equivalents of S\$0.41 million;
- (iii) a decrease in inventories of S\$0.32 million arising from fewer stocks held for raw material; and partially offset by
- (iv) an increase in contract assets of S\$0.20 million arising from increased project work yet to be certified.

Non-current assets

Non-current assets decreased by S\$1.69 million from S\$14.38 million as at 30 September 2020 to S\$12.69 million as at 30 September 2021. The decrease in non-current assets was mainly due to lower net book value in property, plant and equipment, right-of-use assets and intangible assets arising from depreciation and amortisation charges.

Current liabilities

Current liabilities increased by S\$0.13 million from S\$3.42 million as at 30 September 2020 to S\$3.55 million as at 30 September 2021. The increase in current liabilities was a result of mainly the following:

- (i) an increase in lease liabilities of S\$0.26 million mainly due to the increase in building lease payment within the next twelve months; and partially offset by
- (ii) a decrease in contract liabilities of S\$0.14 million which as mainly comprise of the deposit received from customers.

Non-current liabilities

Non-current liabilities decreased by S\$1.22 million from S\$10.00 million as at 30 September 2020 to S\$8.78 million as at 30 September 2021. The decrease in non-current liabilities was mainly due to a decrease in lease liabilities of S\$1.15 million as the remaining lease periods decrease over the contractual lease term.

Capital, reserves and non-controlling interests

Total equity was S\$14.16 million as at 30 September 2021 as compared to S\$15.95 million as at 30 September 2020.

Review of the Group's Cash Flows

Net cash generated from operating activities

In FY2021, the Group generated cash from operating activities before changes in working capital of S\$0.51 million. The Group's net working capital inflow amounted to S\$0.91 million and was mainly due to an increase in contract liabilities of S\$0.60 million, an increase in trade and other payables of S\$0.29 million and a decrease in inventories of S\$0.32 million which were partially offset by an increase in contract assets of S\$0.20 million and an increase in trade and other receivables of S\$0.10 million. After income tax paid of S\$0.17 million and interest paid on lease liabilities of S\$0.23 million, the Group generated net cash from operating activities of S\$1.02 million in FY2021.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$0.20 million, mainly due the purchase of property, plant and equipment and intangible assets of S\$0.14 million and S\$0.09 million respectively, partially offset by proceeds from disposal of property, plant and equipment of S\$0.03 million.

Net cash used in financing activities

Net cash used in financing activities was S\$1.20 million due to repayment of lease liabilities of S\$1.0 million and payment of dividends of S\$0.20 million.

Based on the above, cash and cash equivalents has decreased from S\$9.19 million as at 30 September 2020 to S\$8.78 million as at 30 September 2021.

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 FY2021 are in line with the Company's trends and competitive conditions previously disclosed in the Company's announcement dated 7 May 2021 in relation to its results for the first half year ended 31 March 2021.

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 has remained challenging and competitive.

The Covid-19 pandemic continues to weigh on the already challenging business and operation environment. Despite Singapore having entered the stabilization phase, the construction industry's recovery had been slow and weak. Many worksites continue to struggle to re-start, hampered by the Safe Management Measures and the shortage of workers. This is aggravated by the current new wave of infections causing frequent disruptions arising from sudden and immediate recall of workers whenever instructed by the management of dormitories where workers reside.

The construction industry had to also contend with the rapid and significant rise in material costs led initially by the shortage of steel materials. This was further exacerbated by the energy crisis, supply chain and freight issues.

In view of the above, the Board expects the Group's prospects to remain weak and challenging in the months ahead. The pandemic is also expected to disrupt the Group's sales and marketing efforts in overseas markets. Nevertheless, the Group will continue 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.

After careful deliberation, the Board has decided not to declare or recommend any dividend for FY2021 so as to conserve cash for working capital requirements during the uncertain business environment amidst the ongoing Covid-19 pandemic.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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 of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Wong Lok Yung

Chairman and Chief Executive Officer

Wu Chiaw Ching

Lead Independent Non-Executive Director

Singapore

18 November 2021