



**KTMG LIMITED**

**AND ITS SUBSIDIARIES**

**(Registration No: 197401961C)**

**Unaudited Condensed Interim Financial Statements**

**For the final six months and full year ended 31 December 2022**

**Table of Contents**

A. Condensed Interim Consolidated Income Statement and Statement of Comprehensive Income .....	3
B. Condensed Interim Statements of Financial Position .....	4
C. Condensed Interim Statements of Changes in Equity .....	5
D. Condensed Interim Statements of Cash Flow .....	6
E. Notes to the Condensed Interim Consolidated Financial Statements .....	7
F. Other information required by Listing Rule Appendix 7C .....	15

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

The Group	Note	2H2022 (Unaudited) S\$'000	2H2021 (Unaudited) S\$'000	FY2022 (Unaudited) S\$'000	FY2021 (Audited) S\$'000
<b>Revenue</b>	4	54,491	69,520	106,294	97,835
Cost of sales		(46,294)	(60,166)	(90,166)	(84,242)
<b>Gross profit</b>		8,197	9,354	16,128	13,593
Other income, net		510	235	560	318
Administrative and general expenses		(4,888)	(3,863)	(9,153)	(7,282)
Selling and marketing expenses		(1,218)	(1,938)	(2,150)	(2,716)
Finance costs	5	(610)	(390)	(1,016)	(714)
<b>Profit before taxation</b>	6	1,991	3,398	4,369	3,199
Income tax expenses		(407)	(1,059)	(876)	(1,085)
<b>Net profit</b>		1,584	2,339	3,493	2,114
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>					
Foreign currency translation		(851)	27	(1,139)	(141)
<b>Total comprehensive profit attributable to equity holders of the Company</b>		<b>733</b>	<b>2,366</b>	<b>2,354</b>	<b>1,973</b>
<b>Profit attributable to:</b>					
- Owners of the Company		1,577	2,338	3,473	2,113
- Non-controlling interests		7	1	20	1
		1,584	2,339	3,493	2,114
<b>Total comprehensive income attributable to:</b>					
- Owners of the Company		726	2,365	2,334	1,972
- Non-controlling interests		7	1	20	1
		733	2,366	2,354	1,973
<b>Earnings per share for profit for the period attributable to the owners of the Company during the year:</b>					
Basic/ diluted (SGD in cent)		0.93	1.38	2.05	1.25

## B. Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		31 Dec 2022 (Unaudited)	31 Dec 2021 (Audited)	31 Dec 2022 (Unaudited)	31 Dec 2021 (Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Subsidiary		-	-	26,400	26,400
Property, plant and equipment	10	15,111	16,648	-	-
Right-of-use assets	11	2,989	3,512	-	-
Deferred tax assets		102	56	-	-
		<b>18,202</b>	20,216	<b>26,400</b>	26,400
<b>Current Assets</b>					
Inventories		11,350	21,573	-	-
Trade and other receivables	12	14,530	27,472	294	491
Prepaid corporate tax		540	255	-	-
Cash and bank balances		6,314	4,239	36	19
		<b>32,734</b>	53,539	<b>330</b>	510
<b>Total assets</b>		<b>50,936</b>	73,755	<b>26,730</b>	26,910
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	13	739	2,010	-	-
Lease liabilities		984	1,523	-	-
Deferred tax liabilities		-	37	-	-
		<b>1,723</b>	3,570	-	-
<b>Current liabilities</b>					
Borrowings	13	11,678	21,109	-	-
Lease liabilities		770	651	-	-
Trade and other payables	14	13,785	27,984	1,625	1,723
Tax payable		194	9	-	-
		<b>26,427</b>	49,753	<b>1,625</b>	1,723
<b>Total liabilities</b>		<b>28,150</b>	53,323	<b>1,625</b>	1,723
<b>Net assets</b>		<b>22,786</b>	20,432	<b>25,105</b>	25,187
<b>Equity and reserves</b>					
Share capital	15	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)		10,301	6,828	(8,667)	(8,585)
Foreign currency translation reserve		(1,218)	(79)	-	-
Capital reserve		571	571	571	571
Merger reserve		(20,106)	(20,106)	-	-
<b>Equity attributable to owners of the company</b>		<b>22,749</b>	20,415	<b>25,105</b>	25,187
Non-controlling interests		37	17	-	-
<b>Total equity and reserves</b>		<b>22,786</b>	20,432	<b>25,105</b>	25,187

### C. Condensed Interim Statements of Changes in Equity

	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
<b>The Group</b>								
<b>As at 1 Jan 2022</b>	33,201	6,828	(79)	571	(20,106)	20,415	17	20,432
Total comprehensive income for the financial period	-	3,473	(1,139)	-	-	2,334	20	2,354
<b>As at 31 Dec 2022</b>	<b>33,201</b>	<b>10,301</b>	<b>(1,218)</b>	<b>571</b>	<b>(20,106)</b>	<b>22,749</b>	<b>37</b>	<b>22,786</b>
<b>As at 1 Jan 2021</b>	33,201	4,715	62	571	(20,106)	18,443	-	18,443
Total comprehensive income for the financial period	-	2,113	(141)	-	-	1,972	1	1,973
Non-controlling interest arising from incorporation of subsidiary	-	-	-	-	-	-	16	16
<b>As at 31 Dec 2021</b>	<b>33,201</b>	<b>6,828</b>	<b>(79)</b>	<b>571</b>	<b>(20,106)</b>	<b>20,415</b>	<b>17</b>	<b>20,432</b>

<u>Company</u>	Share capital	(Accumulated losses)	Capital reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 1 Jan 2022</b>	33,201	(8,585)	571	25,187
Total comprehensive loss for the financial period	-	(82)	-	(82)
<b>As at 31 Dec 2022</b>	<b>33,201</b>	<b>(8,667)</b>	<b>571</b>	<b>25,105</b>
<b>As at 1 Jan 2021</b>	33,201	(8,262)	571	25,510
Total comprehensive loss for the financial period	-	(323)	-	(323)
<b>As at 31 Dec 2021</b>	<b>33,201</b>	<b>(8,585)</b>	<b>571</b>	<b>25,187</b>

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 Interim Statements of Cash Flows

	<b>The Group</b>	
	<b>FY2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2021</b> <b>(Audited)</b> <b>S\$'000</b>
<b>Operating activities</b>		
Profit before tax	4,369	3,199
Adjustment for:		
Depreciation of property, plant and equipment and right-of-use assets	2,175	2,191
Impairment loss recognised on receivables, net	160	158
Interest expense	1,016	714
Interest income	(33)	(35)
(Gain)/ loss on disposal of property, plant and equipment	(7)	18
Operating cash flows before working capital changes	7,680	6,245
Working capital changes		
Trade and other receivables	12,782	(5,306)
Trade and other payables	(14,199)	10,617
Inventories	10,223	(10,791)
Cash generated from operations	16,486	765
Interest received	33	35
Income tax paid	(1,059)	(1,830)
<b>Net cash generated from/ (used in) operating activities</b>	<b>15,460</b>	<b>(1,030)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and right-of-use assets	(599)	(2,622)
Proceeds from disposal of property, plant and equipment	89	3
<b>Net cash used in investing activities</b>	<b>(510)</b>	<b>(2,619)</b>
<b>Financing activities</b>		
Proceeds from term loans and other short-term loans	64,519	66,864
Repayment of term loans and other short-term loans	(75,422)	(62,641)
Repayment of principal elements of lease liabilities	(741)	(635)
Interest paid	(1,016)	(714)
Changes in pledged deposits	28	(131)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(12,632)</b>	<b>2,743</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>2,318</b>	<b>(906)</b>
Cash and cash equivalents at the beginning of financial period	2,864	3,721
Effects of exchange rate changes on cash and cash equivalents	(215)	49
<b>Cash and cash equivalents at the end of financial period</b>	<b>4,967</b>	<b>2,864</b>
	<b>The Group</b>	
	<b>FY2022</b> <b>S\$'000</b>	<b>FY2021</b> <b>S\$'000</b>
<u>Cash and cash equivalents in the consolidated statements of cash flows:</u>		
Cash and bank balances	6,314	4,239
Less: Pledged deposits	(1,347)	(1,375)
Cash and cash equivalents	4,967	2,864

## **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 2022 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 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 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 2022. 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 2021.

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
- 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, 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 is as follows:

<b>Revenue</b>	<b>2H2022</b>	<b>2H2021</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$’000</b>	<b>S\$’000</b>	<b>S\$’000</b>	<b>S\$’000</b>
<b>The Group</b>				
United States	11,707	30,728	28,801	42,621
United Kingdom	27,061	20,582	44,053	28,991
European Union	10,170	15,475	18,951	21,264
Canada	4,235	798	10,959	1,421
Malaysia	790	958	1,819	1,733
Others	528	979	1,711	1,805
	54,491	69,520	106,294	97,835

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:

	<b>The Group</b>		
	<b>FY2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2021</b> <b>(Audited)</b> <b>S\$'000</b>	<b>increase/ (decrease)</b> <b>%</b>
(a) Sales reported for first half year	51,803	28,315	83.0
(b) Operating profit/ (loss) after tax before deducting non-controlling interests reported for first half year	1,909	(225)	N.M.
c) Sales reported for second half year	54,491	69,520	(21.6)
d) Operating profit after tax before deducting non-controlling interests reported for second half year	1,584	2,339	(32.3)

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

<b>Non-current assets</b>	<b>The Group</b>	
	<b>As at 31 Dec 2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>As at 31 Dec 2021</b> <b>(Audited)</b> <b>S\$'000</b>
Malaysia	14,923	16,083
Cambodia	3,180	3,999
Singapore	99	134
	<b>18,202</b>	<b>20,216</b>

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

<b>Non-current assets</b>	<b>The Group</b>	
	<b>As at 31 Dec 2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>As at 31 Dec 2021</b> <b>(Audited)</b> <b>S\$'000</b>
Property, plant and equipment	15,111	16,648
Right-of-use assets	2,989	3,512
Deferred tax assets	102	56
	<b>18,202</b>	<b>20,216</b>

## 5. Finance Cost

<b>The Group</b>	<b>2H2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>2H2021</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2021</b> <b>(Audited)</b> <b>S\$'000</b>
Interest expenses on:				
- Term loans	63	34	116	58
- Other short-term loans	349	203	591	355
- Lease liabilities	198	153	309	301
	<b>610</b>	<b>390</b>	<b>1,016</b>	<b>714</b>

**6. Profit before tax for the year**

<b>The Group</b>	<b>2H2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>2H2021</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2021</b> <b>(Audited)</b> <b>S\$'000</b>
Profit before tax for the period included the following items -				
Depreciation expenses:				
Property, plant and equipment	(718)	(775)	(1,441)	(1,473)
Right-of-use assets	(371)	(364)	(734)	(718)
Foreign exchange (loss)/ gain, net	(890)	58	(1,617)	(402)
Legal and other professional fees	(260)	(305)	(678)	(493)
Impairment loss reversed/ (recognized) on trade receivables, net	(32)	64	(160)	(158)

**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:

	<b>The Group</b>			
	<b>2H2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>2H2021</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2022</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>FY2021</b> <b>(Audited)</b> <b>S\$'000</b>
Current taxation				
Current period/ year	463	859	961	910
Deferred tax expense				
Origination and reversal of temporary differences	(56)	200	(85)	175
	407	1,059	876	1,085

	<b>2022</b>	<b>2021</b>
<b>Tax rates</b>	<b>%</b>	<b>%</b>
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**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 Dec 2022 (Unaudited) S\$'000</b>	<b>31 Dec 2021 (Audited) S\$'000</b>	<b>31 Dec 2022 (Unaudited) S\$'000</b>	<b>31 Dec 2021 (Audited) S\$'000</b>
<b>Financial Assets</b>				
Trade and other receivables	14,088	27,095	286	471
Cash and bank balances	6,314	4,239	36	19
	<b>20,402</b>	<b>31,334</b>	<b>322</b>	<b>490</b>
<b>Financial Liabilities</b>				
Borrowings	12,417	23,119	-	-
Lease liabilities	1,754	2,174	-	-
Trade and other payables	13,498	27,525	1,625	1,723
	<b>27,669</b>	<b>52,818</b>	<b>1,625</b>	<b>1,723</b>

**10. Property, plant and equipment**

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

	<b>The Group</b>	
	<b>31 Dec 2022 (Unaudited) S\$'000</b>	<b>31 Dec 2021 (Audited) S\$'000</b>
<b>Cost</b>		
Opening balance	28,416	25,638
Additions	800	3,675
Reclassification from ROU assets upon full repayment of lease liabilities	91	196
Disposals / written-off	(509)	(923)
Translation differences on consolidation	(1,258)	(170)
<b>Closing balance</b>	<b>27,540</b>	<b>28,416</b>
<b>Accumulated depreciation</b>		
Opening balance	11,768	11,000
Depreciation charge	1,441	1,473
Reclassification from ROU assets upon full repayment of lease liabilities	91	182
Disposals / written-off	(427)	(902)
Translation differences on consolidation	(444)	15
<b>Closing balance</b>	<b>12,429</b>	<b>11,768</b>
<b>Carrying amount</b>	<b>15,111</b>	<b>16,648</b>

**11. Right-of-use assets**

	<b>The Group</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cost</b>		
Opening balance	5,318	5,742
New leases entered during the period	321	119
Early termination/ end of lease	(21)	(343)
Reclassification to "property, plant and equipment" on full repayment of lease liabilities	(91)	(196)
Translation differences on consolidation	(163)	(4)
<b>Closing balance</b>	<b>5,364</b>	<b>5,318</b>
<b>Accumulated depreciation</b>		
Opening balance	1,806	1,628
Depreciation charge	734	718
Early termination/ end of lease	(20)	(343)
Reclassification to "property, plant and equipment" on full repayment of lease liabilities	(91)	(182)
Translation differences on consolidation	(54)	(15)
<b>Closing balance</b>	<b>2,375</b>	<b>1,806</b>
<b>Carrying amount</b>	<b>2,989</b>	<b>3,512</b>

**12. Trade and other receivables**

	<b>The Group</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Trade receivables	13,526	26,767
Allowance for impairment loss	(364)	(649)
Net trade receivables	13,162	26,118
Other receivables	41	101
Deposits	885	876
Financial assets at amortised cost	<b>14,088</b>	<b>27,095</b>
Advances to suppliers	-	-
Prepayments	223	192
Net input GST/ VAT recoverable	219	185
<b>Total trade and other receivables</b>	<b>14,530</b>	<b>27,472</b>

### 13. Borrowings

	Maturity on borrowings	The Group	
		31 Dec 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
<b>Secured</b>			
Term loans:			
-	Floating rate	2023 – 2024	
			2,063
			3,289
			<u>2,063</u>
			<u>3,289</u>
Other short-term loans:			
-	Trust receipts	On demand	
			7,700
-	Bankers' acceptance	On demand	
			2,228
-	Invoice financing	On demand	
			426
			<u>10,354</u>
			<u>19,830</u>
			<u>12,417</u>
			<u>23,119</u>
Presented as:			
-	Non-current		739
-	Current		2,010
			<u>11,678</u>
			<u>21,109</u>
			<u>12,417</u>
			<u>23,119</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

	The Group	
	31 Dec 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
Trade payables	7,792	19,568
Amounts due to directors/ shareholders (non-trade)	1,610	1,666
Accrued operating expenses	1,312	1,614
Accrued salaries and wages	1,341	1,467
Other payables	1,212	2,889
Miscellaneous creditors	231	321
Financial liabilities at amortised cost	<b>13,498</b>	<b>27,525</b>
Provision for sales rebates	287	459
	<b>13,785</b>	<b>27,984</b>

## 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 2022 and 31 December 2021.

Ordinary Shares	No. of shares ( <b>'000</b> )	Issued and paid-up share capital of the Company ( <b>S\$'000</b> )
<b>As at 31 December 2022 and 31 December 2021</b>	169,682	33,201

## 16. Acquisition / incorporation of subsidiary

There was no acquisition made during the financial year under review. Nonetheless, the Group has incorporated an indirect wholly-owned subsidiary during the financial year.

On 21 November 2022, the Company announced that its wholly-owned subsidiary, Knit Textile and Apparel Pte. Ltd. has incorporated a wholly-owned subsidiary in the Socialist Republic of Vietnam, known as Knit Textile Vietnam Company Limited ("KTVCL").

As at the date of the announcement, KTVCL had an initial issued and paid-up share capital of VND705,000,000, which is equivalent to approximately US\$30,000 and its principal activity is to provide management consulting services. KTVCL was incorporated to explore potential opportunities in the Vietnam market.

## 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.**

	<b>As at 31 Dec 2022</b>	<b>As at 31 Dec 2021</b>
<b>Total issued shares (excluding treasury shares)</b>	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 2022 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 2022 (“FY2022”) as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2021 (“FY2021”).

**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.**

	<b>The Group</b>	
	<b>FY2022</b>	<b>FY2021</b>
Profit attributable to owners of the Company (S\$’000)	3,473	2,113
Weighted average number of ordinary shares in issue (’000)	169,682	169,682
<b>Basic and diluted earnings per share (“EPS”) (Singapore cents)</b>	<b>2.05</b>	<b>1.25</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>31 Dec 2022 (Unaudited)</b>	<b>31 Dec 2021 (Audited)</b>	<b>31 Dec 2022 (Unaudited)</b>	<b>31 Dec 2021 (Audited)</b>
Net asset value (S\$’000)	22,786	20,432	25,105	25,187
Number of ordinary shares in issue (’000)	169,682	169,682	169,682	169,682
<b>Net asset value per ordinary share (Singapore cents)</b>	<b>13.43</b>	<b>12.04</b>	<b>14.80</b>	<b>14.84</b>

**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 (FY2022 vs FY2021)**

The Group's revenue increased by approximately S\$8.5 million or 8.6% from S\$97.8 million in FY2021 to S\$106.3 million in FY2022. The increase in revenue was mostly attributed to a surge in apparel orders placed by customers in United Kingdom and Canada, which saw its geographical revenues for both regions increasing by S\$15.1 million and S\$9.5 million respectively, offset by declines in United States (S\$13.8 million) and European Union (S\$2.3 million) markets respectively.

Accordingly, the Group's cost of sales increased by approximately S\$6.0 million or 7.0% from S\$84.2 million in FY2021 to S\$90.2 million in FY2022. Despite overall higher material costs, the Group managed to keep increases to cost of sales manageable due to improved economies of scale which resulted in labour costs and factory overheads savings.

Due to the cost savings above, the Group's gross profit margin increased by 1.3 percentage points from approximately 13.9% in FY2021 to approximately 15.2% in FY2022.

The Group's other income increased by approximately S\$0.2 million or 76.1% from S\$0.32 million in FY2021 to S\$0.56 million in FY2022 mainly attributed to bad debt recovered from a customer during the financial year.

The Group's administrative and general expenses increased by approximately S\$1.9 million or 25.7% from S\$7.3 million in FY2021 to S\$9.2 million in FY2022. The increase was mainly due to rise in foreign exchange loss by approximately S\$1.2 million recorded for FY2022 due to significant weakening of MYR against USD, affecting the results of the Group's Malaysian subsidiaries. The Group also incurred higher salary and related expenses (including performance bonus) of approximately S\$0.5 million in tandem with the Group's improved performance and additional S\$0.2 million in legal and professional fees.

The Group's selling and marketing expenses decreased by approximately S\$0.6 million or 20.8% from S\$2.7 million in FY2021 to S\$2.1 million in FY2022. This decrease was mostly attributed to lower sales commissions of S\$0.4 million paid to apparel sourcing agents and decline in freight expenses of approximately S\$0.3 million as shipping congestion eased during the financial year; offset against S\$0.1 million increase in travelling expenses as overseas marketing trips resumed after re-opening of borders.

In the current global business environment of rising interest rates, the Group's finance costs surged by S\$0.3 million or 42.3% from S\$0.7 million in FY2021 to S\$1.0 million in FY2022. On this backdrop, the Group has been pro-active in managing its cash flow and has made periodic early settlements of short-term borrowings during the financial year.

As a result of the above, the Group recorded a net profit after tax of approximately S\$3.5 million in FY2022.

## **Consolidated Statement of Financial Position**

### **Non-Current Assets**

Non-current assets decreased by approximately S\$2.0 million from S\$20.2 million as at 31 December 2021 to S\$18.2 million as at 31 December 2022 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 apparel manufacturing facilities in Cambodia and textile facility in Malaysia.

### **Current Assets**

Current assets dropped by S\$20.8 million from S\$53.5 million as at 31 December 2021 to S\$32.7 million as at 31 December 2022.

Inventories decreased by S\$10.2 million from S\$21.6 million as at 31 December 2021 to S\$11.4 million as at 31 December 2022. Inventories level returned to normal after previous year's one-off increase in stock fabric and other raw materials 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**"). The Group also held higher levels of finished goods as at previous year-end as deliveries to customers were postponed due to global shortage of shipping containers.

Trade and other receivables also decreased by approximately S\$13.0 million from S\$27.5 million as at 31 December 2021 to S\$14.5 million as at 31 December 2022. The decrease was mainly due to collections made during the year and market demand returning to pre-pandemic level towards the year-end.

Accordingly, cash and bank balances increased by approximately S\$2.1 million from S\$4.2 million as at 31 December 2021 to S\$6.3 million as at 31 December 2022.

### **Non-Current Liabilities**

Non-current liabilities declined by approximately S\$1.9 million from S\$3.6 million as at 31 December 2021 to S\$1.7 million as at 31 December 2022.

Long-term borrowings decreased by approximately S\$1.3 million from S\$2.0 million as at 31 December 2021 to S\$0.7 million as at 31 December 2022 due to the reclassification of term loans from "non-current" to "current".

Non-current lease liabilities also decreased by approximately S\$0.5 million from S\$1.5 million as at 31 December 2021 to S\$1.0 million as at 31 December 2022. This was mainly due to the reclassification of lease liabilities from "non-current" to "current".

### **Current Liabilities**

Current liabilities fell by S\$23.4 million from S\$49.8 million as at 31 December 2021 to S\$26.4 million as at 31 December 2022.

Short-term borrowings decreased by approximately S\$9.4 million from S\$21.1 million as at 31 December 2021 to S\$11.7 million as at 31 December 2022 due to pro-active cash flow management by the Group (including making early settlements of certain short-term borrowings).

Trade and other payables also decreased by approximately S\$14.2 million from S\$28.0 million as at 31 December 2021 to approximately S\$13.8 million as at 31 December 2022. This was mainly attributed to decline in trade payables of S\$11.8 million while other payables also decreased by S\$2.4

million, mostly due to settlement of certain non-trade purchases and lower year-end accruals and provisions.

**Review of Statement of Cash Flows**

The Group's net cash flow generated from operating activities amounted to approximately S\$15.5 million in FY2022. Besides recording higher profit before tax during the financial year, previous year-end's inventories were also shipped out during the year as supply chain bottlenecks eased. This was evident from the declines in trade and other receivables together with inventories, and a corresponding drop in trade and other payables.

The Group's net cash flows used in investing activities in FY2022 amounted to approximately S\$0.5 million mainly due the acquisition of plant and machinery and office equipment for the apparel manufacturing facilities in Cambodia and textile facility in Malaysia.

The Group's net cash flows used in financing activities in FY2022 amounted to approximately S\$12.6 million primarily due to the settlement of other short-term borrowings to cushion its bottom line against the rising interest rates.

As a result, the Group generated net cash of S\$2.4 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 the first half of FY2022, while the Group benefited from higher customer orders and demand from the gradual recovery of economies, the Group still experienced shipping delays amidst supply chain disruptions. Macroeconomic factors such as the inflationary pressures and the Russia-Ukraine conflict have also contributed to the dampened demand. This was made worse as central banks adopted contractionary monetary policy to tame inflation. Nevertheless, we are cautiously optimistic for the year to come and anticipate consumer demand to return to its pre-pandemic level in 2023.

Despite the challenging business conditions, we have implemented several initiatives to enhance our operational efficiency and competitive edge. We have improved and streamlined our apparel manufacturing operations by relocating selected production lines from our factory in Malaysia to Cambodia. At the same time, we continued to strengthen our capabilities to develop innovative quality products with our integrated capabilities to expand our customer base to include more renowned international apparel brands. In FY2022, we have successfully secured more international retailers to add to our client base, and this will, in turn, strengthen the Group's revenue.

Additionally, we have set up a subsidiary in Vietnam to explore potential opportunities in the Vietnam market. We plan to explore collaboration with local apparel manufacturers given the competitive costs and sound supporting industries and infrastructure in Vietnam.

Amid rising cost pressures due to inflation, we will remain diligent in exercising financial prudence and managing our operating costs efficiently. As we move forward, we will continue to invest for growth in a disciplined manner, seeking opportunities to position the Group for future growth and maximise long-term returns.

**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 planned capacity expansion for its sole fabric dyeing and finishing plant in Malaysia and two apparel manufacturing facilities in Cambodia.

**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	37	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 FY2022, save for the incorporation of an indirect wholly-owned subsidiary as follows:

On 21 November 2022, the Company announced that its wholly-owned subsidiary, Knit Textile and Apparel Pte. Ltd. has incorporated a wholly-owned subsidiary in the Socialist Republic of Vietnam, known as Knit Textile Vietnam Company Limited ("KTVCL").

As at the date of the announcement, KTVCL had an initial issued and paid-up share capital of VND705,000,000, which is equivalent to approximately US\$30,000 and its principal activity is to provide management consulting services. KTVCL was incorporated to explore potential opportunities in the Vietnam market.

**BY ORDER OF THE BOARD**

Damien Lim Vhe Kai  
 Chief Executive Officer

27 February 2023

This announcement has been reviewed by the Company's sponsor SAC Capital Private Limited (the "Sponsor"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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