

INCREDIBLE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Company Registration Number: 199906220H

DIFFERENCES BETWEEN AUDITED AND PREVIOUSLY ANNOUNCED UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist (“**Catalist Rules**”), Incredible Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its unaudited full year financial results for the year ended 31 December 2022 (“**FY2022**”) that was announced on 1 March 2023. Upon the finalization of the FY2022 audit, certain adjustments were made which have a material impact on previously announced FY2022 results. The differences between the audited and unaudited results with the explanations for the material differences are set out below.

1. The Group’s statement of profit or loss and other comprehensive income for financial year ended 31 December 2022 (“FY 2022”)

	Note	Group			
		Year Ended 31 December 2022			
		Audited	Unaudited	Variance	
		S\$’000	S\$’000	S\$’000	%
Revenue	1a	9,825	10,264	(439)	(4.28)
Cost of Sales	1b	(8,873)	(9,363)	490	(5.23)
Gross profit		952	901	51	5.66
Other operating income	1c	1,744	1,637	107	6.54
Selling & distribution expenses		(151)	(148)	(3)	2.03
Administrative expenses		(4,388)	(4,310)	(78)	1.81
Other operating expenses	1d	(2,053)	(1,279)	(774)	60.52
Finance costs	1e	(338)	(237)	(101)	42.62
Share of results of an associated company	1f	55	424	(369)	(87.03)
Loss before tax		(4,179)	(3,012)	(1,167)	38.75
Tax income		38	-	38	NM
Loss for the year		(4,141)	(3,012)	(1,129)	37.48
Other comprehensive income:					
Currency translation differences on consolidation		283	270	13	4.81
Currency translation differences arising from fair value gain from other investment		33	-	33	NM
Total comprehensive loss for the year attributable to owners of the Company		(3,825)	(2,742)	(1,083)	39.5

2. The Group's statement of financial position as at 31 December 2022

		Group Statement of Financial Position as at 31 December 2022			
		Audited	Unaudited	Variance	
		S\$'000	S\$'000	S\$'000	%
Non-current assets					
		131	131	-	-
Property, plant and equipment					
Investments in associated companies	2a	14,613	14,983	(370)	(2.47)
Other investment		3,152	3,119	33	1.06
Intangible assets	2b	1,480	403	1,077	267.25
Goodwill	2c	-	1,480	(1,480)	(100)
Deferred tax assets		38	-	38	NM
Total non-current assets		19,414	20,116	(702)	(3.49)
Current assets					
Inventories		514	537	(23)	(4.28)
Trade and other receivables	2d	4,443	5,128	(685)	(13.36)
Cash and cash equivalents		569	569	-	-
Total current assets		5,526	6,234	(708)	(11.36)
Non-current liabilities					
Lease liabilities		(646)	(678)	32	(4.72)
Loan payables	2e	(560)	(2,306)	1,746	(75.72)
Amount due to a director	2f	-	(953)	953	(100)
Contract liabilities	2g	-	(7)	7	(100)
Provision	2h	(39)	-	(39)	NM
Other payables		(10,481)	(10,482)	1	(0.01)
Total non-current liabilities		(11,726)	(14,426)	2,700	(18.72)
Current liabilities					
Trade and other payables	2i	(5,937)	(3,404)	(2,533)	74.41
Due to an associate	2j	-	(1,905)	1,905	(100)
Contract liabilities	2k	-	(51)	51	(100)
Lease liabilities	2l	(227)	(177)	(50)	28.25
Loan payables	2m	(1,746)	-	(1,746)	NM
Total current liabilities		(7,910)	(5,537)	(2,373)	42.86
Net assets		5,304	6,387	(1,083)	(16.96)
Share capital		53,665	53,665	-	-
Translation reserve		(433)	(445)	12	(2.7)
Fair value reserve		32	-	32	NM
Accumulated losses		(47,960)	(46,833)	(1,127)	2.41
Total equity		5,304	6,387	(1,083)	(16.96)

NM: Not Meaningful

3. The Group's statement of cash flows for the year ended as at 31 December 2022

Group Year Ended 31 December as at 31 December 2022					
		Audited	Unaudited	Variance	
		S\$'000	S\$'000	S\$'000	%
<u>Cash flows from operating activities:</u>					
Loss before tax		(4,178)	(3,012)	(1,166)	38.71
Adjustment for:					
Depreciation of plant and equipment		271	271	-	-
Unrealised exchange loss	3a	10	95	(85)	(89.74)
Share of profit of an associated company	3b	(55)	(424)	369	(87.03)
Interest expense	3c	338	237	101	42.62
Impairment losses of plant and equipment		1,140	1,141	(1)	(0.09)
Impairment losses of website development costs	3d	405	-	405	NM
Impairment of interest income	3e	268	-	268	NM
Impairment of other receivables	3f	8	-	8	NM
Dividend income		(365)	(365)	-	-
Operating cash flow before movement in working capital		(2,158)	(2,057)	(101)	4.91
Change in working capital:					
Inventories		5,143	5,120	23	0.45
Trade and other receivables	3g	3,558	1,317	2,241	170.16
Trade and other payables	3h	(953)	16,981	(17,934)	(105.61)
Contract liabilities		(54)	-	(54)	NM
Currency translation adjustments	3i	282	174	108	62.07
Cash generated from operations		5,818	21,535	(15,717)	(72.98)
Interest tax credit		38	-	38	NM
Net cash generated from operating activities		5,856	21,535	(15,679)	(72.81)
<u>Cash flows from investing activities:</u>					
Purchase of plant and equipment	3j	(148)	(386)	238	(61.66)
Purchase of intangible assets		(405)	(403)	(2)	0.5
Purchase of financial assets	3k	-	(3,120)	3,120	(100)
Investment in an associate	3l	-	(14,558)	14,558	(100)
Consideration paid for acquisition of a subsidiary		4	-	4	NM
Net cash used in investing activities		(549)	(18,467)	17,918	(97.03)
<u>Cash flows from financing activities:</u>					
Advances from a director	3m	5,151	953	4,198	440.5
Repayment of promissory notes to notes holders	3n	(8,196)	(4,196)	(4,000)	95.33
Repayments to a director	3o	(3,689)	-	(3,689)	NM
Interest paid	3p	(337)	-	(337)	NM
Repayments of lease liabilities	3q	(219)	(72)	(147)	204.17
Repayment of loan	3r	(532)	-	(532)	NM
Advances from an associate	3s	2,270	-	2,270	NM
Net cash generated from financing activities		(5,552)	(3,315)	(2,237)	67.48
Net (decrease) in cash and cash equivalents		(245)	(247)	2	(0.81)
Cash and cash equivalent at beginning of the year		815	815	-	-
Effect of changes in foreign exchange rates on cash and cash equivalents		(1)	1	(2)	(200)
Cash and cash equivalent at end of the year		569	569	-	-

NM: Not Meaningful

Note:

As a result of the adjustment and reclassification made to the consolidated statement of financial position and consolidated income statement, correspondent changes have been made to the consolidated statement of cash flows; and it should be read in conjunction with the audited consolidated statement of financial position and audited consolidated income statement.

Explanatory Notes:

Note 1a

The variance of S\$439,000 is due to the adjustment of uncollectable revenue recorded during the year amounting to S\$0.2 million under the loan financing business and S\$0.2 million of credit note issued in trading of watches business in Denmark.

Note 1b

The variance of S\$490,000 is solely due to the adjustment arising from the refund from the escrow account for the acquisition of inventories from a vendor in FY2021 under the trading of watches business in Denmark.

Note 1c

The variance of S\$107,000 is attributable to the adjustment made for the write back of the amount owed by a subsidiary which was impaired in FY2021.

Note 1d

The variance of S\$774,000 is due to the adjustment of i) unrealised exchange loss of S\$78,000; ii) impairment of interest receivables of S\$268,000 under loan financing business; iii) impairment of website development of S\$405,000 in Korea Watch Co. Limited & iv) allowance for inventory obsolescence of S\$23,000.

Note 1e

The variance of S\$101,000 is due to the adjustment of i) the understatement of interest expenses on issued promissory notes arising from the acquisition of Billion Credit Financial Company Limited and ii) the interest expenses on loan payable under the loan financing business.

Note 1f

The variance of S\$369,000 is due to the adjustment of an associate in relation to i) impairment of inventory of S\$135,000 and ii) exchange loss of S\$234,000 during the audit.

Note 2a

Please refer to Note 1f for the variance explanation.

Note 2b

The variance of S\$1,077,000 is mainly due to the impairment of website development of S\$405,000 in Korea Watch Co. Limited and the reclassification from goodwill of S\$1,480,000 to intangible assets.

Note 2c

Please refer to Note 2b for the variance explanation.

Note 2d

The variance of S\$685,000 is mainly due to the adjustment of i) impairment of interest receivables under the loan from financing business of S\$268,000 as per Note 1d; ii) credit note issued in trading of watches business in Denmark amounting to S\$200,000 as per Note 1a and iii) uncollectable revenue recorded during the year amounting to S\$200,000 under the loan financing business as per Note 1a.

Note 2e

The variance of S\$1,746,000 is due to the reclassification from non-current liabilities to current liabilities which is due within the next 12 months.

Note 2f

The variance of S\$953,000 is due to the reclassification from the amount due to a director to trade and other payables under current liabilities which is due within the next 12 months.

Note 2g

The variance of S\$7,000 is due to the reclassification between non-current lease liabilities and contract liabilities.

Note 2h

The variance of S\$39,000 is due to the reclassification between non-current lease liabilities and provision.

Note 2i

The variance of S\$2,533,000 is due to the i) adjustment of S\$369,000 per Note 1f and ii) reclassification of S\$953,000 and S\$1,905,000 per Note 2f and 2j respectively.

Note 2j

The variance of S\$1,905,000 is due to the reclassification to trade and other payables.

Note 2k

The variance of S\$51,000 is due to the reclassification to lease liabilities.

Note 2l

Please refer to Note 2k for the variance explanation.

Note 2m

Please refer to Note 2e for the variance explanation.

Note 3a

The variance of S\$85,000 is due to the adjustment of unrealised exchange loss during the audit.

Note 3b

Please refer to Note 1f for the variance explanation.

Note 3c

Please refer to Note 1e for the variance explanation.

Note 3d

Please refer to Note 1d for the variance explanation.

Note 3e

Please refer to Note 1d for the variance explanation.

Note 3f

The variance of S\$8,000 is due to the impairment of trade and other receivables during the audit.

Note 3g

The variance is due to the reclassifications between change in working capital and cash flows from investing activities.

Note 3h

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3i

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3j

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3k

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3l

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3m

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3n

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3o

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3p

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3q

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3r

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

Note 3s

The variance is mainly due to the reclassifications between i) change in working capital, ii) cash flows from investing activities and iii) cash flows from financing activities.

By Order Of The Board

Christian Kwok-Leun Yau Heilesen

Executive Director

Date: 2 August 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.

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