



KTMG LIMITED

AND ITS SUBSIDIARIES

(Registration No: 197401961C)

Unaudited Condensed Interim Financial Statements

For the half year ended 30 June 2022

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(A) Condensed Interim Consolidated Statement of Comprehensive Income

Group	Note	1H2022 (Unaudited) S\$'000	1H2021 (Unaudited) S\$'000	Change %
Revenue	4	51,803	28,315	83.0
Cost of sales		(43,872)	(24,076)	82.2
Gross profit		7,931	4,239	87.1
Other income, net		50	83	(39.8)
Administrative and general expenses		(4,265)	(3,419)	24.7
Selling and marketing expenses		(932)	(778)	19.8
Finance costs	5	(406)	(324)	25.3
Profit/ (loss) before taxation	6	2,378	(199)	NM
Income tax expenses	7	(469)	(26)	NM
Net profit/ (loss) for the period		1,909	(225)	NM
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss (net of tax)</i>				
Foreign currency translation		(288)	(168)	71.4
Total comprehensive profit/ (loss) for the period		1,621	(393)	NM
Profit for the year attributable to:				
- Owner of the Company		1,896	(225)	NM
- Non-controlling interests		13	-	NM
		1,909	(225)	NM
Total comprehensive income attributable to:				
- Owner of the Company		1,608	(393)	NM
- Non-controlling interests		13	-	NM
-		1,621	(393)	NM
Earnings per share (cents)				
- Basic/ diluted earnings per share		1.12	(0.13)	NM

(B) Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 Jun 2022 (Unaudited)	31 Dec 2021 (Audited)	30 Jun 2022 (Unaudited)	31 Dec 2021 (Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current assets					
Subsidiary		-	-	26,400	26,400
Property, plant and equipment	9	15,901	16,648	-	-
Right-of-use assets	10	3,209	3,512	-	-
Deferred tax assets		84	56	-	-
		19,194	20,216	26,400	26,400
Current Assets					
Inventories		27,452	21,573	-	-
Trade and other receivables	11	16,499	27,472	260	491
Prepaid corporate tax		400	255	-	-
Cash and bank balances		3,747	4,239	16	19
		48,098	53,539	276	510
Total assets		67,292	73,755	26,676	26,910
Liabilities					
Non-current liabilities					
Borrowings	12	1,512	2,010	-	-
Lease liabilities		1,212	1,523	-	-
Deferred tax liabilities		36	37	-	-
		2,760	3,570	-	-
Current liabilities					
Borrowings	12	18,353	21,109	-	-
Lease liabilities		719	651	-	-
Trade and other payables	13	23,365	27,984	1,578	1,723
Tax payable		42	9	-	-
		42,479	49,753	1,578	1,723
Total liabilities		45,239	53,323	1,578	1,723
Net assets		22,053	20,432	25,098	25,187
Equity and reserves					
Share capital	14	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)		8,724	6,828	(8,674)	(8,585)
Foreign currency translation reserve		(367)	(79)	-	-
Capital reserve		571	571	571	571
Merger reserve		(20,106)	(20,106)	-	-
Total equity and reserves		22,023	20,415	25,098	25,187
Non-controlling interests		30	17	-	-
		22,053	20,432	25,098	25,187

(C) Condensed Interim Statements of Changes in Equity

	Share capital	Retained earnings	Translation reserve	Capital reserve	Merger reserve	Attributable to owners of the Company	Non-controlling interests	Total equity
<u>Group</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2022	33,201	6,828	(79)	571	(20,106)	20,415	17	20,432
Total comprehensive income for the financial period	-	1,896	(288)	-	-	1,608	13	1,621
As at 30 Jun 2022	33,201	8,724	(367)	571	(20,106)	22,023	30	22,053
As at 1 Jan 2021	33,201	4,715	62	571	(20,106)	18,443	-	18,415
Total comprehensive loss for the financial period	-	(225)	(168)	-	-	(393)	-	(393)
As at 30 Jun 2021	33,201	4,490	(106)	571	(20,106)	18,050	-	18,050

	Share capital	(Accumulated losses)	Capital reserve	Total equity
<u>Company</u>	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2022	33,201	(8,585)	571	25,187
Total comprehensive loss for the financial period	-	(89)	-	(89)
As at 30 Jun 2022	33,201	(8,674)	571	25,098
As at 1 Jan 2021	33,201	(8,262)	571	25,510
Total comprehensive loss for the financial period	-	(179)	-	(179)
As at 30 Jun 2021	33,201	(8,441)	571	25,331

(D) Condensed interim statements of cash flows

	Group	
	1H2022	1H2021
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Operating activities		
Profit/ (loss) before tax	2,378	(199)
Adjustment for:		
Depreciation of property, plant and equipment and right-of-use assets	1,086	1,052
Impairment loss recognised on receivables	128	222
Interest expense	406	324
Interest income	(18)	(17)
Loss/ (gain) on disposal of property, plant and equipment, net	42	(2)
Operating cash flows before working capital changes	4,022	1,380
Working capital changes		
Trade and other receivables	10,846	8,910
Trade and other payables	(4,619)	2,373
Inventories	(5,879)	(11,268)
Cash generated from operations	4,370	1,395
Interest received	18	17
Income tax paid	(610)	(330)
Net cash generated from/ (used in) operating activities	3,778	1,082
Investing activities		
Purchase of property, plant and equipment and new leased equipment	(311)	(651)
Proceeds from disposal of property, plant and equipment	34	2
Net cash used in investing activities	(277)	(649)
Financing activities		
Interest paid	(406)	(324)
Repayment of lease liabilities	(307)	(311)
Repayment of term loans	(706)	(467)
Other short-term borrowings, net	(2,548)	367
Changes in pledged deposit	(16)	(59)
Net cash used in financing activities	(3,983)	(794)
Net change in cash and cash equivalents	(482)	(361)
Cash and cash equivalents at the beginning of financial period	2,864	3,721
Effect of exchange rate changes on cash and cash equivalents	(26)	21
Cash and cash equivalents at the end of financial period	2,356	3,381

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
<u>Cash and cash equivalents in the consolidated statement of cash flows:</u>		
Cash and bank balances	2,356	3,381
Pledged deposits	1,391	1,299
Cash and cash equivalents	3,747	4,680
Less: Pledged deposits	(1,391)	(1,299)
	2,356	3,381

(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 six months ended 30 June 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 six months ended 30 June 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 annual financial statements for the year ended 31 December 2021.

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.

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.

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. There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

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.

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, Canada, European Union, 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:

Revenue	Group		Change %
	1H2022 (Unaudited) S\$'000	1H2021 (Unaudited) S\$'000	
United States	17,094	11,893	43.7
United Kingdom	16,992	8,409	102.1
Canada	6,724	623	979.3
European Union	8,781	5,789	51.7
Malaysia	1,029	775	32.8
Others	1,183	826	43.2
	51,803	28,315	83.0

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	Group	
	As at 30 Jun 2022 (Unaudited) S\$'000	As at 30 Jun 2021 (Unaudited) S\$'000
Malaysia	15,370	15,027
Cambodia	3,668	3,332
Singapore	156	73
	19,194	18,432

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

Non-current assets	Group	
	As at 30 Jun 2022 (Unaudited) S\$'000	As at 30 Jun 2021 (Unaudited) S\$'000
Property, plant and equipment	15,901	14,458
Right of use assets	3,209	3,742
Deferred tax assets	84	232
	19,194	18,432

5. Finance Cost

	Group	
	1H2022	1H2021
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Interest expenses on:		
- Term loans	53	24
- Other short-term loans	242	152
- Lease liability	111	148
	406	324

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

	Group	
	1H2022	1H2021
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Profit/ (loss) before tax for the period included the following items -		
Depreciation expenses:		
Properties, plant and equipment	(723)	(698)
Right-of-use assets	(363)	(354)
Foreign exchange (loss)/ gain, net	(727)	(460)
Legal and other professional fees	(418)	(188)
Impairment of trade receivables	(128)	(222)

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:

	Group	
	1H2022	1H2021
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Current taxation		
- Current period	498	51
Deferred tax expense		
- Origination and reversal of temporary differences	(29)	(25)
	469	26
	2022	2021
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

	Group	
	30 Jun 2022	31 Dec 2021
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Financial Assets		
Trade and other receivables	16,024	27,095
Cash and cash equivalents	3,747	4,239
	19,771	31,334
Financial Liabilities		
Borrowings	19,865	23,119
Lease liabilities	1,931	2,174
	21,796	25,293

10. Property, plant and equipment

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

	Group	
	30 Jun 2022	31 Dec 2021
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Cost		
Opening balance	28,416	25,638
Additions	311	3,675
Reclassification from ROU assets on full repayment of lease liabilities	93	196
Disposal/ Write-off	(342)	(923)
Translation differences on consolidation	(264)	(170)
Closing balance	28,214	28,416
Accumulated depreciation		
Opening balance	11,768	11,000
Depreciation charge	723	1,473
Reclassification from ROU assets on full repayment of lease liabilities	93	182
Disposal/ Write-off	(266)	(902)
Translation differences on consolidation	(5)	15
Closing balance	12,313	11,768
Carrying amount	15,901	16,648

11. Right-of-use assets

	Group	
	30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
Cost		
Opening balance	5,318	5,742
New leases entered during the period	64	119
Early termination/ end of lease	-	(343)
Reclassification to "plant and equipment" on full repayment of lease liabilities	(93)	(196)
Translation differences on consolidation	23	(4)
Closing balance	5,312	5,318
Accumulated depreciation		
Opening balance	1,806	1,628
Depreciation charge	363	718
Early termination/ end of lease		(343)
Reclassification to "plant and equipment" on full repayment of lease liabilities	(93)	(182)
Translation differences on consolidation	27	(15)
Closing balance	2,103	1,806
Carrying amount	3,209	3,512

12. Trade and other receivables

	Group	
	30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
Trade receivables	15,797	26,767
Allowance for impairment loss	(758)	(649)
Net trade receivables	15,039	26,118
Other receivables	93	101
Deposits	892	876
Financial assets at amortization costs	16,024	27,095
Prepayments	272	192
Net input GST/ VAT recoverable	203	185
Total trade and other receivables	16,499	27,472

13. Borrowings

Revenue	Maturity on borrowings	Group	
		30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Unaudited) S\$'000
Secured			
Term loans:			
- Floating rate	2022- 2024	2,840	3,289

Other short-term loans:			
- Trust receipts	On demand	12,950	15,220
- Bankers' acceptance	On demand	3,100	3,326
- Invoice financing	On demand	975	1,284
		17,025	19,830
		19,865	23,119
Presented as:			
- Non-current		1,512	2,010
- Current		18,353	21,109
		19,865	23,119

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

	Group	
	30 Jun 2022 (Unaudited)	31 Dec 2021 (Audited)
	S\$'000	S\$'000
Trade payables	16,952	19,568
Amounts due to directors/ shareholders (non-trade)	1,668	1,666
Accrued operating expenses	978	1,614
Accrued salaries and wages	1,366	1,467
Other payables	2,091	2,889
Miscellaneous creditors	222	321
Financial liabilities at amortised cost	23,277	27,525
Provision for sales rebates	88	459
	23,365	27,984

15. Share Capital

There have been no changes to the Company's issued and paid-up share capital since 31 December 2021 up to 30 June 2022.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 30 June 2022 and 30 June 2021.

	No. of shares (('000))	Issued and paid-up share capital of the Company (S\$'000)
Ordinary Shares		
As at 30 Jun 2022 and 31 Dec 2021	169,682	33,201

16. 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 2022	As at 31 Dec 2021
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 statement of financial position of the Company and its subsidiaries as at 30 June 2022 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month 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 6-months financial period ended 30 June 2022 (“1H2022”) as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2021.

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.

	Group	
	1H2022	1H2021
Profit/ (loss) attributable to owners of the Company (S\$’000)	1,896	(225)
Weighted average number of ordinary shares in issue (’000)	169,682	169,682
Basic and diluted earnings/ (loss) per share (“EPS”) (Singapore cents)	1.12	(0.13)

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

	Group		Company	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
Net asset value (S\$’000)	22,053	20,432	25,098	25,187
Number of ordinary shares in issue (’000)	169,682	169,682	169,682	169,682
Net asset value per ordinary share (Singapore cents)	13.00	12.04	14.79	14.84

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 (1H2022 vs 1H2021)

The Group's revenue increased by approximately S\$23.5 million or 83.0% from S\$28.3 million in 1H2021 to S\$51.8 million in 1H2022. The increase in revenue was mainly due to more orders placed by existing customers and orders received from new customers.

The Group's cost of sales increased by approximately S\$19.8 million or 82.2% from S\$24.1 million in 1H2021 to S\$43.9 million in 1H2022. This increase comprises (i) approximately S\$1.2 million in labour costs; (ii) approximately S\$4.1 million in sub-contracting fees; (iii) approximately S\$13.6 million of raw material costs; (iv) approximately S\$0.4 million in factory overhead; and (v) approximately S\$0.5 million in export handling charges.

The Group's gross profit margin increased by 0.3 percentage points from approximately 15.0% in 1H2021 to approximately 15.3% in 1H2022.

The Group's other income decreased by approximately S\$33,000 or 39.8% from S\$83,000 in 1H2021 to S\$50,000 in 1H2022 due to lower wage subsidies received from the Government of Malaysia.

The Group's administrative and general expenses increased by approximately S\$0.9 million or 24.7% from S\$3.4 million in 1H2021 to S\$4.3 million in 1H2022. There was mainly due to (i) increase in foreign exchange loss of approximately S\$0.3 million; (ii) increase in legal and professional fees incurred by the Group of approximately S\$0.2 million; (iii) increase in salary expenses of approximately S\$0.2 million; and (iv) increase in general maintenance of office and hostel equipment of approximately S\$0.2 million. Depreciation of the Group's property, plant and equipment and right-of-use assets remained relatively constant at S\$1.1 million in 1H2022 and 1H2021.

The Group's selling and marketing expenses increased by approximately S\$0.1 million or 19.8% from S\$0.8 million in 1H2021 to S\$0.9 million in 1H2022. The increase was mainly due to increase in the sales commission paid to the apparel sourcing agent.

The Group's finance costs increased by approximately S\$0.1 million or 25.3% from S\$0.3 million in 1H2021 to S\$0.4 million in 1H2022 due mainly to an increase in interest expenses incurred on trade financing.

As a result of the above, the Group recorded a net profit after tax of S\$1.9 million in 1H2022 compared to a net loss after tax of approximately S\$0.2 million in 1H2021.

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets decreased by approximately S\$1.0 million from S\$20.2 million as at 31 December 2021 to S\$19.2 million as at 30 June 2022 mainly due to depreciation charge on the Group's property, plant and equipment and right-of-use assets, and partially offset by an increase from the acquisition of plant and machinery for the textiles facility in Malaysia.

Current Assets

Current assets decreased by S\$5.4 million from S\$53.5 million as at 31 December 2021 to S\$48.1 million as at 30 June 2022.

Inventories increased by S\$5.9 million from S\$21.6 million as at 31 December 2021 to S\$27.5 million as at 30 June 2022. 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 third quarter of the financial year ending 31 December 2022 ("FY2022").

Trade and other receivables decreased by approximately S\$11.0 million from S\$27.5 million as at 31 December 2021 to S\$16.5 million as at 30 June 2022. This was mainly due to better collections from customers during 1H2022.

Cash and bank balances decreased by approximately S\$0.5 million from S\$4.2 million as at 31 December 2021 to S\$3.7 million as at 30 June 2022.

Non-Current Liabilities

Non-current liabilities increased by S\$0.8 million from S\$3.6 million as at 31 December 2021 to S\$2.8 million as at 30 June 2022.

Borrowings decreased by approximately S\$0.5 million from S\$2.0 million as at 31 December 2021 to S\$1.5 million as at 30 June 2022 mainly due to the reclassification of term loans from "non-current" to "current".

Lease liabilities (non-current) decreased by approximately S\$0.3 million from S\$1.5 million as at 31 December 2021 to S\$1.2 million as at 30 June 2022. This was mainly due to the reclassification of lease liabilities from "non-current" to "current".

Current Liabilities

Current liabilities decreased by S\$7.3 million from S\$49.8 million as at 31 December 2021 to S\$42.5 million as at 30 June 2022.

Borrowings decreased by approximately S\$2.7 million from S\$21.1 million as at 31 December 2021 to S\$18.4 million as at 30 June 2022 mainly due to the repayment of loans.

Trade and other payables decreased by approximately S\$4.6 million from S\$28.0 million as at 31 December 2021 to approximately S\$23.4 million as at 30 June 2022. The decrease was mainly due to decreases in accrued operating expenses, accrued salaries and wages and other payables.

Review of Statement of Cash Flows

The Group's net cash flow generated from operating activities amounted to approximately S\$3.8 million in 1H2022. This was mainly due to a positive operating cash flows before working capital changes of approximately S\$4.0 million, a decrease in trade and other receivables, decrease in trade and other payables, and partially offset by an increase of inventories, and income tax paid.

The Group's net cash flows used in investing activities in 1H2022 amounted to approximately S\$0.3 million mainly due the acquisition of plant and machinery for the textiles facility in Malaysia.

The Group's net cash flows used in financing activities in 1H2022 amounted to approximately S\$4.0 million primarily due to repayments of lease liabilities, interest, and repayments on term loans and offset by net proceeds from short-term borrowings.

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 know factors or events that may affect the group in the next reporting period and the next 12 months.

With COVID-19 entering an endemic stage, we have started to see some improvements in global economic activities. However, it will take some time to return to normalcy as the recovery from the pandemic has been hampered by increasing economic and geopolitical uncertainties amid the Russia-Ukraine war, supply chain disruptions, inflationary pressures, and rising interest rates.

Going forward, we expect the operating environment to remain challenging. Set against this challenging operating environment, the Group anticipates continued pressures on our margins with the ever-increasing raw material and logistics costs. We will continue to exercise financial discipline and prudence to further strengthen our financial position through our Group-wide cost management measures.

The Group will continue to focus on strengthening and optimising our business operations by developing innovative products and enhancing production efficiency with our integrated capabilities to maintain a competitive edge and pursue new business opportunities. We will also intensify our marketing efforts to expand our customer base to build up our order book.

We will continue to cautiously seek opportunities to further expand our operations through strategic collaborations with parties who can provide synergistic value to the Group.

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/recommended, 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 for the working capital of the newly operating dyeing factory.

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 2022 to be false or misleading in any material aspect

BY ORDER OF THE BOARD

Damien Lim Vhe Kai
Chief Executive Officer

8 August 2022

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.