

Incredible

INCREDIBLE HOLDINGS LTD.

Incorporated in the Republic of Singapore
Company Registration Number: 199906220H

Unaudited Condensed Interim Financial Statements
For the six months and full year ended 31 December 2022

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Condensed Interim Consolidated Statement of Comprehensive Income
For the 6 months and full year ended 31 December 2022

	Note	2H2022 S\$'000	2H2021 S\$'000	Change %	FY2022 S\$'000	FY2021 S\$'000	Change %
Continuing operations							
Revenue	5	4,527	5,883	(23.05)	10,264	23,338	(56.02)
Cost of Sales		(3,967)	(5,354)	(25.91)	(9,363)	(22,572)	(58.52)
Gross profit		560	529	5.86	901	766	17.62
Gross profit margin		12.37%	8.99%		8.78%	3.28%	
Other operating income		1,514	458	230.57	1,637	523	213.0
Reversal of impairment on amount due from an associated company		-	26	NM	-	26	NM
Selling & distribution expenses		(85)	(101)	(15.84)	(148)	(115)	28.7
Administrative expenses		(2,125)	(3,133)	(32.17)	(4,310)	(4,601)	(6.32)
Other operating expenses		(1,279)	(2,885)	(55.67)	(1,279)	(2,885)	(55.67)
Finance costs		(104)	(35)	197.14	(237)	(37)	540.54
Share of profit of an associate		374	-	NM	424	-	NM
Loss from continuing operations		(1,145)	(5,141)	(77.73)	(3,012)	(6,323)	(52.36)
Income tax expense		-	-	-	-	-	-
Loss from continuing operations, net of tax		(1,145)	(5,141)	(77.73)	(3,012)	(6,323)	(52.36)
Profit / (Loss) from discontinued operations, net of tax		-	-	-	-	-	-
Loss for the period/year		(1,145)	(5,141)	(77.73)	(3,012)	(6,323)	(52.36)
Other comprehensive income:							
Currency translation differences on consolidation		146	661	(77.91)	270	(197)	(237.06)
Total comprehensive income for the period attributable to owners of the Company		(999)	(4,480)	(77.7)	(2,742)	(6,520)	(57.94)
Earnings per share for loss attributable to owners of the Company (cents per share)							
- Basic		(0.04)	(0.17)		(0.10)	(0.21)	
- Diluted		(0.04)	(0.17)		(0.10)	(0.21)	

Warrants have not been included in the calculation of diluted loss per share because they were anti-dilutive for the current and previous financial years.

Condensed Interim Statements of Financial Position As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		(Unaudited) S\$'000	(Audited) S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
Non-current assets					
Property, plant and equipment	11	131	1,394	21	40
Investment in subsidiaries		-	-	1,010	10
Investment in an associate		14,983	-	14,559	1
Investment in financial assets		3,119	-	3,119	-
Intangible assets	10	403	-	-	-
Goodwill		1,480	-	-	-
Total non-current assets		20,116	1,394	18,709	51
Current assets					
Inventories	12	537	5,657	-	-
Trade receivables	13	4,197	5,554	20	536
Other receivables, deposits and prepayments	13	931	527	661	34
Due from subsidiaries (non-trade)	13	-	-	516	-
Cash and cash equivalents		569	815	81	43
Total current assets		6,234	12,553	1,278	613
Non-current liability					
Lease liabilities		(678)	(874)	-	-
Promissory notes liabilities		(10,482)	-	(10,482)	-
Amount due to a director		(953)	-	(702)	-
Contract liabilities		(7)	-	-	-
Loan from third parties		(2,306)	-	-	-
Provision		-	(39)	-	-
Total non-current liabilities		(14,426)	(913)	(11,184)	-
Current liabilities					
Trade payables	15	(157)	(140)	-	-
Other payables and accruals	15	(3,247)	(3,493)	(718)	(1,422)
Due to an associate	15	(1,905)	-	(1,905)	-
Contract liabilities	15	(51)	(54)	-	-
Due to subsidiaries (non-trade)	15	-	-	(497)	(425)
Lease liabilities		(177)	(218)	-	-
Total current liabilities		(5,537)	(3,905)	(3,120)	(1,847)
Net current assets/(liabilities)		697	8,648	(1,842)	(1,234)
Net assets/(liabilities)		6,387	9,129	5,683	(1,183)
Share capital	14	53,665	53,665	53,665	53,665
Translation reserve		(445)	(715)	-	-
Accumulated losses		(46,833)	(43,821)	(47,982)	(54,848)
Total equity / (deficit)		6,387	9,129	5,683	(1,183)

Condensed Interim Statements Of Changes In Equity
The Group

Note	Share capital	Translation reserves	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2021	38,852	(518)	(37,498)	836
Loss for the year	-	-	(6,323)	(6,323)
Other comprehensive income for the period				
Currency translation differences on consolidation	-	(197)	-	(197)
Other comprehensive loss for the period, net of tax	-	(197)	-	(197)
Total comprehensive loss for the year	-	(197)	-	(197)
Issuance of shares	15,085			15,085
Cost of shares issuance	(272)			(272)
Balance as at 31 Dec 2021	53,665	(715)	(43,821)	9,129
Balance as at 1 Jan 2022	53,665	(715)	(43,821)	9,129
Loss for the year	-	-	(3,012)	(3,012)
Other comprehensive profit for the year	-	270	-	270
Total comprehensive profit / (loss) for the year, net of tax	-	270	(3,012)	(2,742)
Balance as at 31 Dec 2022	53,665	(445)	(46,833)	6,387

**Condensed Interim Statement Of Changes
In Equity (cont'd)**

	Note	Share capital	Accumulated losses	Total Equity / (deficit)
		S\$'000	S\$'000	S\$'000
<u>The Company</u>				
Balance as at 1 Jan 2021		38,852	(39,123)	(271)
Loss and total comprehensive loss for the year		-	(15,725)	(15,725)
Issuance of shares in connection with rights shares on 2 February 2021		15,085	-	15,085
Cost of issuance of new shares		(272)	-	(272)
Balance as at 31 Dec 2021		53,665	(54,848)	(1,183)
Balance as at 1 Jan 2022		53,665	(54,848)	(1,183)
Profit and total comprehensive loss for the year		-	6,866	6,866
Balance as at 31 Dec 2022		53,665	(47,982)	5,683

**Condensed Interim Consolidated Statement of Cash Flows
For the Financial Year Ended 31 December 2022**

	FY2022	FY2021
	S\$'000	S\$'000
<u>Cash flows from operating activities:</u>		
Loss before income tax	(3,012)	(6,323)
Total loss before tax	(3,012)	(6,323)
Adjustments for:		
Depreciation property, plant and equipment	271	153
Gain on disposal of plant and equipment	-	(3)
Gain on lease termination	-	(1)
Dividend income	(365)	-
Inventories written off	-	1
Write down of inventories	-	183
Reversal of inventory write down	-	(90)
Unrealised exchange losses / (gain)	95	(33)
Reversal of impairment losses on amount due from an associate	-	(27)
Interest expenses	237	37
Share of profit of associates	(424)	-
Impairment losses of plant and equipment	1,141	184
Impairment losses of goodwill	-	1,062
Impairment losses of website development costs	-	1,275
Impairment losses of prepayments	-	181
Operating cash flows before movement in working capital	(2,057)	(3,401)
<u>Change in working capital:</u>		
Inventories	5,120	(5,225)
Trade and other receivables	1,317	(5,305)
Trade and other payables	16,981	1,433
Contract liabilities	-	54
Currency translation adjustments	174	(208)
Cash generated from operations	21,535	(12,652)
Interest paid	-	-
Net cash generated from/(used in) operating activities	21,535	(12,652)
<u>Cash flows from investing activities:</u>		
Purchase of property, plant and equipment	(386)	(250)
Purchase of intangible assets	(403)	(195)
Purchase of financial assets	(3,120)	-
Investment in an associate	(14,558)	-
Proceeds from disposal of plant and equipment	-	11
Consideration paid for acquisition of a subsidiary	-	(453)
Prepayment for intangible assets – development of website	-	(125)
Repayments from an associated company	-	1,231
Net cash (used in)/generated from investing activities	(18,467)	219
<u>Cash flows from financing activities:</u>		
Advances from a director	953	2,163
Repayment to a director	-	(2,170)
Repayment of promissory notes to notes holders	(4,196)	-
Interest paid on lease liabilities	-	(37)
Repayment of lease liabilities	(72)	(145)
Loan from shareholders	-	7,196
Issuance of shares	-	5,674
Share issue expenses	-	(272)
Net cash (used in)/generated from financing activities	(3,315)	12,409

Net decrease in cash and cash equivalents	(247)	(24)
Cash and cash equivalent at beginning of the period	815	840
Effect of exchange rate changes on cash and cash equivalent	1	(1)
Cash and cash equivalent at end of the period	569	815

Notes To The Condensed Interim Consolidated Financial Statement

1. Corporate information

Incredible Holdings Ltd. (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those of provision of management and accounting services to its subsidiaries and including that of investment holding.

The principal activities of the Group are:

- (a) distributor of equipment and consumable materials for the electronic industry;
- (b) trading of watches; and
- (c) loan financing

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2022 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 2022.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency, and all values are rounded to the nearest thousand (\$'000), except when otherwise indicated.

2.1 Use of estimates and judgements

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 2021.

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.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2.2 to the financial statements.

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for the six months ended 31 December 2022 and financial year ended 31 December 2022.

2.2 New accounting standards effective on 1 January 2022

The accounting policies adopted and methods of computation are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. There were no new and revised standards used which are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

3. Seasonal operations

The Group's operations were not significantly affected by seasonal or cyclical factors during the period.

4. Segment and revenue information

The Group is organised into business units based on its products and services for management purposes because they require different technology and marketing strategies. The operations in each of the Group's reportable segments are as follows:

Segment 1: Trading of watches ("Watches")

Segment 2: Distribution of specialty chemical products, consumable material, films and spare parts for electronic industry ("Distribution")

Segment 3: Loan financing ("Loan financing")

Other operations include investment holding companies. None of these segments met any of the quantitative thresholds for determining reportable segments in 2021 and 2022.

6 months ended 31 December 2022

	Watches	Distribution	Other	Loan Financing	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	4,244	167	-	116	-	4,527
Segment profit/(loss)	(660)	(144)	7,345	(54)	(6,491)	(4)
Depreciation	(144)	(1)	(10)	-	-	(155)
Impairment losses of plant and equipment	(1,141)	-	-	-	-	(1,141)
Segment assets	3,787	791	20,729	1,902	(859)	26,350
<i>Segment assets includes:</i>						
Investment in associated companies	-	-	14,559	-	-	14,559
Additions to non current assets	302	-	-	-	-	302
Segment liabilities	2,686	129	14,665	2,483	-	19,963

6 months ended 31 December 2021

	Watches	Distribution	Other	Loan Financing	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	5,629	254	-	-	-	5,883
Segment loss	(977)	(111)	(15,549)	-	11,496	(5,141)
JSS grant income	-	16	14	-	-	30
Depreciation	(105)	(4)	(9)	-	-	(118)
Impairment losses on amount due from subsidiary	-	-	2,434	-	12,434	-
Reversal of impairment losses on amount due from an associated company	-	-	26	-	-	26
Impairment losses on investment in subsidiary	-	-	(125)	-	125	-
Impairment losses of prepayments	-	-	(181)	-	-	(181)
Impairment losses of goodwill	(1,062)	-	-	-	-	(1,062)
Impairment losses of website development costs	-	-	1,275	-	-	(1,275)
Impairment losses of plant and equipment	(184)	-	-	-	-	(184)
Segment assets	12,273	1,553	1,737	-	(1,515)	14,048
<i>Segment assets includes:</i>						
Investment in an associate	-	-	1	(1)	-	-
Additions to non current assets	1,638	1	366	-	2,005	2,005
Segment liabilities	26,831	178	3,002	-	(25,193)	4,818

12 months ended 31 December 2022

	Watches	Distribution	Other	Loan Financing	Elimination	Group
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	9,620	404	22	218	-	10,264
Segment profit/(loss)	(1,861)	(215)	6,817	(121)	(6,491)	(1,871)
JSS grant income	-	16	14	-	-	30
Depreciation	(252)	(1)	(19)	-	-	(272)
Impairment losses of plant and equipment	(1,141)	-	-	-	-	(1,141)
Segment assets	3,787	791	20,729	1,902	(859)	26,350

<i>Segment assets includes:</i>					
Investment in an associate	-	-	14,559	-	14,559
Additions to non current assets	386	-	-	-	386
Segment liabilities	2,686	129	14,665	2,483	-
					19,963

12 months ended 31 December 2021

	Watches S\$'000	Distribution S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	22,790	548	-	-	23,338
Segment profit/(loss)	(1,767)	(241)	(15,773)	11,496	(6,285)
JSS grant income	-	16	-	-	16
Depreciation	(107)	(27)	(19)	-	(153)
Reversal of inventory write down	-	90	-	-	90
Inventories written off	-	(1)	-	-	(1)
Write-down of inventories	183	-	-	-	183
Impairment losses on amount due from subsidiary	-	-	(12,434)	12,434	-
Reversal of impairment losses on amount due from an associated company	-	-	26	-	26
Impairment losses on investment in subsidiary	-	-	(125)	125	-
Impairment losses of prepayments	-	-	(181)	-	(181)
Impairment losses of goodwill	(1,062)	-	-	-	(1,062)
Impairment losses of website development costs	-	-	(1,275)	-	(1,275)
Impairment losses of plant and equipment	(184)	-	-	-	(184)
Segment assets	12,273	1,553	1,737	(1,515)	14,048
<i>Segment assets includes:</i>					
Investment in an associate	-	-	1	(1)	-
Additions to non current assets	1,638	1	366	-	2,005
Segment liabilities	26,831	178	3,002	(25,193)	4,818

5. Revenue

The following table provides a disaggregation disclosure of the Group's revenue for continuing operations by primary geographical market, major product lines and timing of revenue recognition.

	Watches S\$'000	Distribution S\$'000	Loan financing S\$'000	Total S\$'000
For the 6 months ended 31 December 2022				
Singapore	23	167	-	190
Korea	72	-	-	72
Hong Kong	2,190	-	116	2,306
Denmark	1,959	-	-	1,959
	<u>4,244</u>	<u>167</u>	<u>116</u>	<u>4,527</u>
For the 6 months ended 31 December 2021				
Singapore	248	254	-	502
Korea	14	-	-	14
Hong Kong	5,367	-	-	5,367
	<u>5,629</u>	<u>254</u>	<u>-</u>	<u>5,883</u>
For the 12 months ended 31 December 2022				
Singapore	37	404	-	441
Korea	181	-	-	181
Hong Kong	6,843	-	218	7,061
Denmark	2,581	-	-	2,581
	<u>9,642</u>	<u>404</u>	<u>218</u>	<u>10,264</u>
For the 12 months ended 31 December 2021				
Singapore	544	548	-	1,092
Korea	14	-	-	14
Hong Kong	22,232	-	-	22,232
	<u>22,790</u>	<u>548</u>	<u>-</u>	<u>23,338</u>

The Group's revenue is based on point in time. The customers are retail consumers, wholesale customers and corporate customers.

A breakdown of sales

	<u>Year ended 31 December 2022</u> S\$'000	<u>Year ended 31 December 2021</u> S\$'000	<u>Increase / (Decrease)</u> %
a) Sales reported for the first half year	5,737	17,455	(67.13)
b) Operating loss after tax before deducting minority interests reported for the first half year	(1,867)	(1,182)	57.95
c) Sales reported for the second half year	4,527	5,883	(23.05)
d) Operating loss after tax before deducting minority interests reported for second half year	(1,145)	(5,141)	(77.73)

6. Profit before taxation

6.1 Significant items

	For the 6 months ended December		For the 12 months ended December	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Other operating income				
Foreign exchange gain, net	91	398	91	407
Share of profit from associates	374	-	424	-
Other income*	1,514	458	1,637	523
Expenses				
Interest expenses	104	35	237	37
Depreciation of property, plant and equipment	154	118	271	153
Write down of inventories	-	183	-	183
Impairment of plants and equipment	1,141	-	1,141	-
Impairment of other receivables	8	-	8	-

* Other income mainly relates to the reversal of S\$1m bonus accrued in FY2021 to the Executive Director of the Company.

6.2 Related party transactions

	Group	
	2022	2021
	S\$'000	S\$'000
Rental expenses payable to an associated company	-	102
Rental expenses for loan financing business payable to company whereby the Company is owned by a shareholder cum director of the Company	75	41
Rental expenses for an associate payable to company whereby the Company is owned by a shareholder cum director of the Company	43	-
Rental income receivable from a company in Denmark which is owned by a shareholder cum director of the Company	90	-

7. Taxation

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

	For the 6 months ended December		For the 12 months ended December	
	2022	2021	2022	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expenses	-	-	-	-

8. Net asset value

	The Group		The Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net asset/(liabilities) value (S\$'000)	6,387	9,128	5,683	(1,183)
Number of ordinary shares	2,993,532,545	2,993,532,545	2,993,532,545	2,993,532,545
Net asset value per ordinary share (cents)	0.21	0.30	0.19	(0.04)

9. Earnings per ordinary share

	For the 6 months ended 31 December		For the 12 months ended 31 December	
	2022	2021	2022	2021
Loss attributable to owners of the Company (S\$'000)	(1,145)	(5,141)	(3,012)	(6,323)
Weighted average number of shares in issue during the period for calculating the EPS	2,993,532,545	2,764,751,652	2,993,532,545	2,764,751,652
Basic and Diluted loss per ordinary share(EPS)(cents)	(0.04)	(0.19)	(0.10)	(0.23)

Warrants have not been included in the calculation of diluted loss per share because they were anti-dilutive for the current and previous financial years.

10. Intangible assets

	The Group and the Company	
	Website development S\$'000	Goodwill S\$'000
At 31 December 2021		
Cost	-	-
Additions	403	1,480
Balance and net carrying amount as at 31 December 2022	403	1,480

As at 31 December 2022, intangible asset include (i) website development of S\$403,000 (31 December 2021: nil) and (ii) goodwill of S\$1,480,000 arise from the acquisition of Billion Credit Financial Company Limited (31 December 2021: nil).

11. Property, plant and equipment

During the current financial year, the Group acquired assets amounted to approximately S\$386,000 (2021: S\$250,000).

12. Inventories

	The Group	
	As at 31 December 2022 S\$'000	As at 31 December 2021 S\$'000
Consumables and parts	106	68
Trading inventories (at lower of cost or net realisable value)	431	5,589
	537	5,657

13. Trade and other receivables

	The Group		The Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables - third parties	4,197	5,554	20	536
Deposits	155	158	19	18
Prepayments	222	400	221	188
Other receivables - third parties				
	145	150	3	9
Promissory notes receivable	599	-	599	-
Loans to subsidiaries	-	-	16,954	23,445
Amounts due from an associated company	473	473	473	473
Amounts due from subsidiaries	-	-	2,500	1,511
	1,594	1,181	20,769	25,644
Less: Loss allowance on loan to a subsidiary	-	-	(16,954)	(23,445)
Less: Loss allowance on amounts due from an associated company	(473)	(473)	(473)	(473)
Less: Loss allowance on amounts due from subsidiaries	-	-	(1,984)	(1,511)
Less: Impairment loss on other receivables	(8)	-	-	-
Less: Impairment loss on prepayments	(181)	(181)	(181)	(181)
	932	527	1,177	34
Total	5,129	6,081	1,197	570

14. Share Capital

	The Group and the Company			
	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Number of issued shares	Issued share capital S\$'000	Number of issued shares	Issued share capital S\$'000
Balance as at 1 January	2,993,532,545	53,665	299,843,943	38,852
Issuance and allotment of rights shares on 2 February 2021	-	-	2,693,670,727	15,085
Cost of issuance of new shares	-	-	-	(272)
Issuance and allotment of ordinary shares pursuant to exercise of warrants on 15 March 2021*	-	-	17,875	-
Balance at as 31 December	2,993,532,545	53,665	2,993,532,545	53,665

The Company did not hold any treasury shares as at 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

The Company has 2,693,670,727 2021 Warrants outstanding as at 31 December 2022. Each Warrant shall grant the holder thereof the right to subscribe for one new ordinary share in the Company. The number of shares after the conversion of all outstanding convertibles is 5,687,203,272.

15. Trade and other payables

	The Group		The Company	
	As at 31 December 2022 S\$'000	As at 31 December 2021 S\$'000	As at 31 December 2022 S\$'000	As at 31 December 2021 S\$'000
Trade payables - third parties	157	140	-	-
	157	140	-	-
Other payables	2,254	1,069	463	183
Accrued operating expenses	556	584	115	99
Accrued remuneration for former directors of the Company	110	110	110	110
Accrued remuneration for directors of the Company	327	1,092	30	1,030
Advances from a director of the Company	-	20	-	-
Amount due to subsidiaries	-	-	497	425
Amount due to an associated company	1,905	-	1,905	-
Deferred cash consideration	-	618	-	-
Contract liabilities	51	54	-	-
	5,203	3,547	3,120	1,847
Total	5,360	3,687	3,120	1,847

Group Borrowings

	As at 31 December 2022		As at 31 December 2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings repayable more than one year	-	2,306	-	-
Financial lease less than one year	7	-	57	-
Financial lease more than one year	51	-	54	-
Amount repayable after one year	-	-	-	-
Total	58	2,306	111	-

Details of any collateral

As at 31 December 2022, the lease of S\$58,000 relates to a motor vehicle acquired under financial lease. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Save as disclosed above, the Group do not have any secured or unsecured loan as at 31 December 2022.

16. Acquisition of subsidiary

On 4 March 2022, the Company acquired 100% of the issued share capital in Billion Credit Financial Company Limited, a company in Hong Kong, for consideration of S\$1 million. Please refer to announcements and SGX queries dated 27 September 2021, 4 October 2021, 7 February 2022 and 4 March 2022 and circular dated 14 January 2022 for details.

Purchase consideration	S\$
Issuance of promissory note	1,000,000

On 7 April 2022, the Company acquired 15% of the issued share capital in New Genesis Development Limited on 6 April 2022 in relation to the acquisition of Gadmobe Group. Please refer to the announcement, SGX queries dated 27 October 2021, 2 November 2021 and 7 April 2022 for details.

This acquisition did not result in New Genesis Development Limited becoming a subsidiary or associate of the Company.

Purchase consideration	S\$
Issuance of promissory note	3,119,584

On 12 April 2022, the Company acquired 42% of the issued share capital in Golden Ultra Limited on 22 March 2022. Please refer to announcement, SGX queries dated 18 October 2021, 22 October 2021 and 12 April 2022 and circular dated 14 January 2022 for details.

Purchase consideration	S\$
Issuance of promissory note	14,600,000

17. Subsequent events

The lease of shop in Singapore terminated at the end of February 2023.

18. Other information required by Listing Rule Appendix 7.2

The condensed consolidated statement of financial position of Incredible Holdings Ltd. and its subsidiaries as at 31 December 2022 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 ended and certain explanatory notes have not been audited or reviewed.

Review of performance of the Group

Revenue, Gross Profit and Gross Profit Margin from Continuing Operations

The Group recorded revenue of approximately S\$4.5 million for the 6 months ended 31 December 2022 (**2H2022**) compared to approximately S\$5.9 million for the 6 months ended 31 December 2021 (**2H2021**). The Group recorded revenue of approximately S\$10.3 million for the financial year ended 31 December 2022 (**FY2022**) compared to approximately S\$23.3 million for the preceding year. The significant decrease was mainly due to lower demand for watches from the trading of watches business in Hong Kong which recorded S\$6.8 million in FY2022 compared to S\$22.2 million in FY2021. The decrease in sales was mainly due to the COVID impact during FY2022. The revenue of watch trading businesses recorded S\$2.6 million and S\$181 thousand from Denmark and Korea in FY2022 respectively (FY2021 S\$ nil and S\$14 thousand). Denmark and Korea subsidiaries commenced trading of watch operations in November 2021 and July 2021 respectively.

The overall gross profit margin of the Group increased from 8.99% for 2H2021 to 12.37% for 2H2022 due to the adjustment of selling price strategy from trading of watches in FY2022. The gross profit from trading of watches contributed approximately 94% of total gross profit. The gross profit margin in the trading of watches increased from 2.86% for FY2021 to 6.03% in FY2022 as the selling prices were adjusted strategically. The gross profit margin in Distribution increased from 20.86% to 25.19% as a result of an adjustment in cost of materials

As a result of the adjustment of selling price strategy, the Group's gross profit increased from S\$529 thousand in 2H2021 to S\$560 thousand in 2H2022 and increased by approximately S\$135 thousand to S\$901 thousand in FY2022 (FY2021: S\$766 thousand).

Other Operating Income

Other operating income increased from S\$458 thousand in 2H2021 to S\$1,514 thousand in 2H2022 and increased from S\$523 thousand in FY2021 to S\$1,637 thousand in FY2022 mainly due to the reversal of S\$1m bonus accrued in FY2021 to the Executive Director of the Company. The Company recorded a dividend income of S\$365 thousand from Golden Ultra Limited after the acquisition completed on 22 March 2022. The Company recorded other income of S\$140 thousand in Denmark in relation to the sublease of retail shop to 1) a company which is owned by a shareholder cum director of the Company and 2) a company which is not related to any of the shareholder or director of the Company.

Selling and Distribution Expenses

Selling and distribution expenses decreased from S\$101 thousand in 2H2021 to S\$85 thousand in 2H2022 due to the reduction of sales representatives near year end for cost control. The selling and distribution expenses increased from S\$115 thousand in FY2021 to S\$148 thousand in FY2022 as the Group hired more sales representative at the beginning of FY2022 for the expansion of trading of watch business in Singapore.

Administrative Expenses

The decrease in administrative expenses from approximately S\$3.1 million in 2H2021 to approximately S\$2.1 million in 2H2022 was mainly due to the director's S\$1 million bonus in 2H2022. The decrease in administrative expenses from approximately S\$4.6 million in FY2021 to approximately S\$4.3 million in FY2022 was mainly due to the absence of director remuneration of S\$1 million bonus payable to the Executive Director in FY2022 offset by the 1) increase in rent of approximately S\$132 thousand in Singapore, Korea and Denmark and 2) increase in payroll amounted S\$215 thousand result from hiring of new staffs for operation expansion in trading of watch business in Singapore 3) increase of audit fee by approximately S\$120 thousand in FY2022; 4) increase in computer expenses for the watch trading business (S\$74 thousand); 5) increase of accounting services fee of S\$80 thousand for subsidiaries in Korea and Denmark; and 6) increase of insurance and advertising expenses by S\$18 thousand and S\$15 thousand respectively.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment increased by S\$37 thousand from S\$118 thousand in 2H2021 to S\$154 thousand 2H2022 and increased from S\$153 thousand in FY2021 to S\$271 thousand in FY2022 due to additional property, plant and equipment purchased.

Other operating expenses

The other operating expenses decreased by S\$1.6 million from S\$2.9 million in FY2021 to S\$1.3 million in FY2022. The other operating expenses in FY2022 consists of 1) S\$1.14 million impairment of plants and equipment (renovation and rights of use unit) after the return of shop lease in Singapore to landlord at the end of February 2023. The Company considered not to lease the shop for the trading of watch operation in Singapore before the completion of independent review report and resumption of trading; and 2) S\$130 thousand exchange loss.

Finance cost

Interest expenses increased by S\$69 thousand from S\$35 thousand in 2H2021 to S\$104 thousand 2H2022 and increased from S\$37 thousand FY2021 to S\$237 thousand in FY2022 due to the increased interest paid on loan liabilities in relation to loan financing business in Hong Kong.

Loss after tax

The loss after tax recorded approximately S\$5.1 million in 2H2021 and loss of S\$1.1 thousand in 2H2022. The loss after tax decreased from S\$6.3 million for FY2021 to S\$3.0 million for FY2022 mainly due to the absence of 1) impairment losses of website development cost of S\$1.3 million; 2) impairment losses of goodwill of S\$1.1 million; 3) S\$1 million bonus accrued in FY2021; 4) write down of inventories of S\$183 thousand; 5) impairment losses of plant and equipment of S\$184 thousand; 6) impairment losses of prepayments of S\$181 thousand; 7) share of profit of an associate of S\$374 thousand in FY2022; 8) dividend income in FY2022 and 9) impairment loss of plants and equipment of S\$1.1 million in FY2022.

Non-Current Assets

The increase in the non-current assets of the Group by S\$18.7 million from S\$1.4 million as at 31 December 2021 to S\$20.1 million as at 31 December 2022, mainly due to 1) acquisition of 42% issued share capital in Golden Ultra Limited on 22 March 2022 (S\$15 million); 2) acquisition of 15% issued share capital in New Genesis Development Limited on 6 April 2022 (S\$3.1 million); 3) website development cost of S\$403 thousand in Korea subsidiary; 4) increase in goodwill of S\$1.45 million in relation to the acquisition of 100% issued share capital in Billion Credit Financial Company Limited on 4 March 2022 and 5) impairment loss of plants and equipment of S\$1.1 million.

Current Assets

The current assets of the Group decreased by approximately S\$6.3 million from S\$12.6 million as at 31 December 2021 to approximately S\$6.2 million as at 31 December 2022.

The inventories decreased approximately S\$5.1 million from S\$5.7 million as at 31 December 2021 to S\$0.5 million as at 31 December 2022 as a result of inventories sold.

The decrease in trade receivables by approximately S\$1.4 million as at 31 December 2021 resulted from collection of trade receivables.

The growth in other receivables, deposits and prepayments by approximately S\$405 thousand was mainly due to 1) promissory notes issued by Watches.com Limited (formerly known as Ntegrator International Limited) amounting to S\$599 thousand transferred from the Executive Director of the Company to the Company for the subscription of the announced rights issue of Watches.com Limited (albeit not completed). Please refer to the announcement dated 31 December 2021 by Ntegrator International Limited offset by 2) decrease of S\$178 thousand in prepayment for watch trading business.

Non-Current Liabilities

Non-current liabilities increased by S\$13.5 million from S\$913 thousand as at 31 December 2021 to S\$14.4 million as at 31 December 2022. It is mainly due to 1) promissory notes for acquisition of Billion Credit Financial Company Limited; Golden Ultra Limited and New Genesis Development Limited in FY2022 of S\$10.5 million; 2) increase in loan liabilities for loan financing business in Hong Kong (S\$2.3 million); 3) advances of S\$953 thousand from an Executive Director of the Company (which included the transfer of promissory notes of S\$599 thousand from the Executive Director of the Company as mentioned under current assets).

Current Liabilities

Current liabilities increased by approximately S\$1.6 million from S\$3.9 million as at 31 December 2021 to S\$5.5 million as at 31 December 2022. The amount of S\$1.9 million was due to an associate in relation to the partial repayment of promissory notes for the acquisition of New Genesis Development Limited paid by an associate on behalf of the Company.

The increase in trade payables from S\$140 thousand as at 31 December 2021 to S\$157 thousand as at 31 December 2022 was mainly due to the outstanding balance to suppliers of watches operation in 2H2022.

The decrease in other payables and accruals from S\$3.5 million as at 31 December 2021 to S\$3.2 million as at 31 December 2022 was mainly due to settlement of other payable and accruals. As at 31 December 2022, other payable and accruals consisted of (i) salaries/wages for staffs and directors' remuneration for past years (S\$457 thousand); (ii) audit fee for FY2022 (S\$188 thousand); (iii) professional fee for FY2021 & FY2022 (S\$717 thousand); (iv) rent for FY2022 (S\$108 thousand); (v) loan interest payable (S\$167 thousand); (vi) purchase of subsidiary in Denmark (S\$407 thousand); (vii) advances from directors of subsidiaries (S\$278 thousand); (viii) other payables of inventories (S\$668 thousand) others.

The decrease in lease liabilities by approximately S\$41 thousand from S\$218 thousand as at 31 December 2021 to S\$177 thousand as at 31 December 2022 was mainly due to the repayment in FY2022

Working Capital

The net working capital decreased from S\$8.6 million as at 31 December 2021 to S\$0.7 million as at 31 December 2022 as a result of the increase in current liabilities by S\$1.6 million and decrease in current assets of S\$6.3 million as at 31 December 2022.

Cashflow Position

The Group has a negative operating cash flows before movement in working capital of S\$2.1 million as at 31 December 2022 mainly due to loss before income tax of approximately S\$1.9 million and decreased by non-cash items of (i) unrealised exchange loss of S\$95 thousand; (ii) depreciation of S\$271 thousand; (iii) interest expenses of S\$237 thousand, offset by: (iv) dividend income of S\$365 thousand (v) share of profit from an associate S\$424 thousand and (vi) impairment loss of plants and equipment of S\$1.1 million.

Net cash generated from operating activities of approximately S\$21.5 million was mainly due to (i) decrease in inventories of S\$5.1 million; (ii) decrease in trade and other receivables of S\$1.3 million and (iii) increase in trade and other payables of S\$17.0 million.

Net cash of approximately S\$18.5 million was used in investing activities as at 31 December 2022 as a result of the (i) additional property, plant and equipment purchase of S\$386 thousand ; (ii) additional intangible asset of approximately S\$403 thousand; (iii) purchase of financial assets of S\$3.1 million in relation to acquisition of New Genesis Development Limited and (iv) investment in an associate in relation to the acquisition of Golden Ultra Limited of S\$14.6 million.

Net cash used in financing activities of S\$3.3 million as at 31 December 2022 was due to (i) partial repayment of promissory notes of S\$4.2 million for the acquisition of New Genesis Development Limited and full repayment of promissory notes for the acquisition of Billion Credit Financial Company Limited; (ii) repayment of lease liabilities of S\$72 thousand, offset by (iii) advances from an Executive Director of the Company of S\$953 thousand.

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

Not applicable.

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

Distribution

The distribution of the consumables to the electronics manufacturer's business segment will encounter material challenges in the next 12 months and a major customer has scaled down its operations in Singapore.

Trading of Watches

Due to the COVID-19, the operation of trading of watches is facing challenges in 2022. The Group will be able to tap into the thriving watches market in Hong Kong and Singapore where it is able to widen their source of revenue by extending these products to young individuals and professionals in 2023. Whilst Hong Kong will be the main market, the Group does not rule out possibilities of operating the Watches Business in other geographical areas as it deems fit.

Loan Financing

On 4 March 2022, the Company acquired 100% of the issued share capital in Billion Credit Financial Company Limited which engaged in operation of loan financing business in Hong Kong. Please refer to announcements and SGX queries dated 27 September 2021, 4 October 2021, 7 February 2022 and 4 March 2022 and circular dated 14 January 2022 for details. The Group will seek opportunities to expand the loan financing business when deems fit in the next 12 months.

As announced on 25 July 2022, the Company had appointed Provenance Capital Pte. Ltd. as the joint independent reviewer to perform a holistic review of all corporate actions and fund-raising exercises announced in the last 12 months. As of the date of the result announcement, the independent review report is in progress. The Company will make further announcements to update shareholders as and when there are material developments on this matter, including key findings of the independent review where appropriate. As a result of the joint independent review, the Company is not able to conduct any corporate actions.

The Company has obtained a financial support letter dated 10 August 2022 from the controlling shareholder of the Company at zero interest rate to enable the Company to meet its obligations as and when they fall due. till 9th August 2023.

Dividend

If a decision regarding dividend has been made

(a) Whether an interim (final) ordinary dividend has been declared (recommended).

None

(b) (i) Amount per share

Not applicable

(ii) Previous corresponding period

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.

Not applicable

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

The Board does not recommend a dividend payment as the Company is in a loss making position for the financial year ended 31 December 2022.

Update on the Utilisation of Proceeds for the Rights Issue

The Company had on 3 February 2021 announced that 2,693,670,727 Rights Shares and 2,693,670,727 2021 Warrants have been allotted and issued by the Company on 2 February 2021. The proceeds from the issue of the Rights Shares was S\$5,673,541.45 which for the avoidance of doubt, excluded the undertaken Rights Shares subscription amount of approximately S\$9.4 million that was set off against an equivalent amount of the principal amount outstanding and due and owing by the Company to Mission Well under the Mission Well Loan Agreement and Go Best under the Go Best Loan Agreement.

On 21 June 2021, the Company announced reallocation on the use of proceeds. As at the date of this announcement, the Company has utilized the net proceeds from Rights Issue as follows:

Use of proceeds	Allocation as per the Offer Information Statement		Reallocation	Amount utilized as at the date of this announcement	Balance
	%	S\$'000			
Funding the Financing Business	10	567	(567)	-	-
New Acquisitions	10	567	-	(300)	267
Expansion of the Luxury Goods Business	50	2,837	867	(3,704)	-
For general corporate and working capital purpose	30	1,702	(300)	(1,402)	-
Total	100	5,673	-	(5,406)	267

The above utilisation of the Net Proceeds from the Rights cum Warrants Issue is consistent with the intended uses as disclosed in the Company's Offer Information Statement dated 8 January 2021. The Company will continue to make periodic announcements via SGXNet on the utilisation of the balance of the proceeds as and when such proceeds are materially disbursed.

An aggregate amount of S\$1,402 thousand had been used for general working capital and the principal disbursements are set below:

	S\$'000
Professional fees	408
Website development expenses	123
Director fee	160
Others (included payroll, bank charges and other operating expenses)	711
Total	<u>1,402</u>

If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate for IPTs.

The Group had leased part of the office of HB 2021 ApS to Yourwatches.com ApS which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). The rental income for FY2022 was DKK460,000 (equivalent to S\$90,000)

The Group had leased an office of Billion Credit Financial Company Limited from a company which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). The total rental expenses paid in FY2022 for the period from April 2022 to December 2022 was HK\$450,000 (equivalent to S\$75,000).

The Group had leased an office of CKLY Trading Limited from a company which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). The total rental expenses paid in FY2022 for the period from April 2022 to December 2022 was HK\$242,000 (equivalent to S\$43,000). The amount represented a 42% share of rental expenses attributable to the Company's shareholdings in Golden Ultra Limited.

The Group did not have interested person transaction exceeding the S\$100,000 threshold.

Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors has confirmed that to the best of its knowledge, nothing has come to their attention which may render the Group's unaudited condensed interim financial results for the financial year ended 31 December 2022 to be false or misleading in any material aspect.

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuers must make an appropriate negative announcement.

During FY2022, there was no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to the directors, chief executive officer or substantial shareholders of the Company.

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 in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

By Order Of The Board
Christian Kwok-Leun Yau Heilesen
Executive Director
Dated: 1 March 2023

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange 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 is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.