



KTMG LIMITED

AND ITS SUBSIDIARIES

(Registration No: 197401961C)

Unaudited Condensed Interim Financial Statements

For the final six months and full year ended 31 December 2023

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

The Group	Note	2H2023 (Unaudited) S\$'000	2H2022 (Unaudited) S\$'000	FY2023 (Unaudited) S\$'000	FY2022 (Audited) S\$'000
Revenue	4	59,059	54,491	88,765	106,294
Cost of sales		(54,795)	(46,307)	(80,632)	(90,179)
Gross profit		4,264	8,184	8,133	16,115
Other income, net		502	510	728	560
(Reversal of impairment losses)/ Impairment loss on trade receivables, net		(18)	(32)	63	(160)
Administrative and general expenses		(4,005)	(4,935)	(7,366)	(9,072)
Selling and marketing expenses		(1,561)	(1,218)	(2,205)	(2,150)
Finance costs	5	(648)	(531)	(1,136)	(937)
(Loss) / profit before taxation	6	(1,466)	1,978	(1,783)	4,356
Income tax expenses		(138)	(404)	(169)	(873)
Net (loss) / profit		(1,604)	1,574	(1,952)	3,483
Other comprehensive (loss) / income:					
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>					
Foreign currency translation		(233)	(851)	(1,187)	(1,139)
Total comprehensive (loss) / profit attributable to equity holders of the Company		(1,837)	723	(3,139)	2,344
(Loss) / profit attributable to:					
- Owners of the Company		(1,611)	1,568	(1,969)	3,464
- Non-controlling interests		7	6	17	19
		(1,604)	1,574	(1,952)	3,483
Total comprehensive (loss) / income attributable to:					
- Owners of the Company		(1,844)	717	(3,156)	2,325
- Non-controlling interests		7	6	17	19
		(1,837)	723	(3,139)	2,344
(Loss) / earnings per share for profit for the period attributable to the owners of the Company during the year:					
Basic/ diluted (SGD in cent)		(0.95)	0.92	(1.16)	2.04

B. Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		31 Dec 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000	31 Dec 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Assets					
Non-current assets					
Subsidiary		-	-	26,400	26,400
Property, plant and equipment	10	13,780	15,111	-	-
Right-of-use assets	11	2,217	2,989	-	-
Deferred tax assets		309	105	-	-
		16,306	18,205	26,400	26,400
Current Assets					
Inventories		12,542	11,337	-	-
Trade and other receivables	12	18,495	14,530	282	294
Prepaid corporate tax		1,123	540	-	-
Cash and bank balances		7,826	6,314	16	36
		39,986	32,721	298	330
Total assets		56,292	50,926	26,698	26,730
Liabilities					
Non-current liabilities					
Borrowings	13	570	739	-	-
Lease liabilities		151	948	-	-
Deferred tax liabilities		10	-	-	-
		731	1,687	-	-
Current liabilities					
Borrowings	13	15,764	11,678	-	-
Lease liabilities		874	806	-	-
Trade and other payables	14	18,947	13,784	1,758	1,625
Tax payable		339	195	-	-
		35,924	26,463	1,758	1,625
Total liabilities		36,655	28,150	1,758	1,625
Net assets		19,637	22,776	24,940	25,105
Equity and reserves					
Share capital	15	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)		8,323	10,292	(8,832)	(8,667)
Foreign currency translation reserve		(2,405)	(1,218)	-	-
Capital reserve		571	571	571	571
Merger reserve		(20,106)	(20,106)	-	-
Equity attributable to owners of the company		19,584	22,740	24,940	25,105
Non-controlling interests		53	36	-	-
Total equity and reserves		19,637	22,776	24,940	25,105

C. Condensed Interim Statements of Changes in Equity

The Group	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 2023	33,201	10,292	(1,218)	571	(20,106)	22,740	36	22,776
Total comprehensive (loss) for the financial period	-	(1,969)	(1,187)	-	-	(3,156)	17	(3,139)
As at 31 Dec 2023	33,201	8,323	(2,405)	571	(20,106)	19,584	53	19,637
As at 1 Jan 2022	33,201	6,828	(79)	571	(20,106)	20,415	17	20,432
Total comprehensive income for the financial period	-	3,464	(1,139)	-	-	2,325	19	2,344
As at 31 Dec 2022	33,201	10,292	(1,218)	571	(20,106)	22,740	36	22,776

<u>Company</u>	Share capital	(Accumulated losses)	Capital reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2023	33,201	(8,667)	571	25,105
Total comprehensive loss for the financial period	-	(165)	-	(165)
As at 31 Dec 2023	33,201	(8,832)	571	24,940
As at 1 Jan 2022	33,201	(8,585)	571	25,187
Total comprehensive loss for the financial period	-	(82)	-	(82)
As at 31 Dec 2022	33,201	(8,667)	571	25,105

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.

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

KTMG Limited (the “**Company**”) is incorporated as a limited liability company and domiciled 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 final six months and full year ended 31 December 2023 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 final six months and full year ended 31 December 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 interim financial statements for the period ended 30 June 2023.

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

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

The Group has applied the following amendments to SFRS(I) that are mandatory for accounting period beginning 1 January 2023:

- Amendments to SFRS(I) 1 – 1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1 – 8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1 – 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of these amendments to standards does not have a material effect 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.

Save for the addition of new estimation on the impairment of non-financial assets, 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 2022.

Estimated 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.

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
- Control over Santalia Kesturi Sdn Bhd
- 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
- Impairment tests for investment in subsidiary
- Impairment of property, plant and equipment and right-of-use 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, European Union, Canada, 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 are as follows:

Revenue	2H2023 (Unaudited)	2H2022 (Unaudited)	31 Dec 2023 (Unaudited)	31 Dec 2022 (Audited)
	S\$'000	S\$'000	S\$'000	S\$'000
The Group				
United States	26,775	11,707	35,965	28,801
United Kingdom	20,430	27,061	30,622	44,053
European Union	10,421	10,170	16,261	18,951
Canada	701	4,235	3,584	10,959
Malaysia	614	790	1,063	1,819
Others	118	528	1,270	1,711
	59,059	54,491	88,765	106,294

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:

	The Group		increase/ (decrease) %
	FY2023 (Unaudited) S\$'000	FY2022 (Audited) S\$'000	
(a) Sales reported for first half year	29,706	51,803	(42.7)
(b) Operating (loss) / profit after tax before deducting non-controlling interests reported for first half year	(348)	1,909	NM
c) Sales reported for second half year	59,059	54,491	8.4
d) Operating (loss) / profit after tax before deducting non-controlling interests reported for second half year	(1,604)	1,574	NM

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

Non-current assets	The Group	
	As at 31 Dec 2023 (Unaudited) S\$'000	As at 31 Dec 2022 (Audited) S\$'000
Malaysia	13,694	14,926
Cambodia	2,467	3,180
Singapore	145	99
	16,306	18,205

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

Non-current assets	The Group	
	As at 31 Dec 2023 (Unaudited) S\$'000	As at 31 Dec 2022 (Audited) S\$'000
Property, plant and equipment	13,780	15,111
Right-of-use assets	2,217	2,989
Deferred tax assets	309	105
	16,306	18,205

5. Finance Cost

The Group	2H2023 (Unaudited) S\$'000	2H2022 (Unaudited) S\$'000	FY2023 (Unaudited) S\$'000	FY2022 (Audited) S\$'000
Interest expenses on:				
- Term loans	33	63	86	116
- Other short-term loans	532	350	894	592
- Lease liabilities	83	118	156	229
	648	531	1,136	937

6. Profit before tax for the year

The Group	2H2023 (Unaudited) S\$'000	2H2022 (Unaudited) S\$'000	FY2023 (Unaudited) S\$'000	FY2022 (Audited) S\$'000
Profit before tax for the period included the following items -				
Depreciation expenses:				
Property, plant and equipment	(578)	(718)	(1,208)	(1,441)
Right-of-use assets	(356)	(371)	(748)	(734)
Foreign exchange (loss), net	(101)	(890)	(232)	(1,617)
Legal and other professional fees	(287)	(259)	(551)	(677)
(Loss)/ gain on disposal of property, plant and equipment	(109)	49	(227)	7
(Reversal of impairment losses)/ impairment losses on trade receivables, net	(18)	(32)	63	(160)

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:

	The Group			
	2H2023 (Unaudited) S\$'000	2H2022 (Unaudited) S\$'000	FY2023 (Unaudited) S\$'000	FY2022 (Audited) S\$'000
Current taxation				
Current period/ year	276	461	372	959
Deferred tax expense				
Origination and reversal of temporary differences	(138)	(57)	(203)	(86)
	138	404	169	873

Tax rates	2023	2022
	%	%
Cambodia	20	20
Malaysia	24	24
Singapore	17	17

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 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000	31 Dec 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Financial Assets				
Trade and other receivables	18,005	14,088	269	287
Cash and bank balances	7,826	6,314	16	36
	25,831	20,402	285	323
Financial Liabilities				
Borrowings	16,334	12,417	-	-
Lease liabilities	1,025	1,754	-	-
Trade and other payables	18,867	13,497	1,758	1,625
	36,226	27,668	1,758	1,625

10. Property, plant and equipment

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

	The Group	
	31 Dec 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Cost		
Opening balance	27,539	28,416
Additions	875	800
Reclassification from ROU assets upon full repayment of lease liabilities	79	91
Disposals / written-off	(1,571)	(510)
Translation differences on consolidation	(1,271)	(1,258)
Closing balance	25,651	27,539
Accumulated depreciation		
Opening balance	12,428	11,768
Depreciation charge	1,208	1,441
Reclassification from ROU assets upon full repayment of lease liabilities	68	91
Disposals / written-off	(1,338)	(427)
Translation differences on consolidation	(495)	(445)
Closing balance	11,871	12,428
Carrying amount	13,780	15,111

11. Right-of-use assets

	The Group	
	31 Dec 2023	31 Dec 2022
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Cost		
Opening balance	5,364	5,318
New leases entered during the period	178	321
Early termination/ end of lease	(96)	(20)
Reclassification to "property, plant and equipment" on full repayment of lease liabilities	(79)	(91)
Translation differences on consolidation	(200)	(164)
Closing balance	5,167	5,364
Accumulated depreciation		
Opening balance	2,375	1,806
Depreciation charge	748	734
Early termination/ end of lease	(22)	(20)
Reclassification to "property, plant and equipment" on full repayment of lease liabilities	(68)	(91)
Translation differences on consolidation	(83)	(54)
Closing balance	2,950	2,375
Carrying amount	2,217	2,989

12. Trade and other receivables

	The Group	
	31 Dec 2023	31 Dec 2022
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Trade receivables	17,350	13,526
Allowance for impairment loss	(297)	(364)
Net trade receivables	17,053	13,162
Other receivables	62	41
Deposits	890	885
Financial assets at amortised cost	18,005	14,088
Prepayments	202	223
Net input GST/ VAT recoverable	288	219
Total trade and other receivables	18,495	14,530

13. Borrowings

	Maturity on borrowings	The Group	
		31 Dec 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Secured			
Term loans:			
-	Floating rate	2024 – 2033	
		700	2,063
		700	2,063
Other short-term loans:			
-	Trust receipts	On demand	
		9,249	7,700
-	Bankers' acceptance	On demand	
		3,877	2,228
-	Invoice financing	On demand	
		2,508	426
		15,634	10,354
		16,334	12,417
Presented as:			
-	Non-current	570	739
-	Current	15,764	11,678
		16,334	12,417

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

	The Group	
	31 Dec 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Trade payables	13,159	7,791
Amounts due to directors/ shareholders (non-trade)	1,197	1,610
Accrued operating expenses	1,622	1,417
Accrued salaries and wages	1,391	1,236
Other payables	1,218	1,212
Miscellaneous creditors	280	231
Financial liabilities at amortised cost	18,867	13,497
Provision for sales rebates	80	287
	18,947	13,784

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 2023 and 31 December 2022.

Ordinary Shares	No. of shares	Issued and paid-up share capital
As at 31 December 2023 and 31 December 2022	('000)	of the Company (\$'000)
	169,682	33,201

16. 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 2023	As at 31 Dec 2022
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 2023 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 final 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 2023 ("FY2023") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2022 ("FY2022").

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.

	The Group	
	FY2023	FY2022
Profit attributable to owners of the Company (\$'000)	(1,969)	3,464
Weighted average number of ordinary shares in issue ('000)	169,682	169,682
Basic and diluted earnings per share ("EPS") (Singapore cents)	(1.16)	2.04

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**

	The Group		The Company	
	31 Dec 2023 (Unaudited)	31 Dec 2022 (Audited)	31 Dec 2023 (Unaudited)	31 Dec 2022 (Audited)
Net asset value (\$'000)	19,637	22,776	24,940	25,105
Number of ordinary shares in issue ('000)	169,682	169,682	169,682	169,682
Net asset value per ordinary share (Singapore cents)	11.57	13.42	14.70	14.80

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 (FY2023 vs FY2022)

The Group's revenue decreased by approximately S\$17.5 million or 16.5% from S\$106.3 million in FY2022 to S\$88.8 million in FY2023. The decrease in revenue was mostly attributed to lower apparel orders placed by existing customers in the United Kingdom, Canada and Europe, which saw geographical revenues for the three regions declining by S\$13.4 million, S\$7.4 million and S\$2.7 million respectively. This was attributable to the lower consumer purchasing power as a result of the rising inflation and interest rates then, particularly in 1H2023. The decrease was offset by an increase in revenue from a new athleisure customer in United States, which saw revenue contributions increase by S\$7.2 million.

However, the Group's cost of sales did not decline in tandem with its revenue, decreasing by mere S\$9.6 million or 10.6% from S\$90.2 million in FY2022 to S\$80.6 million in FY2023. This decrease was mostly contributed by lower raw material costs of S\$8.9 million, supplemented by small savings in export handling charges of S\$0.3 million, labour costs of S\$0.2 million and factory overheads of S\$0.2 million. The disparity between revenue and cost of sales declines was caused by diseconomies of scale and one-off costs to fulfil a substantial maiden order from a new customer with tight delivery schedule incurred in 1H2023. As a result of the tight delivery schedule, the Group incurred higher salaries and production-related costs, and freight and delivery charges on the order concerned amounting to approximately S\$3.0 million.

Accordingly, the Group's gross profit margin dropped by 6.0 percentage points from approximately 15.2% in FY2022 to approximately 9.2% in FY2023.

The Group's other income increased by approximately S\$0.2 million or 30.0% from S\$0.56 million in FY2022 to S\$0.73 million in FY2023 primarily due to higher unrealised foreign exchange gain of S\$0.3 million and ad-hoc income from sub-contracting works done by a subsidiary in Malaysia of S\$0.1 million, offset by decline of S\$0.2 million in bad debt recovery.

The Group's administrative and general expenses decreased by approximately S\$1.7 million or 18.7% from S\$9.1 million in FY2022 to S\$7.4 million in FY2023. The decrease was mainly due to declines in foreign exchange loss by approximately S\$1.4 million and lower performance bonus by approximately S\$0.3 million.

Meanwhile, the Group's selling and marketing expenses increased slightly by approximately S\$0.06 million or 2.6% from previous year's S\$2.2 million. This increase was mostly attributed to higher sample development costs of S\$0.4 million and travelling expenses by S\$0.1 million, offset by lower sales commissions of S\$0.4 million paid to apparel sourcing agents.

The Group's finance costs increased by approximately S\$0.2 million or 21.2% from S\$0.9 million in FY2022 to S\$1.1 million in FY2023 principally due to higher interest expenses incurred on the Group's short-term borrowings following interest rate hikes.

As a result of the above, the Group recorded a net loss after tax of approximately S\$2.0 million in FY2023.

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets decreased by approximately S\$1.9 million from S\$18.2 million as at 31 December 2022 to S\$16.3 million as at 31 December 2023 mainly due to depreciation charge on the Group's property, plant and equipment and right-of-use assets, partially offset by acquisition of plant and machinery for the Group's textile manufacturing plant in Malaysia and apparel manufacturing plants in Cambodia.

Current Assets

Current assets increased by S\$7.3 million from S\$32.7 million as at 31 December 2022 to S\$40.0 million as at 31 December 2023.

Inventories increased slightly by S\$1.2 million from S\$11.3 million as at 31 December 2022 to S\$12.5 million as at 31 December 2023. The Group's inventories, which consists primarily of stock fabrics and accessories are held 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 2024 ("**1QFY2024**"), which is comparatively higher than the previous year.

Trade and other receivables also increased by approximately S\$4.0 million from S\$14.5 million as at 31 December 2022 to S\$18.5 million as at 31 December 2023. The increase was mainly driven by higher shipments made to customers towards the FY2023 year-end as sales improved.

Accordingly, cash and bank balances increased by approximately S\$1.5 million from S\$6.3 million as at 31 December 2022 to S\$7.8 million as at 31 December 2023.

Non-Current Liabilities

Non-current liabilities declined by approximately S\$1.0 million from S\$1.7 million as at 31 December 2022 to S\$0.7 million as at 31 December 2023.

Long-term borrowings decreased slightly by approximately S\$0.1 million from S\$0.7 million as at 31 December 2022 to S\$0.6 million as at 31 December 2023 due to the reclassification of term loans from "non-current" to "current".

Non-current lease liabilities also decreased by approximately S\$0.7 million from S\$0.9 million as at 31 December 2022 to S\$0.2 million as at 31 December 2023. This was mainly due to the reclassification of lease liabilities from "non-current" to "current".

Current Liabilities

Current liabilities climbed by S\$9.5 million from S\$26.5 million as at 31 December 2022 to S\$35.9 million as at 31 December 2023.

Short-term borrowings increased by approximately S\$4.1 million from S\$11.7 million as at 31 December 2022 to S\$15.8 million as at 31 December 2023 mainly due to additional short-term financing utilised. As the Group gradually shifts to customers which uses higher proportion of its own textile products, hence resulting in a longer production cycle.

In line with the customer shift and higher year-end shipments above, trade and other payables also increased by approximately S\$5.1 million from S\$13.8 million as at 31 December 2022 to approximately S\$18.9 million as at 31 December 2023.

Review of Statement of Cash Flows

The Group's net cash flow generated from operating activities amounted to approximately S\$1.1 million in FY2023. Despite recording loss before tax during the financial year, the Group recorded operating profit before working capital changes after adjusting for major non-cash items such as depreciation of property, plant and equipment of S\$2.0 million and interest expense of S\$1.1 million. Working capital wise, increase in trade and other payables were sufficient to offset corresponding increases in trade and other receivables together with inventories.

The Group's net cash flows used in investing activities in FY2023 amounted to approximately S\$0.8 million mainly due to the acquisition of plant and machinery for the Group's textile manufacturing plant in Malaysia and apparel manufacturing plants in Cambodia.

The Group's net cash flows generated from financing activities in FY2023 amounted to approximately S\$0.9 million primarily due to net proceeds from short-term borrowings, offset by interest paid, repayments of lease liabilities and additional pledged deposits placed.

As a result, the Group generated net cash of S\$1.3 million during the financial year.

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

In FY2023, the Group's overall performance was impacted by weak consumer demand as the purchasing power of consumers declined amid escalating inflation and interest rates, particularly in the first half of 2023. As we look ahead, the Group is cautiously optimistic of an improved outlook, with a potential rebound in consumer demand.

Having secured a solid order book for the first half of 2024, the Group will continue to enhance operational efficiencies and implement cost rationalisation measures while exercising financial prudence as we work towards improving our top line and profitability.

To stay competitive and ahead of industry trends, we remain committed to ongoing skill development and the adoption of innovative technologies, building on the lean manufacturing, General Sewing Data software, and automation that we have invested in the past years to continually optimise our manufacturing and work processes for maximum operational efficiencies. Concurrently, we will intensify our efforts to reduce production costs by consolidating and rationalising our supplier base to simplify our supplier management for greater efficiency and control material costs and quality more effectively.

We persistently strive to deliver high-quality products and services to remain a preferred manufacturer and service provider of quality, especially for the recently secured renowned international apparel brands. We will prioritise the timely and effective execution of our order book to meet customer expectations and ensure their satisfaction. Additionally, we will continue to seek new potential customers in our existing and new geographical markets for new business opportunities to boost our order book.

Given the challenging and uncertain economic environment, we will maintain a prudent approach as we explore and assess opportunities to expand our business and operations. We intend to seek additional manufacturing partnerships with selected apparel manufacturers in Vietnam to build up our production capacity and strategically position the Group to capitalise on growth opportunities when business sentiment improves. We will also closely monitor the development of our downstream expansion, especially as we navigate the early stages of establishing and managing women's apparel retail operations under our brands.

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 to the progressive capacity / automation upgrades on identified production processes in both the apparel manufacturing plants in Cambodia and textile manufacturing plant in Malaysia.

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 were 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. 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	38	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

16. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

There were no acquisition or realisation of shares in any of the Group's subsidiary or associated company nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during FY2023, save for the incorporation of an indirect wholly-owned subsidiary as follows:

On 21 July 2023, the Company's wholly-owned subsidiary, Knit Textile Holdings Sdn. Bhd. ("KTH") has incorporated a wholly-owned subsidiary in Malaysia, known as Pocketbrands Sdn. Bhd. ("PBSB").

As at the date of the announcement, PBSB had an initial share capital of MYR1, with its principal activity being retail selling or trading of garment and/or garment accessories. PBSB was incorporated to access new markets and prospective downstream apparel customers.

BY ORDER OF THE BOARD

Damien Lim Vhe Kai
 Chief Executive Officer

28 February 2024

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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