



KTMG Limited (fka Lereno Bio-Chem Ltd)
(Registration No: 197401961C)
(Incorporated in the Republic of Singapore)

**Unaudited Financial Statements and Dividend Announcement
For the Six Months period ended 30 June 2019**

Background

KTMG Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), formerly known as Lereno Bio-Chem Ltd, was formed through a reverse takeover (“**RTO**”) of the entire issued share capital of Knit Textile and Apparel Pte Ltd (“**KTAPL**” and together with its subsidiaries, the “**KTAPL Group**”). The RTO was completed on 18 February 2019 and the Company changed its name to “KTMG Limited”.

Please refer to the Company’s Circular dated 21 December 2018 for further details on the RTO and the restructuring exercise.

KTAPL Group is engaged in the apparel contract manufacturing business, specializing in nightwear, lounge wear, casual wear and plus sized apparel for all ages.

Group Level

Following the completion of the RTO, the wholly owned subsidiary, KTAPL, is regarded as the accounting acquirer, and the Company as the accounting acquiree, for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of the KTAPL Group.

Accordingly, the consolidated financial statements for the six months period ended 30 June 2019 have been presented as a continuation of the KTAPL Group’s financial results and operations, in accordance with the following:

- 1) The assets and liabilities of the accounting acquirer, the KTAPL Group, are recognized and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;
- 2) The assets and liabilities of the accounting acquiree, the Company, are recognized and measured in the consolidated balance sheet at their acquisition date fair value;
- 3) The retained earnings and other equity balances recognized in the consolidated financial statements of the Group are the retained earnings and other equity balances of the KTAPL Group immediately before the RTO; and



Group Level (Cont'd)

- 4) The equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to affect the combination; and
- 5) The comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the KTAPL Group.

Following the completion of the RTO, the principal business of the Group is that of the KTAPL Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in SFRS(I) 3 *Business Combination*, but it does not result in the recognition of goodwill, as the Company was deemed as a cash company under Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in SFRS(I) 3. Instead, such transaction falls within the scope of SFRS(I) 2 *Share-based Payments*, which require the deemed shares issued by the legal subsidiary corporation (as consideration for the acquisition of the Company) to be recognized at fair value. Any difference between the consideration sum and the fair value of the Company's identifiable net assets acquired is treated as cost of obtaining a listing by the legal subsidiary, KTAPL, recognized as an expense in the consolidated statement of comprehensive income.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in KTAPL Group recorded in the Company's financial statements was accounted for at cost less accumulated impairment losses, if any.



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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding year.

	1H2019 (Unaudited) S\$'000	Group 1H2018 (Unaudited) S\$'000	Change %
Revenue	35,994	35,693	0.8
Cost of sales	(30,455)	(30,888)	(1.4)
Gross profit	5,539	4,805	15.3
Other income, net	93	76	22.4
Administrative and general expenses	(6,225)	(2,736)	127.5
Selling and marketing expenses	(738)	(1,144)	(35.5)
Finance costs	(445)	(290)	53.4
(Loss)/ profit before taxation	(1,776)	711	NM
Income tax expenses	(418)	(328)	27.4
Net (loss)/ profit for the period	(2,194)	383	NM
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation (nil tax)	(394)	(961)	(65.1)
Total comprehensive loss attributable to equity holders of the Company	(2,588)	(578)	347.8

NM: Not Meaningful



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1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit/(loss) for the financial period is stated after charging/(crediting) the following:

	1H2019	Group	
	(Unaudited)	1H2018	Change
	S\$'000	(Unaudited)	%
		S\$'000	
Transaction cost and acquisition cost arising from the RTO	2,774	-	NM
Depreciation of property, plant and equipment	727	679	7.1
Foreign exchange loss, net	160	370	(56.8)

NM: Not Meaningful



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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.

	Group		Company	
	30 Jun 2019 (Unaudited) S\$'000	31 Dec 2018 (Unaudited) S\$'000	30 Jun 2019 (Unaudited) S\$'000	31 Dec 2018 (Audited) S\$'000
Assets				
Non-current assets				
Investment in subsidiary company	-	-	26,400	-
Property, plant and equipment	18,949	16,720	-	-
Prepaid land lease payments	349	359	-	-
	<u>19,298</u>	<u>17,079</u>	<u>26,400</u>	<u>-</u>
Current Assets				
Inventories	16,614	11,103	-	-
Trade and other receivables	16,274	22,676	11	23
Cash and bank balances	3,595	4,912	31	12
	<u>36,483</u>	<u>38,691</u>	<u>42</u>	<u>35</u>
Total assets	<u>55,781</u>	<u>55,770</u>	<u>26,442</u>	<u>35</u>
Liabilities				
Non-current liabilities				
Borrowings	4,125	5,206	-	-
Lease liabilities	1,460	-	-	-
Deferred tax liabilities	439	450	-	-
	<u>6,024</u>	<u>5,656</u>	<u>-</u>	<u>-</u>
Current liabilities				
Borrowings	16,847	14,232	-	-
Contract liabilities	219	191	-	-
Lease liabilities	405	-	-	-
Trade and other payables	17,056	21,034	247	6,307
	<u>34,527</u>	<u>35,457</u>	<u>247</u>	<u>6,307</u>
Total liabilities	<u>40,551</u>	<u>41,113</u>	<u>247</u>	<u>6,307</u>
Net assets	<u>15,230</u>	<u>14,657</u>	<u>26,195</u>	<u>(6,272)</u>
Equity and reserves				
Share capital	33,201	4,898	33,201	36,827
Retained earnings/ (accumulated losses)	1,754	9,833	(8,477)	(43,099)
Foreign currency translation reserve	(468)	(74)	-	-
Capital reserve	2,245	-	1,471	-
Merger reserve	(21,502)	-	-	-
Total equity and reserves	<u>15,230</u>	<u>14,657</u>	<u>26,195</u>	<u>(6,272)</u>



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

	As at 30 Jun 2019		As at 31 Dec 2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amounts repayable in one year or less, or on demand</u>				
Financial liabilities:				
Term loans	1,440	-	654	-
Other short-term borrowings	14,549	761	12,408	1,067
Finance lease liabilities	97	-	103	-
	<u>16,086</u>	<u>761</u>	<u>13,165</u>	<u>1,067</u>

Amounts repayable after one year

Financial liabilities:				
Term loans	4,019	-	5,061	-
Finance lease liabilities	106	-	145	-
	<u>4,125</u>	<u>-</u>	<u>5,206</u>	<u>-</u>

Details of any collateral

The borrowings are secured by bank guarantees and legal charges over the Group's freehold and leasehold land, buildings and deposits with licensed banks.



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

	Group	
	1H2019	1H2018
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Operating activities		
(Loss)/ profit before tax	(1,776)	711
Adjustment for:		
Acquisition cost arising from the RTO	774	-
Transaction cost arising from the RTO	2,000	-
Bad debts written off	-	16
Depreciation of property, plant and equipment	727	679
Interest expense	445	291
Interest income	(8)	(40)
Property, plant and equipment written off	10	1
Amortisation of prepaid land lease payments	-	4
Gain on disposal of property, plant and equipment	(16)	(19)
Operating cash flows before working capital changes	2,156	1,643
Working capital changes		
Trade and other receivables	6,453	2,904
Trade and other payables	(2,148)	7,390
Inventories	(5,511)	(14,420)
Cash generated from/ (used in) operations	950	(2,483)
Interest received	8	40
Income tax paid	(429)	(451)
Net cash generated from/ (used in) operating activities	529	(2,894)
Investing activities		
Cash and cash equivalents acquired on completion of RTO	12	-
Purchase of property, plant and equipment	(2,968)	(2,571)
Proceeds from disposal of property, plant and equipment	27	31
Net cash used in investing activities	(2,929)	(2,540)
Financing activities		
Interest paid	(445)	(291)
Repayment of lease liabilities	(60)	(49)
Placement of deposits pledged for security	-	1,233
Drawdown of term loans	4,960	2,010
Repayment of term loans	(5,264)	(689)
Other short-term borrowings	1,898	4,301
Dividend paid	-	(1,289)
Net cash generated from financing activities	1,089	5,226
Net change in cash and cash equivalents	(1,311)	(208)
Cash and cash equivalents at the beginning of financial period	4,912	4,107
Effect of exchange rate changes on cash and cash equivalents	(6)	(4)
Cash and cash equivalents at the end of financial period	3,595	3,895



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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Retained earnings/ (Accumulated losses)	Foreign currency translation reserve	Capital reserve	Merger reserve	Total equity
<u>Group</u>	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2019	4,898	9,833	(74)	-	-	14,657
Effect of restructuring	31,929	(42,711)	-	774	(21,502)	(31,510)
Issue of shares pursuant to the completion of the RTO	33,200	-	-	1,471	-	34,671
Capital reduction	(36,826)	36,826	-	-	-	-
Total comprehensive loss for the financial period	-	(2,194)	(394)	-	-	(2,588)
As at 30 Jun 2019	33,201	1,754	(468)	2,245	(21,502)	15,230
As at 1 Jan 2018	4,898	9,450	(157)	-	-	14,191
Total comprehensive income / (loss) for the financial period	-	383	(961)	-	-	(578)
As at 30 Jun 2018	4,898	9,833	(1,118)	-	-	13,613

	Share capital	Retained earnings/ (Accumulated losses)	Capital reserve	Total equity
<u>Company</u>	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2019	36,827	(43,099)	-	(6,272)
Issue of shares pursuant to the completion of the RTO	33,200	-	1,471	34,671
Capital reduction	(36,826)	36,826	-	-
Total comprehensive loss for the financial period	-	(2,204)	-	(2,204)
As at 30 Jun 2019	33,201	(8,477)	1,471	26,195
As at 1 Jan 2018	36,827	(42,662)	-	(5,835)
Total comprehensive loss for the financial period	-	(197)	-	(197)
As at 30 Jun 2018	36,827	(42,859)	-	(6,032)



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 the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary Shares	No. of shares (‘000)	Issued and paid-up share capital of the Company (S\$’000)
As at 1 Jan 2019	73,632	36,827
Share Consolidation of every 20 ordinary shares into 1 consolidated share	(69,950)	-
Issue of new shares pursuant to RTO @ S\$0.20		
• Consideration shares	132,000	26,400
• Settlement shares	24,000	4,800
• Transaction cost shares	10,000	2,000
	166,000	33,200
Capital Reduction	-	(36,826)
As at 30 Jun 2019	169,682	33,201

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.



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- 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 2019	As at 31 Dec 2018
Total issued shares (excluding treasury shares)	169,681,592	73,631,858

- 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 figures have not been audited or reviewed by the Company's auditor.

- 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 financial statements have been complied.**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the unaudited pro-forma consolidated financial statements of the Group as set out in the Company's Circular dated 21 December 2018.

- 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 Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and interpretations of SFRS(I) ("**INTSFRS(I)**") that are mandatory for the accounting periods beginning on or after 1 January 2019.

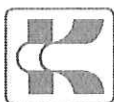
The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's and the Company's accounting policies and has no significant on the financial statements for the current financial year except for SFRS(I) 16 Leases.

The Group has adopted the new SFRS(I) 16 which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It is required to recognize a right-of-use ("**ROU**") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group has applied the practical expedient to recognize the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequently to the initial recognition, the Group depreciated the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognized interest expense on the lease liabilities.

The ROU assets mainly relate to leases of the Group's manufacturing premises in Cambodia. Accordingly, there was a corresponding increase in lease liabilities of approximately S\$1.9 million as at 30 June 2019.

The Board refers to the announcement dated 18 February 2019 in relation to the change in reporting and functional currency of the Company from Singapore Dollars ("**S\$**") to Malaysian Ringgit ("**RM**") (the "**18 February 2019 Announcement**"), and would like to clarify that the Company's functional currency remains as S\$ instead of RM as previously disclosed. Further to the 18 February 2019 Announcement, and after taking into consideration the Group's listing on the Catalist and its future plans, the Group has changed its reporting currency from RM to S\$ as it will be more reflective of the underlying transactions of the Company and events and conditions relevant to the Group going forward.



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	
	1H2019	1H2018
(Loss)/ profit attributable to owners of the Company (S\$'000)	(2,194)	383
Weighted average number of ordinary shares in issue ('000)	169,682	169,682 ⁽¹⁾
Basic and diluted earnings per share ("EPS") (Singapore cents)	(1.29)	0.23

Note:

- (1) The weighted average number of ordinary shares in issues for 1H2018 have been adjusted for the completion of the RTO, assuming the RTO was completed on 1 January 2018.

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.

In connection with the RTO, the number of ordinary shares outstanding from the beginning of the financial period to the completion date of the RTO for the purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued to the owners of the Company. The number of ordinary shares outstanding from the completion date of the RTO to the end of the financial period is the weighted average number of ordinary shares of the Company outstanding during the period.

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	31 Dec	30 Jun	31 Dec
	2019	2018	2019	2018
Net asset value (S\$'000)	15,230	14,657	26,195	(6,272)
Number of ordinary shares in issue ('000)	169,682	73,632	169,682	73,632
Net asset value per ordinary share (Singapore cents)	8.98	19.91	15.44	(8.52)



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 (1H2019 vs 1H2018)

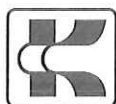
The Group's revenue increased by approximately S\$0.3 million or 0.8% from S\$35.7 million in 1H2018 to S\$36.0 million in 1H2019. The increase in revenue was mainly contributed by the of sales of knitted fabric of S\$0.8 million (1H2018: Nil), partially offset by the sales of garments amounting to S\$35.2 million (1H2018: S\$35.7 million).

The Group's cost of sales decreased by approximately S\$0.4 million or 1.4% from S\$30.9 million in 1H2018 to S\$30.5 million in 1H2019. The decrease was mainly due to the reduction of sub-contracting fees incurred during the financial period as the Group improved its internal operations efficiency.

The Group's gross profit margin increased by 1.9 percentage points from approximately 13.5% in 1H2018 to approximately 15.4% in 1H2019 mainly due to the better gross profit margin contributed by the improvement of our business operations and a decrease of sub-contracting fee incurred.

The Group's other income increased by approximately S\$17,000 or 22.4% from S\$76,000 in 1H2018 to S\$93,000 in 1H2019 mainly due to gain on disposal of property, plant and equipment.

The Group's administrative and general expenses increased by approximately S\$3.5 million from S\$2.7 million in 1H2018 to S\$6.2 million in 1H2019. This was primarily due to a one-off non-operating expenditure arising from the completion of the RTO on 18 February 2019 comprising of (i) transaction cost arising from the RTO amounting to approximately S\$2.0 million; (ii) acquisition cost arising from the RTO of approximately S\$0.8 million, being the difference between the fair value of consideration shares deemed issued by the legal subsidiary, KTAPL, over the fair value of the Company's identifiable net assets acquired; (iii) increase of professional fees incurred by the Group of approximately S\$0.2 million; and (iv) increase of directors' remuneration of S\$0.1 million. The increase of administrative and general expenses was also contributed by an increase in staff costs of approximately S\$0.3 million and professional fees of approximately S\$0.1 million, which was incurred by the new dyeing business.



The Group's selling and marketing expenses as a percentage of revenue remained constant at 2% (1H2018: 3%). The decreased of approximately S\$0.4 million or 35.5% from S\$1.1 million in 1H2018 to S\$0.7 million in 1H2019 was mainly due to the decrease in sales commission paid to the apparel sourcing agent.

The Group's finance costs increased by approximately S\$0.1 million or 53.4% from S\$0.3 million in 1H2018 to S\$0.4 million in 1H2019 mainly due to term loan interest incurred by the new dyeing plant.

As a result of the above, the Group recorded a net loss after tax of S\$2.2 million in 1H2019 compared to a net profit after tax of approximately S\$0.4 million in 1H2018.

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets increased by approximately S\$2.2 million from S\$17.1 million as at 31 December 2018 to S\$19.3 million as at 30 June 2019 mainly due to capital expenditure incurred for the water treatment plant for the new Fabric Dyeing Facility in Malaysia and new machineries for the Group's operations.

Current Assets

Current assets decreased by S\$2.2 million from S\$38.7 million as at 31 December 2018 to S\$36.5 million as at 30 June 2019.

Inventories increased by S\$5.5 million from S\$11.1 million as at 31 December 2018 to S\$16.6 million as at 30 June 2019. This was primarily due to the purchase of fabrics and other raw materials for the manufacturer of apparel products to be delivered in 3Q2019.

Trade and other receivables decreased by approximately S\$6.4 million from S\$22.7 million as at 31 December 2018 to S\$16.3 million as at 30 June 2019. The decrease was mainly due to the timing of receipts in the month of June 2019.

Cash and bank balances decreased by approximately S\$1.3 million from S\$4.9 million as at 31 December 2018 to S\$3.6 million as at 30 June 2019. This was mainly due to a decrease in cash on hand and at banks as a result of the purchase of fabrics for orders secured.

Non-Current Liabilities

Non-current liabilities increased by S\$0.4 million from S\$5.7 million as at 31 December 2018 to S\$6.0 million as at 30 June 2019.



Borrowings decreased by approximately S\$1.1 million from S\$5.2 million as at 31 December 2018 to S\$4.1 million as at 30 June 2019. This was mainly due to the restructuring of a long-term loan to a shorter period which resulted in lower interest charged.

Lease liabilities amounted to approximately S\$1.5 million as at 30 June 2019 as a result of the adoption of SFRS(I) 16 Leases.

Current Liabilities

Current liabilities decreased by S\$0.9 million from S\$35.5 million as at 31 December 2018 to S\$34.5 million as at 30 June 2019.

Borrowings increased by approximately S\$2.6 million from S\$14.2 million as at 31 December 2018 to S\$16.8 million as at 30 June 2019. This was mainly due to the additional short-term financing utilized for the new Fabric Dyeing Facility in Malaysia.

Lease liabilities amounted to S\$0.4 million as at 30 June 2019 as a result of the adoption of SFRS(I) 16 Leases.

Trade and other payable decreased by approximately S\$4.0 million from S\$21.0 million as at 31 December 2018 to approximately S\$17.1 million as at 30 June 2019. The decrease was mainly due to the improvements in the payments cycle.

Review of Statement of Cash Flows

The Group's net cash flow generated from operating activities amounted to approximately S\$0.5 million in 1H2019. This was mainly due to an increase in operating cash flows before working capital changes of approximately S\$2.2 million and a decrease in trade and other receivables, partially offset by a decrease in trade and other payables, an increase of inventories, interests paid and income tax paid.

The Group's net cash flows used in investing activities in 1H2019 amounted to approximately S\$2.9 million. This was mainly due to capital expenditure incurred for the water treatment plant for the new Fabric Dyeing Facility in Malaysia and new machineries for the Group's operation.

The Group's net cash flows generated from financing activities in 1H2019 amounted to approximately S\$1.1 million primarily due to the draw-down of term loans and other short-term borrowings for working capital requirements, partially offset by repayments of term loan and interest.



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.**

The global market conditions remain challenging for the next twelve months due to the ongoing trade conflicts between the United States of America and China, as well as uncertainties brought about by the current Brexit negotiations. Global clothing retailers have been more cautious in planning their merchandise mix as a result of the uncertain economic outlook caused by the foregoing factors.

As such, we will focus on improving our core business processes with a view to improving our cost efficiencies. We are excited to announce that the Group's new Fabric Dyeing Facility in Malaysia commenced full operation on 15 July 2019. We are confident that our long-term growth potential can be realised through evolving into a vertically integrated manufacturing business, which gives us the capability to offer compelling and differentiated value propositions to our customers.

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.

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 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD


Lim Vhe Kai
Chief Executive Officer

14 August 2019



KTMG Limited (fka Lereno Bio-Chem Ltd)
(Registration No: 197401961C)
(Incorporated in the Republic of Singapore)

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 Mr. Bernard Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.