

INCREDIBLE HOLDINGS LTD.
Company Registration Number: 199906220H

UNAUDITED HALF YEAR FINANCIAL STATEMENTS FOR PERIOD (6 MONTHS) ENDED 30 JUNE 2020 ("HY2020")

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding for the half year ended 30 June 2020

Note	Group Half Year Ended 30 June		Increase / (Decrease) %
	2020	2019	
	S\$'000	S\$'000	
Continuing operations			
Revenue	2,465	3,698	(33.34)
Cost of Sales	(2,266)	(3,437)	(34.07)
Gross profit	199	261	(23.75)
Other operating income	115	6	1,816.67
Selling & distribution expenses	(14)	(13)	7.69
Administrative expenses	(1,262)	(1,219)	3.53
Other operating expenses	-	(13)	N/A
Finance expenses	(4)	(1)	300.0
Share of loss of associate	(54)	(12)	350.0
Loss before income tax	(1,018)	(991)	2.72
Income tax expenses	-	-	N/A
Loss for the period from continuing operations	(1,018)	(991)	2.72
Discontinued operations			
Loss for the period from discontinued operations	(1)	(9)	(88.89)
Total loss for the period	(1,019)	(1,000)	1.9
Gross profit margin	8.07%	7.06%	

Consolidated Statement of Comprehensive Income:

	Group		
	Half Year Ended 2020	Half Year Ended 30 June 2019	Increase / (Decrease)
	S\$'000	S\$'000	%
Loss for the period	(1,019)	(1,000)	1.9
Other comprehensive (loss) / income:			
- Foreign currency translation differences arising from translation of financial statements of subsidiaries reported in currency other than Singapore dollar	(5)	(11)	(54.55)
Total comprehensive loss for the period	(1,024)	(1,011)	1.29

1. (a) (ii) Notes to income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Profit for the period is arrived at after charging/(crediting) following items:

	Group	
	Half Year Ended 2020	Half Year Ended 30 June 2019
	S\$'000	S\$'000
Foreign exchange (gain)/loss	(35)	13
Depreciation of property, plant and equipment	33	12
Interest expense	4	1
Interest income	-	-
Profit sale of investments	3	-

1(b) (i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position	Group		Company	
	As at 30 Jun 2020 S\$'000	As at 31 Dec 2019 S\$'000	As at 30 Jun 2020 S\$'000	As at 31 Dec 2019 S\$'000
Non-current assets				
Property, plant and equipment	103	137	27	36
Investment in subsidiaries	-	-	1,303	1,303
Investment in associates	-	1,162	1	1,101
Total non-current assets	103	1,299	1,331	2,440
Current assets				
Inventories	765	776	-	-
Trade receivables	643	696	93	-
Other receivables, deposits and prepayments	203	90	57	73
Due from subsidiaries (non-trade)	-	-	500	-
Due from associates	1,696	1,696	1,696	1,696
Cash and bank balances	652	600	8	13
Assets directly associated with disposal group classified as held for sale	50	50	-	-
Total current assets	4,009	3,908	2,354	1,782
Non-current liabilities				
Trade and other payables	-	-	-	(17)
Lease obligations	(32)	(62)	-	-
Total non-current liabilities	(32)	(62)	-	(17)
Current liabilities				
Trade payables	(111)	(83)	-	-
Other payables and accruals	(883)	(951)	(411)	(702)
Due to subsidiaries (non-trade)	-	-	(371)	(345)
Lease obligations	(65)	(64)	-	-
Income tax payable	-	-	-	-
Liabilities directly associated with disposal group classified as held for sale	(115)	(115)	-	-
Total current liabilities	(1,174)	(1,214)	(782)	(1,047)
Net current assets	2,835	2,694	1,572	735
Net assets	2,906	3,931	2,903	3,158
Share capital	38,852	38,852	38,852	38,852
Translation reserve	(691)	(685)	-	-
Accumulated losses	(34,394)	(33,375)	(35,949)	(35,694)
Reserve attributable to disposal group classified as held for sale	(861)	(861)	-	-
Total equity	2,906	3,931	2,903	3,158

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	Group Borrowings			
	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings repayable in one year or less, or on demand	-	-	-	-
Financial lease less than one year	65	-	64	-
Financial lease more than one year	32	-	62	-
Amount repayable after one year	-	-	-	-
Total	97	-	126	-

Details of any collateral

As at 30 June 2020, the lease amounting to S\$4 thousand relates to a photocopier 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 30 June 2020.

1(c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group Half Year Ended 30 June	
	2020	2019
	S\$'000	S\$'000
<u>Cash flows from operating activities:</u>		
Loss before income tax from continuing operations	(1,018)	(991)
Loss before income tax from discontinued operations	(1)	(9)
Adjustment for:		
Depreciation of property, plant and equipment	33	12
Unrealised exchange (gain) / loss	(17)	13
Gain on disposal of associate	(3)	-
Share of loss of associate	54	12
Interest expenses	1	1
Interest income	-	-
Operating loss before working capital changes	(951)	(962)
Change in working capital:		
Inventories and work in progress	11	743
Trade and other receivables	(60)	239
Trade and other payables	(40)	597
Cash generated (used in) / from operations	(1,040)	617
Interest paid	(1)	(1)
Net cash generated (used in)/ from operating activities	(1,041)	616
<u>Cash flows from investing activities:</u>		
Disposal of 49% of PT Louis Gianni	1,100	-
Net cash generated from investing activities	1,100	-
<u>Cash flows from financing activities:</u>		
Interest paid on lease liabilities	(3)	-
Repayment of lease liabilities	(29)	-
Net cash (used in) financing activities	(32)	-
Net increase in cash and cash equivalents	27	616
Cash and cash equivalent at beginning of the period	600	903
Effect of exchange rate changes on cash and cash equivalent	25	(31)
Cash and cash equivalent at end of the period	652	1,488

Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated Statement of financial position amounts:-

	Group	
	As at 30 June 2020	As at 30 June 2019
	S\$'000	S\$'000
Fixed deposits	-	-
Cash and bank balances	652	1,488
	652	1,488
Less:		
Fixed deposits (more than 3 months)	-	-
Total	652	1,488

1(d)(i) A statement (for the issuer and group) showing either

- (i) All changes in equity or**
- (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Group

	Share capital	Translation reserves	Reserve attributable to disposal group classified as held for sale	Accumulated Losses	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	38,852	(1,657)	-	(30,995)	6,200
Loss for the period	-	-	-	(1,000)	(1,000)
Other comprehensive income for the period	-	(11)	-	-	(11)
Total comprehensive income for the period	-	(11)		(1,000)	(1,0)
Balance as at 30 Jun 2019	38,852	(1,668)	-	(31,995)	5,189
 Balance as at 1 Jan 2020	 38,852	 (685)	 (861)	 (33,375)	 3,931
Loss for the period	-	-	-	(1,020)	(1,020)
Other comprehensive loss for the period	-	(5)	-	-	(5)
Total comprehensive loss for the period	-	(5)	-	(1,020)	(1,025)
Balance as at 30 Jun 2020	38,852	(690)	(861)	(34,395)	2,906

The Company

	Share capital	Accumulated losses	Total Equity
	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	38,852	(35,185)	3,667
Loss and total comprehensive loss for the period	-	(231)	(231)
Balance as at 30 Jun 2019	38,852	(35,416)	3,436
Balance as at 1 Jan 2020	38,852	(35,694)	3,159
Loss and total comprehensive loss for the period	-	(256)	(256)
Balance as at 30 Jun 2020	38,852	(35,950)	2,903

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company's issued share capital as at 30 June 2020 was S\$38,852,217 comprising 1,199,375,920 ordinary shares.

Details movement of the Company's shares capital and number of issued shares as at 31 December 2019 to 30 June 2020:-

	Share Capital of the Company (S\$)	Number of Issued Ordinary Shares
Balance as at 1 Jan 2020	38,852,217	1,199,375,920
No movement during the period	-	-
Balance as at 30 Jun 2020	38,852,217	1,199,375,920

Details movement of the Company's ordinary shares and number of outstanding convertibles or shares that may be issued for current and corresponding period:-

	Issued ordinary shares	Warrants
Balance as at 1 January 2020	299,843,943	135,793,193
No movement during the period	-	-
Balance as at 30 June 2020	299,843,943	135,793,193

The Company did not hold any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

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

The total number of issued ordinary shares as at 30 June 2020 was 299,843,943 and 31 December 2019 was 299,843,943. The Company had no treasury shares as at 30 June 2020 and 31 December 2019.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial year reported on.

Not applicable. The Company did not have any treasury shares during and as at 30 June 2020, being the end of the current financial period reported on.

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 did not have any subsidiary holdings during and as at 30 June 2020, being the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation consistent with those used in the most recent audited financial statements for the year ended 31 December 2019.

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.

The financial statements have been prepared based on the accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2019.

On 1 January 2020, the Group adopted SFRS(I), the equivalent to the International Financial Reporting Standards, as required by the listing requirements of the Singapore Exchange. Accordingly the financial statements have been prepared based on this new reporting framework. The adoption of SFRS(I) did not result in any substantial change to the Group's accounting policies as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I).

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Half Year Ended 30 June	
	2020	2019
	Cents	Cents
Basic (loss)/earnings per ordinary share("EPS")	(0.34)	(0.08)
Weighted average number of shares in issue during the period for calculating the EPS	299,843,943	1,199,375,920

Diluted (loss)/earnings per ordinary share("DEPS")	(0.34)	(0.08)
Weighted average number of shares in issue during the period for calculating the DEPS	299,843,943	1,199,375,920

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial year ended on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 30 Jun 2020	As at 31 Dec 2019	As at 30 Jun 2020	As at 31 Dec 2019
Net asset value per share (cents)	0.97	1.31	0.97	1.05
Number of ordinary shares	299,843,943	299,843,943	299,843,943	299,843,943

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial year 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 year reported on.

Revenue, gross profit and gross profit margin from Continuing Operations

The Group's revenue dropped significantly by approximately S\$1.2 million or 33.34% from S\$3.7 million in HY2019 to S\$2.5 million in HY2020. Revenue in trading of luxury goods decreased by 45.17% or S\$1.2 million from S\$2.7 million in HY2019 to S\$1.5 million in HY2020 due to a drop in customers in FY2020. Revenue in distribution business unit dipped by 8.9% or S\$0.1 million from S\$1.0 million in HY2019 to S\$0.9 million in HY2020. The significant decline in distribution business revenue was due to the absence of big projects in HY2020.

The gross profit margin of the Group increased from 7.06% in HY2019 to 8.07% in HY2020. The gross profit margin in the trading of luxury goods improved from 1.42% in HY2019 to 1.63% in HY2020 as the selling prices were slightly adjusted strategically. The gross profit margin in distribution business unit decreased from 22.73% to 19.92% as a result of an increase in cost of materials.

As a result of the decrease in revenue, the Group's gross profit dropped by approximately S\$62 thousand to S\$199 thousand in HY2020.

Other Operating Income from Continuing Operations

Other operating income increased from S\$6 thousand in HY2019 to S\$115 thousand in HY2020 mainly due to the Circuit Breaker Job Support Scheme from the Singapore and Hong Kong governments.

Selling and Distribution Expenses from Continuing Operations

Selling and distribution expenses increased by 7.69% from S\$13 thousand in HY2019 to S\$14 thousand in HY2020 due to an increase in transportation cost.

Interest

Interest expenses increased by 300% from S\$1 thousand in HY2019 to S\$4 thousand in HY2020 mainly due to adoption of lease SFRS(I) 16.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S\$29 thousand from S\$4 thousand in HY2019 to S\$33 thousand in HY2020 due to adoption of lease SFRS(I) 16.

Administrative Expenses from Continuing Operations

The slight increase in administrative expenses from approximately S\$1.22 million in HY2019 to approximately S\$1.26 million in HY2020 was due to recruitment of additional staff.

Other Operating Expenses from Continuing Operations

There was no other operating expenses in HY2020 as compared to HY2019 which recorded an exchange loss.

Finance Expenses from Continuing Operations

The Company's finance expenses recorded S\$4 thousand in HY2020 mainly due to adoption of lease SFRS(I) 16.

Share of loss of associate

The Group's share of loss of associate, PT Louis Gianni, recorded S\$54 thousand in HY2020. The increased loss was due to charge of professional fee and salaries/wages for staffs in HY2020 while there was no charge in HY2019.

Income Tax Expenses from Continuing Operations

For HY2020, no provision for income tax was made for loss making companies.

Loss After Tax From Continuing Operations

The loss after tax increased by approximately S\$27 thousand mainly resulted from the increase in administrative expenses, share of loss of associate as well as the decline in gross profit in HY2020.

Loss From Discontinued Operations

The discontinued operations comprised Luxury Watch Trading Limited, Sansim Cosmetics (H.K.) Ltd, and Vashion Assets Management Limited which were formerly engaged in trading or wholesale of garments and cosmetics products and provision of consultancy services. The loss from discontinued operations mainly resulted from secretarial fee and bank charges of S\$1 thousand.

Non-Current Assets

There was a significant drop in the non-current assets of the Group of S\$1.2 million, mainly due to (i) disposal of 49% of PT Louis Gianni as announced on 29 May 2020 and (ii) decrease in property, plant, and equipment as a result of depreciation. No additional plant and equipment was purchased during the period.

Current Assets

The current assets of the Group slightly increased by approximately S\$0.1 million or 2.58% from S\$3.9 million as at 31 December 2019 to S\$4.0 million as at 30 June 2020.

The inventories remained stable at approximately S\$0.8 million as at 31 December 2019 and 30 June 2020. On the other hand, the Group's cash and bank balance had increased by S\$52 thousand. Please refer to cashflow position for more details on cash and bank balances.

The decrease in trade receivables by S\$53 thousand as at 30 June 2020 resulted from customers' payment. As at 30 June 2020, all trade receivables were within their credit terms.

The growth in other receivables, deposits and prepayments by approximately S\$113 thousand was mainly due to prepayment of domain and website fee made in advance.

Current Liabilities

There was no material change in current liabilities which recorded approximately S\$1.2 million as at 31 December 2019 and 30 June 2020. The increase in trade payables from S\$83 thousand as at 31 December 2019 to S\$111 thousand as at 30 June 2020 was mainly due to the increase of professional fees in HY2020.

The decrease in other payables and accruals from S\$1.0 million as at 31 December 2019 to S\$0.9 million as at 30 June 2020 was due to the repayment of other payables during the period.

As at 30 June 2020, other payable and accruals consisted of (i) salaries/wages for staffs and directors' remuneration for past years (S\$0.5 million); (ii) audit fee for FY2019 & HY2020 (S\$116 thousand); (iii) professional fee for FY2018 & HY2019 (S\$215 thousand) and others.

Non-Current Liabilities

Non-current liabilities decreased by S\$30 thousand due to (i) the repayment lease of photocopier and (ii) adoption of lease SFRS(I) 16 as at 30 June 2020.

Working Capital

The net working capital increased from S\$2.7 million as at 31 December 2019 to S\$2.8 million as at 30 June 2020 as a result from the increase in current assets by S\$0.1 million from S\$3.9 million as at 31 December 2019 to S\$4.0 million as at 30 June 2020.

Cashflow Position

The Group has a negative cash flows before working capital changes of S\$1.0 million as at 30 June 2020 mainly due to loss before income tax from continuing operations of approximately S\$1 million and adjusted by non-cash items of (i) unrealised exchange gain of S\$17 thousand, (ii) depreciation of S\$33 thousand and (iii) share of loss of associate of S\$54 thousand.

Net cash used in operating activities of approximately S\$1.0 million was mainly due to (i) decrease in inventories of S\$11 thousand; (ii) increase in trade and other receivables of S\$60 thousand and (iii) decrease in trade and other payables of S\$40 thousand.

Net cash of S\$1.1 million was generated from investing activities as at 30 June 2020 as a result of the disposal of 49% of PT. Louis Gianni as announced on 29 May 2020. There was no investing activity as at 30 June 2019.

Net cash used in financing activities of S\$32 thousand as at 30 June 2020 was due to interest paid and repayment of lease liabilities. There was no financing activity as at 30 June 2019.

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

Not applicable.

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 view of the economic uncertainty brought about by the COVID-19 pandemic to Singapore and the circuit breaker measures introduced from April to June 2020, the Group expects the distribution of consumables to electronic manufacturer business to be significantly affected in the Singapore market. However, we remain cautiously optimistic that the COVID-19 support measures introduced by the Singapore government and its effort to support the businesses in Singapore will lead to an eventual recovery of this market in the long term.

The COVID-19 outbreak has also resulted in significant disruption in trading of luxury goods in Hong Kong. The Company is considering to expand this trading business via online platform in the future.

Currently, we have no visibility on when things would return to normal. During this difficult time, The Group will continue to focus on businesses with positive margin as part of its strategy to raise revenues.

As announced on 29 May 2020, the Company had completed the sale of 49% of the share capital in PT. Louis Gianni ("PTLG"). Following the completion, PTLG has ceased to be an associate of the Company.

The Group has immediately complied with all social distancing measures and closed its offices where appropriate. The Company also embraces work from home arrangements, using online conferencing and internet to ensure the continuity of its business. For those employees who are required to work at office, wearing face mask is a must and the Group has been providing hand sanitisers in office. The Group has also implemented the SafeEntry visitor's check-in system, all visitors visiting our office and the warehouse shall register using the SafeEntry check-in system for contact tracing.

As announced on 3 June 2020, the Company had on 28 May 2020 incorporated a wholly-owned subsidiary in Hong Kong, which operate as a licensed lender in Hong Kong to provide loans to individual and corporate clients.

Please refer to announcements dated 29 May 2020 and 3 June 2020 for more details.

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) Books closure date

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect

The Board does not recommend a dividend payment as the Company is in a loss making position for the six months period ended 30 June 2020.

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

14. Update on the Utilisation of Proceeds for the Rights Issue.

Not Applicable

15. 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 interim financial results for the six months period ended 30 June 2020 to be false or misleading in any material aspect.

16. Confirmation By the Company Pursuant to Rule 720(1) of the Catalist Rules of Singapore Exchange Securities Trading Limited

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

By Order Of The Board
Christian Kwok-Leun Yau Heilesen
Executive Director
Dated: 12 August 2020

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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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