



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

**Unaudited Financial Statements and Dividend Announcement
For the financial year ended 31 December 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 year ended 31 December 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 recognised 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 recognised and measured in the consolidated balance sheet at their acquisition date fair value;
- 3) The retained earnings and other equity balances recognised 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 recognised 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, recognised 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.



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

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL 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.

<u>The Group</u>	FY2019 (Unaudited) S\$'000	FY2018 (Unaudited) S\$'000	Change %
Revenue	87,571	102,583	(14.6)
Cost of sales	(74,086)	(91,336)	(18.9)
Gross profit	13,485	11,247	19.9
Other income, net	185	162	14.2
Administrative and general expenses	(9,405)	(5,467)	72.0
Selling and marketing expenses	(5,071)	(3,547)	43.0
Finance costs	(930)	(660)	40.9
(Loss)/ profit before taxation	(1,736)	1,735	NM
Income tax expenses	(167)	(138)	21.0
Net (loss)/ profit for the year	(1,903)	1,597	NM
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation (nil tax)	(91)	83	NM
Total comprehensive (loss)/ profit attributable to equity owners of the Company	(1,994)	1,680	NM

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

(Loss)/ Profit for the financial year is stated after charging/(crediting) the following:

<u>The Group</u>	FY2019 (Unaudited) S\$'000	FY2018 (Unaudited) S\$'000	Change %
Transaction cost and acquisition cost arising from the RTO	2,529	-	NM
Depreciation of property, plant and equipment including right-of-use assets	2,043	1,379	48.2
Impairment loss recognised on trade receivables	452	12	NM
Interest income	(45)	(63)	(28.6)
Gain on disposal of property, plant and equipment	(8)	(19)	(5.8)

NM: Not Meaningful



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

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	
	31 Dec 2019 (Unaudited) S\$'000	31 Dec 2018 (Unaudited) S\$'000	31 Dec 2019 (Unaudited) S\$'000	31 Dec 2018 (Audited) S\$'000
<u>Assets</u>				
Non-current assets				
Investment in a subsidiary	-	-	26,400	-
Property, plant and equipment	16,992	16,884	-	-
Prepaid land lease payments	340	359	-	-
Right-of-use assets	2,110	-	-	-
Deferred tax assets	295	206	-	-
	19,737	17,449	26,400	-
Current Assets				
Inventories	9,812	11,103	-	-
Trade and other receivables	17,188	22,567	38	23
Cash and bank balances	3,360	4,912	13	12
	30,360	38,582	51	35
Total assets	50,097	56,031	26,451	35
<u>Liabilities</u>				
Non-current liabilities				
Borrowings	3,440	5,206	-	-
Lease liabilities	1,719	-	-	-
Deferred tax liabilities	188	461	-	-
	5,347	5,667	-	-
Current liabilities				
Borrowings	13,405	14,165	-	-
Lease liabilities	405	67	-	-
Trade and other payables	15,559	21,286	466	6,307
	29,369	35,518	466	6,307
Total liabilities	34,716	41,185	466	6,307
Net assets/ (liabilities)	15,381	14,846	25,985	(6,272)
<u>Equity and reserves</u>				
Share capital	33,201	4,898	33,201	36,827
Retained earnings/ (accumulated losses)	1,846	10,022	(7,787)	(43,099)
Foreign currency translation reserve	(165)	(74)	-	-
Capital reserve	1,471	-	1,471	-
Merger reserve	(20,972)	-	(900)	-
Total equity and reserves	15,381	14,846	25,985	(6,272)



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

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

	As at 31 Dec 2019		As at 31 Dec 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<u>Amounts repayable in one year or less, or on demand</u>				
Financial liabilities:				
Term loans	1,224	-	654	-
Other short-term borrowings	11,699	403	12,408	1,067
Lease liabilities	79	405	103	-
	<u>13,002</u>	<u>808</u>	<u>13,165</u>	<u>1,067</u>
<u>Amounts repayable after one year</u>				
Financial liabilities:				
Term loans	3,375	-	5,061	-
Lease liabilities	65	1,719	145	-
	<u>3,440</u>	<u>1,719</u>	<u>5,206</u>	<u>-</u>

As at 31 December 2019, the unsecured lease liabilities arose from the adoption of SFRS(I) 16 *Leases* during the year.

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	
	FY2019	FY2018
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Operating activities		
(Loss)/ profit before tax	(1,736)	1,735
Adjustment for:		
Acquisition cost arising from the RTO	1,429	-
Transaction cost arising from the RTO	1,100	-
Depreciation of property, plant and equipment including right of use assets	2,043	1,379
Impairment loss recognised on trade receivables	452	12
Interest expenses	930	660
Interest income	(45)	(63)
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	(8)	(19)
Operating cash flows before working capital changes	4,165	3,705
Working capital changes		
Trade and other receivables	4,927	(4,631)
Trade and other payables	(5,739)	5,297
Inventories	1,291	(1,049)
Cash generated from operations	4,644	3,322
Interest received	45	63
Income tax paid	(529)	(1,157)
Net cash generated from operating activities	4,160	2,228
Investing activities		
Cash and cash equivalents acquired on completion of RTO	12	-
Purchase of property, plant and equipment	(1,877)	(3,571)
Proceeds from disposal of property, plant and equipment	65	61
Net cash used in investing activities	(1,800)	(3,510)
Financing activities		
Interest paid	(930)	(660)
Repayment of lease liabilities	(182)	(103)
Drawdown of term loans	4,945	2,047
Repayment of term loans	(8,994)	(1,166)
Repayment of other short-term borrowings	(65,623)	(74,946)
Drawdown of other short-term borrowings	66,840	76,999
Net cash (used in)/ generated from financing activities	(3,944)	2,171
Net change in cash and cash equivalents	(1,584)	888
Cash and cash equivalents at the beginning of financial year	3,908	1,236
Deposit pledged	(132)	1,737
Effect of exchange rate changes on cash and cash equivalents	32	47
Cash and cash equivalents at the end of financial year	2,224	3,908



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.

<u>Group</u>	Share capital S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Total equity S\$'000
As at 1 Jan 2019	4,898	10,022	(74)	-	-	14,846
Effect of restructuring	31,929	(43,099)	-	-	(20,972)	(32,142)
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 year	-	(1,903)	(91)	-	-	(1,994)
As at 31 Dec 2019	33,201	1,846	(165)	1,471	(20,972)	15,381
As at 1 Jan 2018	4,898	8,425	(157)	-	-	13,166
Total comprehensive income for the financial year	-	1,597	83	-	-	1,680
As at 31 Dec 2018	4,898	10,022	(74)	-	-	14,846

<u>Company</u>	Share capital S\$'000	Accumulated losses S\$'000	Capital reserve S\$'000	Merger Reserve S\$'000	Total equity 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	(900)	33,771
Capital reduction	(36,826)	36,826	-	-	-
Total comprehensive loss for the financial year	-	(1,514)	-	-	(1,514)
As at 31 Dec 2019	33,201	(7,787)	1,471	(900)	25,985
As at 1 Jan 2018	36,827	(42,662)	-	-	(5,835)
Total comprehensive loss for the financial year	-	(437)	-	-	(437)
As at 31 Dec 2018	36,827	(43,099)	-	-	(6,272)

Capital reserve

The capital reserve represents the gain on extinguishment of the amounts owing to Bintai Holdings Private Limited (the then controlling shareholder of the Company prior to the RTO).

Merger reserve

The merger reserve represents the differences between the cost of investment recorded at the fair value of the equity shares issued by the Company and the share capital of the entity under common control.



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

- 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 31 Dec 2019	169,682	33,201

There were no changes in the Company's share capital since the end of the previous period reported on. The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018.



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

- 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 31 Dec 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) (“**INT SFRS(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 recognise 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 recognised 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\$2.1 million as at 31 December 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	
	FY2019	FY2018
(Loss)/ profit attributable to owners of the Company (S\$'000)	(1,903)	1,597
Weighted average number of ordinary shares in issue ('000)	169,682	169,682 ⁽¹⁾
Basic and diluted earnings per share ("EPS") (cents)	(1.12)	0.94

Note:

(1) The weighted average number of ordinary shares in issues for FY2018 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	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net asset value (S\$'000)	15,381	14,846	25,985	(6,272)
Number of ordinary shares in issue ('000)	169,682	73,632	169,682	73,632
Net asset value per ordinary share (cents)	9.06	20.16	15.31	(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 (FY2019 vs FY2018)

The Group's revenue decreased by approximately S\$15.0 million or 14.6% from S\$102.6 million in FY2018 to S\$87.6 million in FY2019. The decrease in revenue was mainly due to the Group adopting a different marketing strategy by focusing on higher margin sales contracts from customers.

The Group's cost of sales decreased by approximately S\$17.3 million or 18.9% from S\$91.3 million in FY2018 to S\$74.1 million in FY2019. The decrease was mainly due to reduction in manufacturing cost which is generally in line with the decrease in revenue and a reduction of sub-contracting fees incurred as the Group improved its internal production efficiency.

The Group's gross profit margin increased by 4.4 percentage points from approximately 11.0% in FY2018 to approximately 15.4% in FY2019 mainly due to the better gross profit margin contributed by the implementation of a new marketing strategy to focus on higher margin sales contracts and a decrease of sub-contracting fees incurred.

The Group's other income increased by approximately S\$23,000 or 14.2% from S\$162,000 in FY2018 to S\$185,000 in FY2019 mainly due to increase of sub-contracting income generated.

The Group's administrative and general expenses increased by approximately S\$3.9 million or 72.0% from S\$5.5 million in FY2018 to S\$9.4 million in FY2019. 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\$1.1 million; (ii) acquisition cost arising from the RTO of approximately S\$1.4 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\$0.4 million; and (iv) increase of directors' remuneration of S\$0.3 million. The increase of administrative and general expenses was also contributed by an increase in staff costs of approximately S\$0.2 million due to the new dyeing business as well as the impairment loss recognised on trade receivables of S\$0.5 million.



The Group's selling and marketing expenses increased by approximately S\$1.6 million or 43.0% from S\$3.5 million in FY2018 to S\$5.1 million in FY2019. This was mainly due to an (i) increase of air freight cost of approximately S\$0.9 million arising from delays on shipment; (ii) increase of approximately S\$0.5 million sales rebate to a secured buyer and (iii) increase of approximately S\$0.2 million of commission paid to apparel sourcing agent.

The Group's finance costs increased by approximately S\$0.2 million or 40.9% from S\$0.7 million in FY2018 to S\$0.9 million in FY2019 mainly due to term loan interest incurred by the new Fabric Dyeing Facility.

As a result of the above, the Group recorded a net loss after tax of S\$1.9 million in FY2019. Excluding the transaction cost and acquisition cost arising from the RTO of approximately S\$2.5 million, the Group recorded a net profit after tax of approximately S\$0.6 million in FY2019 as compared to a net profit after tax of approximately S\$1.6 million in FY2018.

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets increased by approximately S\$2.2 million from S\$17.5 million as at 31 December 2018 to S\$19.7 million as at 31 December 2019 mainly due to capital expenditure incurred for the water treatment plant at the new Fabric Dyeing Facility in Malaysia and new machineries for the Group's operations.

Current Assets

Current assets decreased by S\$8.2 million from S\$38.6 million as at 31 December 2018 to S\$30.4 million as at 31 December 2019.

Inventories decreased by S\$1.3 million from S\$11.1 million as at 31 December 2018 to S\$9.8 million as at 31 December 2019. This was primarily due to lesser purchase of fabrics and other raw materials as a result of the lower demand for the first quarter of FY2020.

Trade and other receivables decreased by approximately S\$5.4 million from S\$22.6 million as at 31 December 2018 to S\$17.2 million as at 31 December 2019. The decrease was mainly due to the timing of receipts in the month of December 2019.

Cash and bank balances decreased by approximately S\$1.5 million from S\$4.9 million as at 31 December 2018 to S\$3.4 million as at 31 December 2019. This was mainly due to a decrease of cash on hand and at banks as a result of the operations at the new Fabric Dyeing Facility and repayment of term loans and interest during the current financial year.



Non-Current Liabilities

Non-current liabilities decreased by S\$0.4 million from S\$5.7 million as at 31 December 2018 to S\$5.3 million as at 31 December 2019.

The long-term borrowings decreased by approximately S\$1.8 million from S\$5.2 million as at 31 December 2018 to S\$3.4 million as at 31 December 2019 was mainly due to the restructuring of a long-term loan for a shorter period which resulted in lower interest charged.

Lease liabilities amounted to approximately S\$1.7 million as at 31 December 2019 as a result of the adoption of SFRS(I) 16 Leases.

Deferred tax liabilities decreased by approximately S\$0.3 million from S\$0.5 million as at 31 December 2018 to S\$0.2 million as at 31 December 2019.

Current Liabilities

Current liabilities decreased by S\$6.1 million from S\$35.5 million as at 31 December 2018 to S\$29.4 million as at 31 December 2019.

Borrowings decreased by approximately S\$0.8 million from S\$14.2 million as at 31 December 2018 to S\$13.4 million as at 31 December 2019 mainly due to the repayment of loan.

Lease liabilities amounted to S\$0.4 million as at 31 December 2019 as a result of the adoption of SFRS(I) 16 Leases.

Trade and other payable decreased by approximately S\$5.7 million from S\$21.3 million as at 31 December 2018 to approximately S\$15.6 million as at 31 December 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\$4.2 million in FY2019. This was mainly due to an increase in operating cash flows before working capital changes of approximately S\$4.2 million and a decrease in inventories, decrease in trade and other receivables, interest received, partially offset by a decrease in trade and other payables and income tax paid.

The Group's net cash flows used in investing activities in FY2019 amounted to approximately S\$1.8 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 operations.

The Group's net cash flows used in financing activities in FY2019 amounted to approximately S\$3.9 million primarily due to the repayment of term loans and interest paid, partially offset by drawdown of term loan and other short term borrowings for capital requirement.

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.

Disruption and uncertainly remain the single biggest challenge faced by the global textile and apparel industry and its supply chain in FY2020.

Overall global trading environment continues to be very volatile, as we see the world moving away from the multilateral trade policy to a proliferation of bilateral deals, followed by the US-China trade war and Brexit. Rising trade barriers and geopolitical tension such as the decision of the EU to partially suspend trade preferences with Cambodia will create a setback for the apparel industry in Cambodia.

The recent (Covid-19) outbreak has disrupted the supplies of textile & apparel from China. The Group, as a vertically integrated textile and apparel player in Southeast Asia region, will be positioning itself as an alternative source of supply in their future-proof strategic initiative.



The shift of the purchasing power from baby boomers to millennials and Gen. Z has also changed the retail landscape dramatically, with more people making purchases online. The Group is planning to launch its direct-to-consumer apparel brand in FY2020. The aim is to design and manufacture technologically sustainable product to create a new standard of everyday wear.

The business outlook for FY2020 will be much more challenging. As such, the Group will focus on improving our core business processes with a view to improving our cost efficiencies, as well as developing our new direct-to-consumer apparel brand to continue adding value to our business.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year. Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable:

Not applicable

(d) Book closure date:

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been recommended for the current financial period reported on as the Group is focusing on conserving cash to strengthen its financial position and to cater for the working capital of the newly operating Fabric Dyeing Facility.



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 year 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.
Not applicable as it is not required for announcement on full year results.

16. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

A breakdown of the Group's revenue by geographical segments is as follows:

	Group		
	FY2019	FY2018	Change
	(Unaudited)	(Unaudited)	
	S\$'000	S\$'000	%
US	34,719	44,199	(21.4)
UK	32,712	36,331	(10.0)
Canada	1,169	8,491	(86.2)
EU	17,529	10,389	68.7
Other countries	1,442	3,173	(54.6)
	87,571	102,583	(14.6)



17. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the operating segments.
Please refer to Paragraph 8.

18. A breakdown of sales as follows:

	Group		%
	FY2019 (Unaudited)	FY2018 (Unaudited)	increase/ (decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	35,994	35,693	0.8
(b) Operating (loss) / profit after tax before deducting non-controlling interests reported for first half year	(2,194)	383	NM
c) Sales reported for second half year	51,577	66,890	(22.9)
d) Operating profit after tax before deducting non-controlling interests reported for second half year	291	1,214	(76.0)

NM: Not Meaningful

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follow:
Not applicable. No dividend declared for FY2019 and FY2018.



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

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Sin Jet	34	Daughter of Mr. Lim Siau Hing (Executive Chairman) and sister of Mr. Lim Vhe Kai (Executive Director and Chief Executive Officer)	Corporate Communications Manager since 2020.	Ms. Lim Sin Jet was appointed as Corporate Communications Manager from her position as Brand Manager in 2019

BY ORDER OF THE BOARD


Lim Vhe Kai
Chief Executive Officer

27 February 2020

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