



KTMG LIMITED

AND ITS SUBSIDIARIES

(Registration No: 197401961C)

**Unaudited Condensed Interim Financial Statements
For the six months and full year ended 31 December 2021**

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A. Condensed Interim Consolidated Income Statement and Statement of Comprehensive Income

Group	Note	2H2021 (Unaudited) S\$'000	2H2020 (Unaudited) S\$'000	FY2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Revenue	4	69,520	45,954	97,835	70,995
Cost of sales		(60,169)	(36,868)	(84,245)	(57,829)
Gross profit		9,351	9,086	13,590	13,166
Other income, net		235	334	318	489
Administrative and general expenses		(3,860)	(3,890)	(7,279)	(6,594)
Selling and marketing expenses		(1,936)	(1,349)	(2,714)	(2,007)
Finance costs	5	(390)	(348)	(714)	(831)
Profit before taxation	6	3,400	3,833	3,201	4,223
Income tax expenses		(1,059)	(955)	(1,085)	(1,124)
Net profit		2,341	2,878	2,116	3,099
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>					
Foreign currency translation		27	(110)	(141)	(37)
Total comprehensive profit attributable to equity holders of the Company		2,368	2,768	1,975	3,062
Profit/ (loss) attributable to:					
- Owners of the Company		2,340	2,878	2,115	3,099
- Non-controlling interests		1	-	1	-
		2,341	2,878	2,116	3,099
Total comprehensive income/ (loss) attributable to:					
- Owners of the Company		2,367	2,768	1,974	3,062
- Non-controlling interests		1	-	1	-
		2,368	2,768	1,975	3,062
Earnings per share for profit for the period attributable to the owners of the Company during the year:					
Basic/ diluted (SGD in cent)		1.38	1.63	1.25	1.83

B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31 Dec 2021 (Unaudited) S\$'000	31 Dec 2020 (Restated) S\$'000	31 Dec 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
Assets					
Non-current assets					
Subsidiary		-	-	26,400	26,400
Property, plant and equipment	10	16,648	14,638	-	-
Right-of-use assets	11	3,512	4,114	-	-
Deferred tax assets		43	210	-	-
		20,203	18,962	26,400	26,400
Current Assets					
Inventories		21,573	10,782	-	-
Trade and other receivables	12	27,454	22,324	491	226
Tax Recoverable		255	-	-	-
Cash and bank balances		4,239	4,965	19	8
		53,521	38,071	510	234
Total assets		73,724	57,033	26,910	26,634
Liabilities					
Non-current liabilities					
Borrowings	13	2,010	2,213	-	-
Lease liabilities		1,523	2,023	-	-
Deferred tax liabilities		24	16	-	-
		3,557	4,252	-	-
Current liabilities					
Borrowings	13	21,109	15,630	-	-
Lease liabilities		651	667	-	-
Trade and other payables *	14	27,964	17,367	1,723	1,124
Current tax payables *		9	674	-	-
		49,733	34,338	1,723	1,124
Total liabilities		53,290	38,590	1,723	1,124
Net assets		20,434	18,443	25,187	25,510
Equity and reserves					
Share capital	15	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)		6,830	4,715	(8,585)	(8,262)
Foreign currency translation reserve		(79)	62	-	-
Capital reserve		571	571	571	571
Merger reserve		(20,106)	(20,106)	-	-
Equity attributable to owners of the company		20,417	18,443	25,187	25,510
Non-controlling interests		17	-	-	-
Total equity and reserves		20,434	18,443	25,187	25,510

* Prior year reclassification of \$674,000 from "trade and other payables" to "current tax payables"

C. Condensed Interim Statements of Changes in Equity

<u>Group</u>	Share capital	Retained earnings	Translation reserve	Capital reserve	Merger reserve	Equity attributable to owners of the company	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2021	33,201	4,715	62	571	(20,106)	18,443	-	18,443
Total comprehensive income for the financial period	-	2,115	(141)	-	-	1,974	1	1,975
Transactions with owners recognised equity:								
<i>Contributions by and distributions to owners</i>								
Non-controlling interest arising from incorporation of subsidiary	-	-	-	-	-	-	16	16
As at 31 Dec 2021	33,201	6,830	(79)	571	(20,106)	20,417	17	20,434
As at 1 Jan 2020	33,201	1,616	99	571	(20,106)	15,381	-	15,381
Total comprehensive loss for the financial period	-	3,099	(37)	-	-	3,062	-	3,062
As at 31 Dec 2020	33,201	4,715	62	571	(20,106)	18,443	-	18,443

<u>Company</u>	Share capital	(Accumulated losses)	Capital reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2021	33,201	(8,262)	571	25,510
Total comprehensive loss for the financial period	-	(323)	-	(323)
As at 31 Dec 2021	33,201	(8,585)	571	25,187
As at 1 Jan 2020	33,201	(7,827)	571	25,945
Total comprehensive loss for the financial period	-	(435)	-	(435)
As at 31 Dec 2020	33,201	(8,262)	571	25,510

Capital reserve

The capital reserve represents (i) the gain on extinguishment of the amounts owing to the then controlling shareholder of the Company; and (ii) transactions entered between the Company and the current controlling shareholder on acquisition of Knit Textile and Apparel Pte. Ltd. ("KTAPL").

Merger reserve

The merger reserve represents the differences between the cost of investment recorded at the fair value of the equity shares issued by the Company and the share capital of the entity under common control.

D. Consolidated Statement of Cash Flows

	Group	
	FY2021	FY2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Operating activities		
Profit before tax	3,201	4,223
Adjustment for:		
Depreciation of property, plant and equipment and right-of-use assets	2,191	2,214
Impairment loss recognised on receivables	158	48
Interest expense	714	831
Interest income	(35)	(36)
Loss on disposal of property, plant and equipment, net	18	15
Operating cash flows before working capital changes	6,247	7,295
Working capital changes		
Trade and other receivables	(5,288)	(6,448)
Trade and other payables	10,598	3,082
Inventories	(10,791)	(970)
Cash generated from operations	766	2,959
Interest received	35	36
Income tax paid	(1,902)	(547)
Net cash (used in)/ generated from operating activities	(1,101)	2,448
Investing activities		
Purchase of property, plant and equipment and right-of-use assets	(2,622)	(422)
Proceeds from disposal of property, plant and equipment	3	48
Net cash used in investing activities	(2,619)	(374)
Financing activities		
Interest paid	(714)	(831)
Repayment of lease liabilities	(668)	(786)
Term loans, net	(1,099)	(1,272)
Other short-term borrowings, net	5,322	2,414
Changes in pledged deposit	(131)	(108)
Net cash generated from/ (used in) financing activities	2,710	(583)
Net change in cash and cash equivalents	(1,010)	1,491
Cash and cash equivalents at the beginning of financial period	3,721	2,224
Effect of exchange rate changes on cash and cash equivalents	153	6
Cash and cash equivalents at the end of financial period	2,864	3,721
	Group	
	FY2021	FY2020
	S\$'000	S\$'000
<u>Cash and cash equivalents in the consolidated statement of cash flows:</u>		
Cash and bank balances	2,864	3,721
Pledged deposits	1,375	1,244
Cash and cash equivalents	4,239	4,965
Less: Pledged deposits	(1,375)	(1,244)
	2,864	3,721

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

KTMG Limited (the “**Company**”) is incorporated as a limited liability company and domiciles in Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at for the six months and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are:

- (a) Apparel manufacturing
- (b) Operation of a fabric knitting, dyeing and finishing plant
- (c) Investment holding

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 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 interim financial statements for the period ended 30 June 2021.

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

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency. All financial information is presented in Singapore Dollar have been recorded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group has adopted the applicable revised SFRS(I) that are mandatory for accounting period beginning 1 January 2021. The adoption of the SFRS(I) did not have a significant impact on the financial statements of the Group

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 31 December 2020.

Estimated and underlying assumption 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.

Estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Determination of functional currency
- Determination of the lease term of right-of-use assets
- Income taxes
- Depreciation of property, plant and equipment and right-of-use assets
- Provision for expected credit losses on trade receivables
- Estimation of the incremental borrowing rate (“IBR”)
- Deferred tax assets

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

The Group is organised into business units based on its services and has one reportable operating segment – the Apparel business segment. Revenue is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance has been satisfied.

The Apparel business segment relates to revenue generated from the manufacture and sales of apparel products to customers located in the United States, United Kingdom, Canada, European Union, Malaysia, and other countries.

Geographical Information

The revenue and non-current assets are grouped into country or region that exhibit similar economic environment. Revenue and non-current assets information based on the geographical location of customers and assets respectively is as follows:

Revenue	2H2021	2H2020	31 Dec 2021	31 Dec 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	S\$’000	S\$’000	S\$’000	S\$’000
United States	30,728	17,553	42,621	27,791
United Kingdom	20,582	11,236	28,991	17,926
Canada	798	1,248	1,421	1,749
European Union	15,475	14,573	21,264	19,472
Malaysia	958	1,082	1,733	3,398
Others	979	262	1,805	659
	69,520	45,954	97,835	70,995

The Group trades with customers in the countries shown above. In presenting information on the basis of geographical segments, segment revenue is based on the countries in which customers are invoiced.

A breakdown of sales as follows:

	Group		
	FY2021	FY2020	increase/ (decrease)
	(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%
(a) Sales reported for first half year	28,315	25,041	13.1
(b) Operating (loss) / profit after tax before deducting non-controlling interests reported for first half year	(225)	221	N.M.
c) Sales reported for second half year	69,520	45,954	51.28
d) Operating profit after tax before deducting non-controlling interests reported for second half year	2,341	2,878	(18.6)

Non-current assets information presented for each national jurisdiction is presented in the consolidated statement of financial position:

Non-current assets	Group	
	As at 31 Dec 2021	As at 31 Dec 2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Malaysia	16,070	15,274
Cambodia	3,999	3,543
Singapore	134	145
	20,203	18,962

Non-current assets information presented above consists of the following items as presented in the consolidated statement of financial position:

Non-current assets	Group	
	As at 31 Dec 2021	As at 31 Dec 2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Property, plant and equipment	16,648	14,638
Right of use assets	3,512	4,114
Deferred tax assets	43	210
	20,203	18,962

5. Finance Cost

	2H2021	2H2020	FY2021	FY2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expenses on:				
- Term loans	34	10	58	94
- Other short-term loans	228	215	380	454
- Lease liability	128	123	276	283
	390	348	714	831

6. Profit before tax for the year

	2H2021 (Unaudited) S\$'000	2H2020 (Unaudited) S\$'000	FY2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Profit before tax for the period included the following items -				
Depreciation expenses:				
Property, plant and equipment	(775)	(651)	(1,473)	(1,454)
Right-of-use assets	(364)	(466)	(718)	(760)
Foreign exchange (loss)/ gain, net	54	179	(406)	153
Legal and other professional fees	(417)	(376)	(605)	(501)
Impairment loss reversed/ (recognised) on trade receivables	64	(48)	(158)	(48)

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 expenses in the condensed interim consolidated statement of profit or loss are:

	Group			
	2H2021 (Unaudited) S\$'000	2H2020 (Unaudited) S\$'000	FY2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Current taxation				
Current period/ year	827	1,042	878	1,211
Deferred tax expense				
Origination and reversal of temporary differences	232	(87)	207	(87)
	<u>1,059</u>	<u>955</u>	<u>1,085</u>	<u>1,124</u>

	2021	2020
Tax rates	%	%
Cambodia	20	20
Malaysia	24	24
Singapore	<u>17</u>	<u>17</u>

8. Related party transactions

There were no material related party transactions during the financial year.

9. Financial assets and financial liabilities

	The Group		The Company	
	31 Dec 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000	31 Dec 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
Financial Assets				
Trade and other receivables	27,077	21,974	491	226
Cash and cash equivalents	4,239	4,965	19	8
	31,316	26,939	510	234
Financial Liabilities				
Borrowings	23,119	17,843	-	-
Lease liabilities	2,174	2,690	-	-
Trade and other payables	27,504	16,746	1,723	1,124
	52,797	37,279	1,723	1,124

10. Property, plant and equipment

The movement in property, plant and equipment is as follows:

	Group	
	31 Dec 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
Cost		
Opening balance	25,638	25,891
Additions	3,675	422
Reclassification from ROU assets on full repayment of lease liabilities	61	232
Disposal/ Write-off	(923)	(809)
Translation differences on consolidation	(35)	(98)
Closing balance	28,416	25,638
Accumulated depreciation		
Opening balance	11,000	10,173
Depreciation charge	1,473	1,454
Reclassification from ROU assets on full repayment of lease liabilities	57	232
Disposal/ Write-off	(902)	(746)
Translation differences on consolidation	140	(113)
Closing balance	11,768	11,000
Carrying amount	16,648	14,638

11. Right-of-use assets

	Group	
	31 Dec 2021	31 Dec 2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Cost		
Opening balance	5,742	4,894
New leases entered during the period	119	1,208
Early termination/ end of lease	(65)	(45)
Reclassification to "plant and equipment" on full repayment of lease liabilities	(61)	(232)
Translation differences on consolidation	(113)	(83)
Closing balance	5,622	5,742
Accumulated depreciation		
Opening balance	1,628	1,170
Depreciation charge	718	760
Early termination/ end of lease	(65)	(37)
Reclassification to "plant and equipment" on full repayment of lease liabilities	(57)	(232)
Translation differences on consolidation	(114)	(33)
Closing balance	2,110	1,628
Carrying amount	3,512	4,114

12. Trade and other receivables

	Group	
	31 Dec 2021	31 Dec 2020
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Trade receivables	26,767	21,484
Allowance for impairment loss	(649)	(491)
Net trade receivables	26,118	20,993
Other receivables	101	74
Deposits	858	907
Financial assets at amortised costs	27,077	21,974
Advances to suppliers	-	43
Prepayments	192	185
Net input GST/ VAT recoverable	185	122
Total trade and other receivables	27,454	22,324

13. Borrowings

Revenue	Maturity on borrowings	Group	
		31 Dec 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
Secured			
Term loans:			
- Floating rate	2021- 2024	3,287	3,333
		<u>3,287</u>	<u>3,333</u>
Other short-term loans:			
- Trust receipts	On demand	15,221	10,163
- Bankers' acceptance	On demand	3,327	3,554
- Invoice financing	On demand	1,284	793
		<u>19,832</u>	<u>14,510</u>
		<u>23,119</u>	<u>17,843</u>
Presented as:			
- Non-current		2,010	2,213
- Current		<u>21,109</u>	<u>15,630</u>
		<u>23,119</u>	<u>17,843</u>

Borrowings are secured by bank guarantees and legal charges over the Group's freehold and leasehold land, buildings and pledged deposits with licensed banks.

The Group's obligations under lease liabilities are secured by the lessors' title to the leased assets.

14. Trade and other payables

	Group	
	31 Dec 2021 (Unaudited) S\$'000	31 Dec 2020 (Restated) S\$'000
Trade payables	19,568	9,766
Amounts due to directors/ shareholders (non-trade)	1,666	1,671
Accrued operating expenses	1,612	1,822
Accrued salaries and wages	1,467	1,480
Other payables	2,984	1,833
Miscellaneous creditors	207	174
Financial liabilities at amortised cost	<u>27,504</u>	<u>16,746</u>
Contract liabilities	460	621
	<u>27,964</u>	<u>17,367</u>

15. Share Capital

There have been no changes to the Company's issued and paid-up share capital since the end of the previous period reported on.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 December 2021 and 31 December 2020.

Ordinary Shares	No. of shares ('000)	Issued and paid-up share capital of the Company (S\$'000)
As at 31 December 2021 and 31 December 2020	169,682	33,201

16. Acquisition of subsidiary

There were no acquisitions during the financial period under review. On 29 January 2021, Santalia Kesturi Sdn Bhd ("**SKSB**") was incorporated in Malaysia. Although the Group owns only 49% of the voting rights of SKSB, the Group is exposed to and has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity through its control of the composition of the board of directors by virtue of the shareholders' agreements. Consequently, the Group consolidates the investment in this entity as a subsidiary of the Group.

17. Subsequent events

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

Other Information Required by Listing Rule Appendix 7C

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.

	As at 31 Dec 2021	As at 31 Dec 2020
Total issued shares (excluding treasury shares)	169,681,544	169,681,544

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

Not applicable. The Company does not have any treasury shares.

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

Not applicable. The Company does not have any subsidiary holdings.

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

The consolidated statement of financial position of the Company and its subsidiaries as at 31 December 2021 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-months and full year ended and certain explanatory notes have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditor.

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.

Not applicable.

(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 financial statements have been complied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the financial year ended 31 December 2021 (“FY2021”) as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2020 (“FY2020”).

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.

Refer to Section 4 above.

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.

	Group	
	FY2021	FY2020
Profit attributable to owners of the Company (S\$’000)	2,115	3,099
Weighted average number of ordinary shares in issue (’000)	169,682	169,682
Basic and diluted earnings per share (“EPS”) (Singapore cents)	1.25	1.83

The basic EPS and the diluted EPS are the same as the Company has no potentially dilutive ordinary shares in issue as at the end of the respective financial periods.

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

	Group		Company	
	31 Dec 2021 (Unaudited)	31 Dec 2020 (Audited)	31 Dec 2021 (Unaudited)	31 Dec 2020 (Audited)
Net asset value (S\$’000)	20,434	18,443	25,187	25,510
Number of ordinary shares in issue (’000)	169,682	169,682	169,682	169,682
Net asset value per ordinary share (Singapore cents)	12.04	10.87	14.84	15.03

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: -**

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consolidated Statement of Comprehensive Income (FY2021 vs FY2020)

The Group's revenue increased by approximately S\$26.8 million or 37.8% from S\$71.0 million in FY2020 to S\$97.8 million in FY2021. The increase in revenue was contributed by more apparel orders placed by existing customers and new customers acquired in the US and UK market in FY2021, where the geographical revenue increased by 53.4% and 61.7% respectively.

The Group's cost of sales increased by approximately S\$26.4 million or 45.7% from S\$57.8 million in FY2020 to S\$84.2 million in FY2021 due to increase in material costs, transport, and logistics costs, as well as increase in sub-contracting fees.

Due to the increase of cost of sales, the Group's gross profit margin decreased by 4.6 percentage points from approximately 18.5% in FY2020 to approximately 13.9% in FY2021.

The Group's other income decreased by approximately S\$0.2 million or 35.0% from S\$0.5 million in FY2020 to S\$0.3 million in FY2021 due to less wage subsidies received from the Malaysia Government.

The Group's administrative and general expenses increased by approximately S\$0.7 million or 10.4% from S\$6.6 million in FY2020 to S\$7.3 million in FY2021. The increase was mainly due to (i) foreign exchange loss of approximately S\$0.4 million recorded for FY2021 compared to foreign exchange gains amounting to S\$0.2 million for FY2020; (ii) increase in impairment loss of trade receivables of approximately S\$0.1 million; (iii) increase in professional fees incurred by the Group of approximately S\$0.1 million, and partially offset by decrease in insurance costs of approximately S\$0.1 million.

The Group's selling and marketing expenses increased by approximately S\$0.7 million or 35.2% from S\$2.0 million in FY2020 to S\$2.7 million in FY2021. This increase comprises (i) increase in sales commissions paid to apparel sourcing agents of approximately S\$0.3 million; (ii) increase in courier expenses incurred for the delivery of sample apparels to customers of approximately S\$0.1 million; and (iii) increase in air freight expenses of approximately S\$0.3 million incurred due to delays on shipment of apparels sold to customers in FY2021.

The Group's finance costs remained relatively constant for both FY2021 and FY2020.

As a result of the above, the Group recorded a net profit after tax of approximately S\$2.1 million in FY2021.

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets increased by approximately S\$1.2 million from S\$19.0 million as at 31 December 2020 to S\$20.2 million as at 31 December 2021 mainly due to acquisition of plant and machinery for the apparel manufacturing facilities in Cambodia and textile facility in Malaysia, acquisition of freehold land that is used as a water storage facility for the Group's textile operations, and the installation of new solar panel for the textile and apparel manufacturing facilities in Malaysia. It is partially offset by depreciation charge on the Group's property, plant and equipment and right-of-use assets.

Current Assets

Current assets increased by S\$15.4 million from S\$38.1 million as at 31 December 2020 to S\$53.5 million as at 31 December 2021.

Inventories increased by S\$10.8 million from S\$10.8 million as at 31 December 2020 to S\$21.6 million as at 31 December 2021. This was due to (i) increase in stock fabric and other raw material to cater for the manufacturing of apparel products to be delivered to the Group's customers in the first quarter of the financial year ending 31 December 2022 ("**1QFY2022**"); and (ii) increase in finished goods held in stock as the deliveries to customers were postponed due to global shortage of shipping containers.

Trade and other receivables increased by approximately S\$5.2 million from S\$22.3 million as at 31 December 2020 to S\$27.5 million as at 31 December 2021. The increase was mainly due to timing of receipts in the month of December 2021.

Cash and bank balances decreased by approximately S\$0.8 million from S\$5.0 million as at 31 December 2020 to S\$4.2 million as at 31 December 2021.

Non-Current Liabilities

Non-current liabilities decreased by approximately S\$0.7 million from S\$4.3 million as at 31 December 2020 to S\$3.6 million as at 31 December 2021.

Long-term borrowings decreased by approximately S\$0.2 million from S\$2.2 million as at 31 December 2020 to S\$2.0 million as at 31 December 2021 due to the reclassification of term loans from "non-current" to "current".

Non-current lease liabilities decreased by approximately S\$0.5 million from S\$2.0 million as at 31 December 2020 to S\$1.5 million as at 31 December 2021. This was mainly due to the reclassification of lease liabilities from "non-current" to "current".

Current Liabilities

Current liabilities increased by S\$15.4 million from S\$34.3 million as at 31 December 2020 to S\$49.7 million as at 31 December 2021.

Short-term borrowings increased by approximately S\$5.5 million from S\$15.6 million as at 31 December 2020 to S\$21.1 million as at 31 December 2021 due to additional short-term financing utilised during the financial period for working capital requirements as well as the solar panels and land acquired during year.

Trade and other payable increased by approximately S\$10.6 million from S\$17.4 million as at 31 December 2020 to approximately S\$28.0 million as at 31 December 2021. The increase was mainly due to the purchases of raw material at the last quarter of FY2021 to fulfil deliveries in the first quarter of FY2022.

Review of Statement of Cash Flows

The Group's net cash flow used in operating activities amounted to approximately S\$1.1 million in FY2021. This was mainly due to a positive operating cash flows before working capital changes of approximately S\$6.2 million, an increase in trade and other payables, partially offset by an increase in trade and other receivables, an increase of inventories, and corporate tax paid of S\$1.9 million. The cash generated from operation remains positive at S\$0.8 million.

The Group's net cash flows used in investing activities in FY2021 amounted to approximately S\$2.6 million mainly due the acquisition of plant and machinery for the textile facility in Malaysia and apparel facility in Cambodia.

The Group's net cash flows generated from financing activities in FY2021 amounted to approximately S\$2.7 million primarily due to the drawdown of other short-term borrowings for capital requirement.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

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 know factors or events that may affect the group in the next reporting period and the next 12 months.

The COVID-19 pandemic continued to bring many unprecedented challenges and disruptions to businesses and communities in 2021. Our Group, like many other businesses, has had to contend with the pervasive effects of the ongoing COVID-19 pandemic and experienced production interruptions, supply chain disruptions and delivery deferrals during the year.

Overall, we expect the operating environment to remain challenging in the year ahead due to the persisting uncertainties brought on by the ever-evolving COVID-19 pandemic, ongoing global supply chain disruptions, as well as rising logistic and raw material costs.

With the escalating US-China trade tensions and the US ban on products using cotton from Xinjiang, China, we observed that many retailers have moved their sourcing out of China and began to look for alternative manufacturers in Southeast Asia. The closure of some garment factories during the pandemic has also led to retailers seeking alternative manufacturers. With our capabilities as an integrated textile and apparel manufacturer with proven track record, the Group is well-positioned to capture these opportunities to expand our customer base. During the year, we successfully secured a few international retailers to add to our client base, and this will, in turn, strengthen the Group's revenue.

Despite the challenging global conditions, we retain a cautiously optimistic business outlook moving forward. We expect the Group's order book to remain healthy in FY2022 as demand from our customers continues to stay strong.

We will continue to closely monitor the prolonged COVID-19 pandemic to mitigate any potential further disruptions to our operations. We will also continue to ensure necessary health and safety measures are enforced across all our operations in Malaysia and Cambodia.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year. Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable:

Not applicable

(d) Book closure date:

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been recommended for the current financial period reported on as the Group is focusing on conserving cash to strengthen its financial position and to cater for the working capital of the newly operating dyeing factory.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

Not applicable. The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There are no IPTs of S\$100,000 or more during the financial period under review.

14. 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) of the Catalist Rules.

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

15. Negative Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the six months and full year ended 31 December 2021 to be false or misleading in any material aspect

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

Name	Age	Family relationship with any director and/ or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Sin Jet	36	Daughter of Mr. Lim Siau Hing (Executive Chairman) and sister of Mr. Lim Vhe Kai (Executive Director and Chief Executive Officer)	Corporate Communications Manager since 2020.	Nil

BY ORDER OF THE BOARD

Damien Lim Vhe Kai
Chief Executive Officer

25 February 2022

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.

The contact person for the Sponsor Ms. Charmian Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.