



KTMG LIMITED

AND ITS SUBSIDIARIES

(Registration No: 197401961C)

Unaudited Condensed Interim Financial Statements

For the half year ended 30 June 2024

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(A) Condensed Interim Consolidated Statement of Comprehensive Income

The Group	Note	1H2024 (Unaudited) S\$'000	1H2023 (Unaudited) S\$'000	Change %
Revenue	4	40,926	29,706	37.8
Cost of sales		(36,168)	(25,837)	40.0
Gross profit		4,758	3,869	23.0
Other income, net		198	226	(12.4)
Administrative and general expenses		(3,324)	(3,280)	1.3
Selling and marketing expenses		(877)	(644)	36.2
Finance costs	5	(581)	(488)	19.1
Profit/ (loss) before taxation	6	174	(317)	NM
Income tax expenses	7	(54)	(31)	74.2
Net profit/ (loss)		120	(348)	NM
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss (nil of tax)</i>				
Foreign currency translation		229	(954)	NM
Total comprehensive profit/ (loss) attributable to equity holders of the Company		349	(1,302)	NM
Profit/ (loss) attributable to:				
- Owners of the Company		111	(358)	NM
- Non-controlling interests		9	10	(10.0)
		120	(348)	NM
Total comprehensive income/ (loss) attributable to:				
- Owners of the Company		340	(1,312)	NM
- Non-controlling interests		9	10	(10.0)
		349	(1,302)	NM
Earnings per share for profit/ (loss) attributable to Owners of the Company during the period:				
- Basic/ diluted (SGD in cents)		0.07	(0.21)	NM

NM – not meaningful

(B) Condensed Interim Statements of Financial Position

	Note	The Group		The Company	
		30 Jun 2024 (Unaudited)	31 Dec 2023 (Audited)	30 Jun 2024 (Unaudited)	31 Dec 2023 (Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current assets					
Subsidiary		-	-	26,400	26,400
Property, plant and equipment	10	13,705	13,780	-	-
Right-of-use assets	11	1,949	2,217	-	-
Deferred tax assets		414	309	-	-
		16,068	16,306	26,400	26,400
Current Assets					
Inventories		32,258	12,542	-	-
Trade and other receivables	12	20,087	18,495	176	282
Prepaid corporate tax		1,434	1,123	-	-
Cash and bank balances		3,148	7,826	27	16
		56,927	39,986	203	298
Total assets		72,995	56,292	26,603	26,698
Liabilities					
Non-current liabilities					
Borrowings	13	546	571	-	-
Lease liabilities		192	217	-	-
Deferred tax liabilities		10	10	-	-
		748	798	-	-
Current liabilities					
Borrowings	13	20,573	15,764	-	-
Lease liabilities		505	807	-	-
Trade and other payables	14	30,849	18,947	1,698	1,758
Tax payable		334	339	-	-
		52,261	35,857	1,698	1,758
Total liabilities		53,009	36,655	1,698	1,758
Net assets		19,986	19,637	24,905	24,940
Equity and reserves					
Share capital	15	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)		8,434	8,323	(8,867)	(8,832)
Foreign currency translation reserve		(2,176)	(2,405)	-	-
Capital reserve		571	571	571	571
Merger reserve		(20,106)	(20,106)	-	-
Equity attributable to Owners of the Company		19,924	19,584	24,905	24,940
Non-controlling interests		62	53	-	-
Total equity and reserves		19,986	19,637	24,905	24,940

(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 interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
As at 1 Jan 2024	33,201	8,323	(2,405)	571	(20,106)	19,584	53	19,637
Total comprehensive income for the financial period	-	111	229	-	-	340	9	349
As at 30 Jun 2024	33,201	8,434	(2,176)	571	(20,106)	19,924	62	19,986
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	-	(358)	(954)	-	-	(1,312)	10	(1,302)
As at 30 Jun 2023	33,201	9,934	(2,172)	571	(20,106)	21,428	46	21,474

	Share capital	(Accumulated losses)	Capital reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
The Company				
As at 1 Jan 2024	33,201	(8,832)	571	24,940
Total comprehensive loss for the financial period	-	(35)	-	(35)
As at 30 Jun 2024	33,201	(8,867)	571	24,905
As at 1 Jan 2023	33,201	(8,667)	571	25,105
Total comprehensive loss for the financial period	-	(39)	-	(39)
As at 30 Jun 2023	33,201	(8,706)	571	25,066

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) Condensed Interim Statement of Cash Flows

	The Group	
	1H2024 (Unaudited) S\$'000	1H2023 (Unaudited) S\$'000
Operating activities		
Profit/ (loss) before tax	174	(317)
Adjustment for:		
Depreciation of property, plant and equipment and right-of-use assets	855	1,022
Impairment loss recognized/ (reversed) on receivables, net	23	(81)
Interest expense	580	487
Interest income	(43)	(22)
(Gain)/ loss on disposal of property, plant and equipment, net	(25)	118
Operating cash flows before working capital changes	1,564	1,207
Working capital changes		
Trade and other receivables	(1,615)	259
Trade and other payables	12,143	8,286
Inventories	(19,716)	(12,817)
Cash (used in) operations	(7,624)	(3,065)
Interest received	43	22
Income tax paid	(475)	(406)
Net cash (used in) operating activities	(8,056)	(3,449)
Investing activities		
Purchase of property, plant and equipment and right-of-use assets	(347)	(352)
Proceeds from disposal of property, plant and equipment	31	1
Net cash (used in) investing activities	(316)	(351)
Financing activities		
Proceeds from term loans and other short-term loans	32,551	25,153
Repayment of term loans and other short-term loans	(27,767)	(20,744)
Repayment of principal elements of lease liabilities	(399)	(414)
Repayment of loans to shareholders/ directors	(241)	(354)
Interest paid	(580)	(487)
Changes in pledged deposits	(72)	(514)
Net cash generated from financing activities	3,492	2,640
Net change in cash and cash equivalents	(4,880)	(1,160)
Cash and cash equivalents at the beginning of financial period	5,957	4,966
Effect of exchange rate changes on cash and cash equivalents	130	(264)
Cash and cash equivalents at the end of financial period	1,207	3,542
The Group		
	1H2024	1H2023
	S\$'000	S\$'000
<u>Cash and cash equivalents in the consolidated statement of cash flows:</u>		
Cash and bank balances	3,148	5,404
Less: Pledged deposits	(1,941)	(1,862)
Cash and cash equivalents	1,207	3,542

(E) Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

KTMG Limited (the “**Company**”) is incorporated as a limited liability company and domiciles in Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the first six months ended 30 June 2024 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 first six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 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 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 2024:

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-Current
- Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants
- Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements

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.

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 2023.

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. 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”)
- Impairment of non-financial assets (the Group’s property, plant and equipment, right-of-use assets and the Company’s investment in a subsidiary)

3. Seasonal operations

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

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	The Group		
	1H2024	1H2023	Change
	(Unaudited)	(Unaudited)	
	S\$’000	S\$’000	%
United States	16,468	9,190	79.2
United Kingdom	5,521	10,192	(45.8)
European Union	7,454	5,840	27.6
Canada	3,829	2,883	32.8
Malaysia	1,488	449	>100.0
Japan	5,237	-	NM
Others	929	1,152	(19.4)
	40,926	29,706	37.8

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.

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 30 Jun 2024	As at 30 Jun 2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Malaysia	13,501	13,920
Cambodia	2,469	2,873
Singapore	98	76
	16,068	16,869

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 30 Jun 2024	As at 30 Jun 2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Property, plant and equipment	13,705	14,110
Right-of-use assets	1,949	2,560
Deferred tax assets	414	199
	16,068	16,869

5. Finance Cost

	The Group	
	1H2024	1H2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Interest expenses on:		
- Term loans	19	53
- Other short-term loans	525	362
- Lease liability	37	73
	581	488

6. Profit/ (loss) before tax for the period

	The Group	
	1H2024	1H2023
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Profit/ (loss) before tax for the period included the following items:-		
Depreciation expenses:		
Property, plant and equipment	(497)	(630)
Right-of-use assets	(358)	(392)
Foreign exchange (loss), net	(242)	(131)
Legal and other professional fees	(297)	(264)
Impairment loss (recognized)/ reversal on trade receivables, net	(23)	81
(Gain)/ loss on disposal of property, plant and equipment (net)	25	(118)

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 comprehensive income are:

	The Group	
	1H2024 (Unaudited) S\$'000	1H2023 (Unaudited) S\$'000
Current taxation		
- Current period	158	96
Deferred tax expense		
- Origination and reversal of temporary differences	(104)	(65)
	54	31
	2024	2023
Tax rates	%	%
Cambodia	20	20
Malaysia	24	24
Singapore	17	17

8. Related party transactions

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

9. Financial assets and financial liabilities

	The Group		The Company	
	30 Jun 2024 (Unaudited) S\$'000	31 Dec 2023 (Audited) S\$'000	30 Jun 2024 (Unaudited) S\$'000	31 Dec 2023 (Audited) S\$'000
Financial Assets				
Trade and other receivables	19,558	18,005	176	269
Cash and bank balances	3,148	7,826	27	16
	22,706	25,831	203	285
Financial Liabilities				
Borrowings	21,119	16,335	-	-
Lease liabilities	697	1,024	-	-
Trade and other payables	30,795	18,866	1,698	1,758
	52,611	36,225	1,698	1,758

10. Property, plant and equipment

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

	The Group	
	30 Jun 2024 (Unaudited) S\$'000	31 Dec 2023 (Audited) S\$'000
Cost		
Opening balance	25,651	27,539
Additions	347	875
Reclassification from ROU assets on full repayment of lease liabilities	-	173
Disposals / written-off	(128)	(1,664)
Translation differences on consolidation	283	(1,272)
Closing balance	26,153	25,651
Accumulated depreciation		
Opening balance	11,871	12,428
Depreciation charge	497	1,217
Reclassification from ROU assets on full repayment of lease liabilities	-	99
Disposals / written-off	(122)	(1,358)
Translation differences on consolidation	202	(515)
Closing balance	12,448	11,871
Carrying amount	13,705	13,780

11. Right-of-use assets

	The Group	
	30 Jun 2024 (Unaudited) S\$'000	31 Dec 2023 (Audited) S\$'000
Cost		
Opening balance	5,167	5,364
New leases entered during the period	72	178
Early termination/ end of lease	-	(2)
Reclassification to "plant and equipment" on full repayment of lease liabilities	-	(173)
Translation differences on consolidation	93	(200)
Closing balance	5,332	5,167
Accumulated depreciation		
Opening balance	2,950	2,375
Depreciation charge	358	736
Early termination/ end of lease	-	(2)
Reclassification to "plant and equipment" on full repayment of lease liabilities	-	(99)
Translation differences on consolidation	75	(60)
Closing balance	3,383	2,950
Carrying amount	1,949	2,217

12. Trade and other receivables

	The Group	
	30 Jun 2024	31 Dec 2023
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Trade receivables	18,863	17,275
Allowance for impairment loss	(245)	(222)
Net trade receivables	18,618	17,053
Other receivables	40	62
Deposits	900	890
Financial assets at amortised cost	19,558	18,005
Prepayments	194	202
Net input GST/ VAT recoverable	335	288
Total trade and other receivables	20,087	18,495

13. Borrowings

	Maturity on borrowings	The Group	
		30 Jun 2024	31 Dec 2023
		(Unaudited)	(Audited)
		S\$'000	S\$'000
<u>Secured</u>			
Term loans:			
- Floating rate	2024 - 2033	596	700
Other short-term loans:			
- Trust receipts	On demand	13,661	9,250
- Bankers' acceptance	On demand	4,094	3,877
- Invoice financing	On demand	2,768	2,508
		20,523	15,635
		21,119	16,335
Presented as:			
- Non-current		546	571
- Current		20,573	15,764
		21,119	16,335

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	
	30 Jun 2024	31 Dec 2023
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Trade payables	24,400	13,157
Amounts due to directors/ shareholders (non-trade)	956 ⁽¹⁾	1,197
Accrued operating expenses	1,873	1,622
Accrued salaries and wages	1,352	1,391
Other payables	1,910	1,218
Miscellaneous creditors	304	281
Financial liabilities at amortised cost	30,795	18,866
Provision for sales rebates	54	81
Total trade and other payables	30,849	18,947

Notes:

- (1) Amounts due to directors/shareholders (non-trade) are unsecured, interest-free and repayable on demand. The amounts relate to dividends payable to directors/shareholders that were declared prior to the completion of the Reverse Takeover exercise on 18 February 2019. During the financial period under review, the Company had repaid S\$0.2 million to the director. The Audit Committee is satisfied that the repayment will not adversely affect the ongoing working capital or liquidity requirements and the financial position of the Group.

15. Share Capital

There have been no changes to the Company's issued and paid-up share capital since the end of the previous financial year ended 31 December 2023 up to 30 June 2024.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 30 June 2024 and 31 December 2023.

	No. of shares	Issued and paid-up share capital
	('000)	of the Company (S\$'000)
Ordinary Shares		
As at 30 June 2024 and	169,682	33,201
31 December 2023	169,682	33,201

16. Acquisition/ incorporation of subsidiary

There was no acquisition/ incorporation of subsidiary during the financial period under review.

17. Subsequent events

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

Other Information Required by Listing Rule Appendix 7C

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 Jun 2024	As at 31 Dec 2023
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 statements of financial position of the Company and its subsidiaries as at 30 June 2024 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the first six-months period then 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 first 6-months financial period ended 30 June 2024 (“1H2024”) as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2023 (“FY2023”).

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.

Please 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	
	1H2024	1H2023
Profit/ (loss) attributable to Owners of the Company (S\$’000)	111	(358)
Weighted average number of ordinary shares in issue (’000)	169,682	169,682
Basic and diluted earnings / (loss) per share (“EPS”) (SGD cents)	0.07	(0.21)

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	
	30 Jun 2024 (Unaudited)	31 Dec 2023 (Audited)	30 Jun 2024 (Unaudited)	31 Dec 2023 (Audited)
Net asset value (S\$’000)	19,986	19,637	24,905	24,940
Number of ordinary shares in issue (’000)	169,682	169,682	169,682	169,682
Net asset value per ordinary share (SGD cents)	11.78	11.57	14.68	14.70

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 (1H2024 vs 1H2023)

The Group's revenue increased by approximately S\$11.2 million or 37.8% from S\$29.7 million in 1H2023 to S\$40.9 million in 1H2024. The increase in revenue was mainly contributed by higher apparel orders by existing customers in the United States (S\$7.3 million), European Union (S\$1.6 million) and Malaysia (S\$1.0 million). Although the Group managed to conclude S\$5.2 million sales to a new customer in Japan, this was partially offset by S\$4.7 million decline in orders to the United Kingdom.

The Group's cost of sales increased by approximately S\$10.4 million or 40.0% from S\$25.8 million in 1H2023 to S\$36.2 million in 1H2024. This increase was mostly due to rise of S\$8.8 million in raw material costs and S\$1.4 million in labour costs.

Accordingly, the Group's gross profit margin decreased by 1.4 percentage points from approximately 13.0% in 1H2023 to approximately 11.6% in 1H2024.

The Group's other income decreased by approximately S\$0.03 million or 12.4% from S\$0.23 million in 1H2023 to S\$0.20 million in 1H2024 due to lower income from sub-contracting works done by a subsidiary in Malaysia.

The Group's administrative and general expenses remained stable at approximately S\$3.3 million for both 1H2023 and 1H2024.

The Group's selling and marketing expenses increased by approximately S\$0.3 million or 36.2% from S\$0.6 million in 1H2023 to S\$0.9 million in 1H2024 primarily caused by sample development costs incurred to secure new orders.

The Group's finance costs increased by approximately S\$0.1 million or 19.1% from S\$0.5 million in 1H2023 to S\$0.6 million in 1H2024 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 profit after tax of S\$0.1 million in 1H2024 compared to a net loss after tax of approximately S\$0.3 million in 1H2023.

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets decreased by approximately S\$0.2 million from S\$16.3 million as at 31 December 2023 to S\$16.1 million as at 30 June 2024 mainly due to depreciation charge on the Group's property, plant and equipment and right-of-use assets, partially offset by an increase from the acquisition of plant and machinery for the subsidiaries of the Group.

Current Assets

Current assets increased by approximately S\$16.9 million from S\$40.0 million as at 31 December 2023 to S\$56.9 million as at 30 June 2024.

The increase was led by hike in inventories of S\$19.8 million from S\$12.5 million as at 31 December 2023 to S\$32.3 million as at 30 June 2024. This was due to 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 second half of the financial year ending 31 December 2024 ("2H2024") as key customers restock for the year-end festive season.

Trade and other receivables also increased by approximately S\$1.6 million from S\$18.5 million as at 31 December 2023 to S\$20.1 million as at 30 June 2024 in line with higher sales recorded during the financial period under review.

Cash and bank balances decreased by approximately S\$4.7 million from S\$7.8 million as at 31 December 2023 to S\$3.1 million as at 30 June 2024 as the Group deployed funds to cater to higher sales volume.

Non-Current Liabilities

Non-current liabilities decreased by approximately S\$0.05 million from S\$0.80 million as at 31 December 2023 to S\$0.75 million as at 30 June 2024.

Long-term borrowings decreased by approximately S\$0.02 million from S\$0.57 million as at 31 December 2023 to S\$0.55 million as at 30 June 2024 mainly due to the reclassification of term loans from "non-current" to "current".

Likewise, non-current lease liabilities also decreased by approximately S\$0.03 from S\$0.22 million as at 31 December 2023 to S\$0.19 million as at 30 June 2024 mainly due to the reclassification of lease liabilities from "non-current" to "current".

Current Liabilities

Current liabilities increased by S\$16.4 million from S\$35.9 million as at 31 December 2023 to S\$52.3 million as at 30 June 2024.

Short-term borrowings increased by approximately S\$4.8 million from S\$15.8 million as at 31 December 2023 to S\$20.6 million as at 30 June 2024 mainly due to additional short-term financing utilised during the financial period to cater for higher sales volume.

Trade and other payables increased by approximately S\$11.8 million from S\$19.0 million as at 31 December 2023 to approximately S\$30.8 million as at 30 June 2024. The increase was mostly attributable to purchase of inventories to fulfil 2H2024 deliveries.

Review of Statement of Cash Flows

The Group's net cash flows used in operating activities amounted to approximately S\$8.1 million in 1H2024. Despite registering a positive operating cash flows before working capital changes of approximately S\$1.6 million, the hike in inventories, trade and other receivables coupled with income tax paid turned it negative despite partially offset by increase in trade and other payables and interest income received.

The Group's net cash flows used in investing activities in 1H2024 amounted to approximately S\$0.3 million mostly attributed to the acquisition of plant and machinery for the subsidiaries of the Group.

The Group's net cash flows generated from financing activities in 1H2024 amounted to approximately S\$3.5 million primarily attributed to net proceeds from short-term borrowings, and offset by interest paid and repayments of lease liabilities and amounts owing to shareholders/ directors.

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

Not applicable. Save for the profit guidance released on 7 August 2024, there were no forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any know factors or events that may affect the group in the next reporting period and the next 12 months.

Looking ahead, we remain cautiously optimistic that the anticipated interest rate cuts may stimulate consumer spending in our key markets, particularly in the US and Europe. Additionally, the Group's strategic focus on athleisure wear has resulted in a healthy order book for the second half of 2024.

However, we remain mindful of potential challenges, especially rising cost pressures in Cambodia, our main operating base. Despite its overall low operating costs, Cambodia faces high electricity rates, limited labour skills, and costly logistics. The recent increase in the minimum wage in the garments, footwear and textiles industries, effective 1 January 2024, has further raised manpower costs.

The recent surge in Red Sea attacks has caused ships to reroute around Africa, exacerbating port congestion in Southeast Asia. This congestion is expected to persist into the second half of 2024, resulting in higher freight rates and delays in the shipment of the Group's raw materials within Asia and final products to customers, most significantly affecting European customers.

In the first half of 2024, we invested in new auto-cut and auto-spread machines at our apparel manufacturing facilities to boost production efficiency. As part of our strategic shift towards higher-value athleisure wear, we are also upgrading our production capabilities to manage rising order volumes. This upgrade includes expanding sewing positions on each hanger production line, allowing us to handle more intricate designs and complex products. We will continue to optimise our apparel and textile manufacturing operations to enhance productivity and quality.

On 21 July 2023, we expanded downstream by establishing a subsidiary in Malaysia to manage women's apparel retail operations under our own brands. Leveraging the Group's co-creation business model, this subsidiary will launch a new children's clothing brand in the second half of 2024. Both women's and children's apparel will be available for sale through online platforms and at the outlets of a prominent Japanese department store in Malaysia. We will closely monitor the progress of this new initiative, which complements our existing apparel and textile manufacturing operations.

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 upgrade for its textile manufacturing plant in Malaysia, complemented by additional new apparel production lines 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 are no IPTs of S\$100,000 or more during the financial period under review.

14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

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

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

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the period ended 30 June 2024 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Damien Lim Vhe Kai
Chief Executive Officer

13 August 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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