



**KTMG LIMITED**

**AND ITS SUBSIDIARIES**

**(Registration No: 197401961C)**

**Unaudited Condensed Interim Financial Statements**

**For the half year ended 30 June 2023**

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**(A) Condensed Interim Consolidated Statement of Comprehensive Income**

The Group	Note	1H2023 (Unaudited) S\$'000	1H2022 (Unaudited) S\$'000	Change %
<b>Revenue</b>	4	29,706	51,803	(42.7)
Cost of sales		(25,837)	(43,872)	(41.1)
<b>Gross profit</b>		3,869	7,931	(51.2)
Other income, net		226	50	NM
Administrative and general expenses		(3,280)	(4,265)	(23.1)
Selling and marketing expenses		(644)	(932)	(30.9)
Finance costs	5	(488)	(406)	20.2
<b>(Loss)/ Profit before taxation</b>	6	(317)	2,378	NM
Income tax expenses	7	(31)	(469)	(93.4)
<b>Net (loss)/ profit</b>		(348)	1,909	NM
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss (nil of tax)</i>				
Foreign currency translation		(954)	(288)	NM
<b>Total comprehensive (loss)/ profit attributable to equity holders of the Company</b>		<b>(1,302)</b>	<b>1,621</b>	<b>NM</b>
<b>(Loss)/ Profit attributable to:</b>				
- Owners of the Company		(358)	1,896	NM
- Non-controlling interests		10	13	(23.1)
		(348)	1,909	NM
<b>Total comprehensive (loss)/ income attributable to:</b>				
- Owners of the Company		(1,312)	1,608	NM
- Non-controlling interests		10	13	(23.1)
		(1,302)	1,621	NM
<b>Earnings per share for (loss)/ profit attributable to Owners of the Company during the period:</b>				
- Basic/ diluted (SGD in cents)		(0.21)	1.12	NM

NM - not meaningful

**(B) Condensed Interim Statements of Financial Position**

	Note	The Group		The Company	
		30 Jun 2023 (Unaudited)	31 Dec 2022 (Audited)	30 Jun 2023 (Unaudited)	31 Dec 2022 (Audited)
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Subsidiary		-	-	26,400	26,400
Property, plant and equipment	10	14,110	15,111	-	-
Right-of-use assets	11	2,560	2,989	-	-
Deferred tax assets		199	105	-	-
		<b>16,869</b>	<b>18,205</b>	<b>26,400</b>	<b>26,400</b>
<b>Current Assets</b>					
Inventories		24,154	11,337	-	-
Trade and other receivables	12	14,352	14,530	217	294
Prepaid corporate tax		757	540	-	-
Cash and bank balances		5,404	6,314	16	36
		<b>44,667</b>	<b>32,721</b>	<b>233</b>	<b>330</b>
<b>Total assets</b>		<b>61,536</b>	<b>50,926</b>	<b>26,633</b>	<b>26,730</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	13	602	739	-	-
Lease liabilities		637	948	-	-
Deferred tax liabilities		33	-	-	-
		<b>1,272</b>	<b>1,687</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Borrowings	13	16,224	11,678	-	-
Lease liabilities		753	806	-	-
Trade and other payables	14	21,716	13,784	1,567	1,625
Tax payable		97	195	-	-
		<b>38,790</b>	<b>26,463</b>	<b>1,567</b>	<b>1,625</b>
<b>Total liabilities</b>		<b>40,062</b>	<b>28,150</b>	<b>1,567</b>	<b>1,625</b>
<b>Net assets</b>		<b>21,474</b>	<b>22,776</b>	<b>25,066</b>	<b>25,105</b>
<b>Equity and reserves</b>					
Share capital	15	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)		9,934	10,292	(8,706)	(8,667)
Foreign currency translation reserve		(2,172)	(1,218)	-	-
Capital reserve		571	571	571	571
Merger reserve		(20,106)	(20,106)	-	-
<b>Equity attributable to Owners of the Company</b>		<b>21,428</b>	<b>22,740</b>	<b>25,066</b>	<b>25,105</b>
Non-controlling interests		46	36	-	-
<b>Total equity and reserves</b>		<b>21,474</b>	<b>22,776</b>	<b>25,066</b>	<b>25,105</b>

**(C) Condensed Interim Statements of Changes in Equity**

	Share capital	Retained earnings	Translation reserve	Capital reserve	Merger reserve	Equity attributable to Owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>								
<b>As at 1 Jan 2023</b>	33,201	10,292	(1,218)	571	(20,106)	22,740	36	22,776
Total comprehensive loss for the financial period	-	(358)	(954)	-	-	(1,312)	10	(1,302)
<b>As at 30 Jun 2023</b>	<b>33,201</b>	<b>9,934</b>	<b>(2,172)</b>	<b>571</b>	<b>(20,106)</b>	<b>21,428</b>	<b>46</b>	<b>21,474</b>
<b>As at 1 Jan 2022</b>	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
<b>As at 30 Jun 2022</b>	<b>33,201</b>	<b>8,724</b>	<b>(367)</b>	<b>571</b>	<b>(20,106)</b>	<b>22,023</b>	<b>30</b>	<b>22,053</b>

	Share capital	(Accumulated losses)	Capital reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Company</b>				
<b>As at 1 Jan 2023</b>	33,201	(8,667)	571	25,105
Total comprehensive loss for the financial period	-	(39)	-	(39)
<b>As at 30 Jun 2023</b>	<b>33,201</b>	<b>(8,706)</b>	<b>571</b>	<b>25,066</b>
<b>As at 1 Jan 2022</b>	33,201	(8,585)	571	25,187
Total comprehensive loss for the financial period	-	(89)	-	(89)
<b>As at 30 Jun 2022</b>	<b>33,201</b>	<b>(8,674)</b>	<b>571</b>	<b>25,098</b>

Capital reserve

The capital reserve represents (i) the gain on extinguishment of the amounts owing to the then controlling shareholder of the Company; and (ii) transactions entered between the Company and the current controlling shareholder on acquisition of Knit Textile and Apparel Pte. Ltd. ("KTAPL").

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.

**(D) Condensed Interim Statement of Cash Flows**

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
(Loss)/ profit before tax	(317)	2,378
Adjustment for:		
Depreciation of property, plant and equipment and right-of-use assets	1,022	1,086
(Reversed)/ Impairment loss recognised on receivables, net	(81)	128
Interest expense	487	406
Interest income	(22)	(18)
Loss on disposal of property, plant and equipment, net	118	42
Operating cash flows before working capital changes	1,207	4,022
Working capital changes		
Trade and other receivables	259	10,846
Trade and other payables	8,286	(4,619)
Inventories	(12,817)	(5,879)
Cash (used in)/ generated from operations	(3,065)	4,370
Interest received	22	18
Income tax paid	(406)	(610)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(3,449)</b>	<b>3,778</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and right-of-use assets	(352)	(311)
Proceeds from disposal of property, plant and equipment	1	34
<b>Net cash (used in) investing activities</b>	<b>(351)</b>	<b>(277)</b>
<b>Financing activities</b>		
Proceeds from term loans and other short-term loans	25,153	36,925
Repayment of term loans and other short-term loans	(20,744)	(40,179)
Repayment of principal elements of lease liabilities	(414)	(307)
Repayment of loans to shareholders/ directors	(354)	-
Interest paid	(487)	(406)
Changes in pledged deposits	(514)	(16)
<b>Net cash generated from/ (used in) financing activities</b>	<b>2,640</b>	<b>(3,983)</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,160)</b>	<b>(482)</b>
Cash and cash equivalents at the beginning of financial period	4,966	2,864
Effect of exchange rate changes on cash and cash equivalents	(264)	(26)
<b>Cash and cash equivalents at the end of financial period</b>	<b>3,542</b>	<b>2,356</b>

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<u>Cash and cash equivalents in the consolidated statement of cash flows:</u>		
Cash and bank balances	5,404	3,747
Less: Pledged deposits	(1,862)	(1,391)
<b>Cash and cash equivalents</b>	<b>3,542</b>	<b>2,356</b>

## **(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 first six months ended 30 June 2023 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 first six months ended 30 June 2023 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 2022.

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. All financial information presented in Singapore Dollar have been recorded to the nearest thousand, unless otherwise stated.

#### **2.1 New and amended standards adopted by the Group**

The Group has applied the following amendments to SFRS(I) that are mandatory for accounting period beginning 1 January 2023:

- Amendments to SFRS(I) 1 – 1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1 – 8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1 – 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of these amendments to standards does not have a material effect 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 2022.

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. Estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Determination of functional currency
- Determination of the lease term of right-of-use assets
- Control over Santalia Kesturi Sdn Bhd
- Income taxes
- Depreciation of property, plant and equipment and right-of-use assets
- Provision for expected credit losses on trade receivables
- Estimation of the incremental borrowing rate (“IBR”)

### 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. Revenue is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance has been satisfied.

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, European Union, Canada, 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 are as follows:

Revenue	The Group		
	1H2023	1H2022	Change
	(Unaudited)	(Unaudited)	
	S\$’000	S\$’000	%
United States	9,190	17,094	(46.2)
United Kingdom	10,192	16,992	(40.0)
European Union	5,840	8,781	(33.5)
Canada	2,883	6,724	(57.1)
Malaysia	449	1,029	(56.4)
Others	1,152	1,183	(2.6)
	29,706	51,803	(42.7)

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 information presented for each national jurisdiction is presented in the consolidated statement of financial position:

<b>Non-current assets</b>	<b>The Group</b>	
	<b>As at 30 Jun 2023</b>	<b>As at 30 Jun 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Malaysia	13,920	15,370
Cambodia	2,873	3,668
Singapore	76	156
	<b>16,869</b>	<b>19,194</b>

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

<b>Non-current assets</b>	<b>The Group</b>	
	<b>As at 30 Jun 2023</b>	<b>As at 30 Jun 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Property, plant and equipment	14,110	15,901
Right-of-use assets	2,560	3,209
Deferred tax assets	199	84
	<b>16,869</b>	<b>19,194</b>

#### 5. Finance Cost

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interest expenses on:		
- Term loans	53	53
- Other short-term loans	362	242
- Lease liability	73	111
	<b>488</b>	<b>406</b>

#### 6. (Loss)/ profit before tax for the period

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
(Loss)/ profit before tax for the period included the following items:-		
Depreciation expenses:		
Property, plant and equipment	(630)	(723)
Right-of-use assets	(392)	(363)
Foreign exchange (loss), net	(131)	(727)
Legal and other professional fees	(264)	(418)
Impairment loss reversed/ (recognized) on trade receivables, net	81	(128)

**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 comprehensive income are:

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Current taxation		
- Current period	96	498
Deferred tax expense		
- Origination and reversal of temporary differences	(65)	(29)
	31	469
	<b>2023</b>	<b>2022</b>
<b>Tax rates</b>	<b>%</b>	<b>%</b>
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**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Financial Assets</b>				
Trade and other receivables	13,881	14,088	187	287
Cash and bank balances	5,404	6,314	16	36
	<b>19,285</b>	<b>20,402</b>	<b>203</b>	<b>323</b>
<b>Financial Liabilities</b>				
Borrowings	16,826	12,417	-	-
Lease liabilities	1,390	1,754	-	-
Trade and other payables	21,623	13,497	1,567	1,625
	<b>39,839</b>	<b>27,668</b>	<b>1,567</b>	<b>1,625</b>

**10. Property, plant and equipment**

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

	<b>The Group</b>	
	<b>30 Jun 2023</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>31 Dec 2022</b> <b>(Audited)</b> <b>S\$'000</b>
<b>Cost</b>		
Opening balance	27,539	28,416
Additions	352	800
Reclassification from ROU assets on full repayment of lease liabilities	-	91
Disposals / written-off	(605)	(510)
Translation differences on consolidation	(882)	(1,258)
<b>Closing balance</b>	<b>26,404</b>	<b>27,539</b>
<b>Accumulated depreciation</b>		
Opening balance	12,428	11,768
Depreciation charge	630	1,441
Reclassification from ROU assets on full repayment of lease liabilities	-	91
Disposals / written-off	(486)	(427)
Translation differences on consolidation	(278)	(445)
<b>Closing balance</b>	<b>12,294</b>	<b>12,428</b>
<b>Carrying amount</b>	<b>14,110</b>	<b>15,111</b>

**11. Right-of-use assets**

	<b>The Group</b>	
	<b>30 Jun 2023</b> <b>(Unaudited)</b> <b>S\$'000</b>	<b>31 Dec 2022</b> <b>(Audited)</b> <b>S\$'000</b>
<b>Cost</b>		
Opening balance	5,364	5,318
New leases entered during the period	50	321
Early termination/ end of lease	-	(20)
Reclassification to "plant and equipment" on full repayment of lease liabilities	-	(91)
Translation differences on consolidation	(108)	(164)
<b>Closing balance</b>	<b>5,306</b>	<b>5,364</b>
<b>Accumulated depreciation</b>		
Opening balance	2,375	1,806
Depreciation charge	392	734
Early termination/ end of lease	-	(20)
Reclassification to "plant and equipment" on full repayment of lease liabilities	-	(91)
Translation differences on consolidation	(21)	(54)
<b>Closing balance</b>	<b>2,746</b>	<b>2,375</b>
<b>Carrying amount</b>	<b>2,560</b>	<b>2,989</b>

**12. Trade and other receivables**

	<b>The Group</b>	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Trade receivables	13,210	13,526
Allowance for impairment loss	(283)	(364)
Net trade receivables	12,927	13,162
Other receivables	29	41
Deposits	925	885
<b>Financial assets at amortised cost</b>	<b>13,881</b>	<b>14,088</b>
Prepayments	213	223
Net input GST/ VAT recoverable	258	219
<b>Total trade and other receivables</b>	<b>14,352</b>	<b>14,530</b>

**13. Borrowings**

Revenue	Maturity on borrowings	<b>The Group</b>	
		<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Secured</u></b>			
Term loans:			
- Floating rate	2023 - 2024	1,356	2,063
Other short-term loans:			
- Trust receipts	On demand	10,300	7,700
- Bankers' acceptance	On demand	3,127	2,228
- Invoice financing	On demand	2,043	426
		15,470	10,354
		16,826	12,417
Presented as:			
- Non-current		602	739
- Current		16,224	11,678
		16,826	12,417

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

	<b>The Group</b>	
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Trade payables	14,864	7,791
Amounts due to directors/ shareholders (non-trade)	1,256 <sup>(1)</sup>	1,610
Accrued operating expenses	2,265	1,417
Accrued salaries and wages	1,377	1,236
Other payables	1,611	1,212
Miscellaneous creditors	250	231
<b>Financial liabilities at amortised cost</b>	<b>21,623</b>	<b>13,497</b>
Provision for sales rebates	93	287
<b>Total trade and other payables</b>	<b>21,716</b>	<b>13,784</b>

Notes:

- (1) Amounts due to directors/shareholders (non-trade) are unsecured, interest-free and repayable on demand. The amounts relate to dividends payable to directors/shareholders that were declared prior to the completion of the Reverse Takeover exercise on 18 February 2019. During the financial period under review, the Company had repaid S\$0.3 million to the director. The Audit Committee is satisfied that the repayment will not adversely affect the ongoing working capital or liquidity requirements and the financial position of the Group.

#### 15. Share Capital

There have been no changes to the Company's issued and paid-up share capital since the end of the previous financial year ended 31 December 2022 up to 30 June 2023.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 30 June 2023 and 31 December 2022.

	<b>No. of shares</b>	<b>Issued and paid-up share capital</b>
	<b>('000)</b>	<b>of the Company (S\$'000)</b>
<b>Ordinary Shares</b>		
<b>As at 30 June 2023 and 31 December 2022</b>	169,682	33,201

#### 16. Acquisition/ incorporation of subsidiary

There was no acquisition made during the financial period under review. Nonetheless, the Group has incorporated an indirect wholly-owned subsidiary subsequent to the financial period.

On 21 July 2023, the Company's wholly-owned subsidiary, Knit Textile Holdings Sdn. Bhd. ("KTH") has incorporated a wholly-owned subsidiary in Malaysia, known as Pocketbrands Sdn. Bhd. ("PBSB").

As at the date of the announcement, PBSB had an initial share capital of MYR1, with its principal activity being retail selling or trading of garment and/or garment accessories. PBSB was incorporated to access new markets and prospective downstream apparel customers.

**17. 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.**

	<b>As at 30 Jun 2023</b>	<b>As at 31 Dec 2022</b>
<b>Total issued shares (excluding treasury shares)</b>	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 statements of financial position of the Company and its subsidiaries as at 30 June 2023 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the first six-months 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 first 6-months financial period ended 30 June 2023 (“1H2023”) as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2022 (“FY2022”).

**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.**

Please 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.**

	<b>The Group</b>	
	<b>1H2023</b>	<b>1H2022</b>
(Loss)/ profit attributable to Owners of the Company (S\$’000)	(358)	1,896
Weighted average number of ordinary shares in issue (’000)	169,682	169,682
<b>Basic and diluted earnings per share (“EPS”) (SGD cents)</b>	<b>(0.21)</b>	<b>1.12</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>30 Jun 2023 (Unaudited)</b>	<b>31 Dec 2022 (Audited)</b>	<b>30 Jun 2023 (Unaudited)</b>	<b>31 Dec 2022 (Audited)</b>
Net asset value (S\$’000)	21,474	22,776	25,066	25,105
Number of ordinary shares in issue (’000)	169,682	169,682	169,682	169,682
<b>Net asset value per ordinary share (SGD cents)</b>	<b>12.66</b>	<b>13.42</b>	<b>14.77</b>	<b>14.80</b>



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 (1H2023 vs 1H2022)**

The Group's revenue decreased by approximately S\$22.1 million or 42.7% from S\$51.8 million in 1H2022 to S\$29.7 million in 1H2023. The decrease in revenue was mainly due to lower apparel orders placed by existing customers in the United States, United Kingdom and Canada, which saw geographical revenues for the three regions declining by S\$7.9 million, S\$6.8 million and S\$3.8 million respectively, attributable to the lower consumer purchasing power as a result of the rising inflation and interest rates, which have since stabilised.

The Group's cost of sales decreased in tandem by approximately S\$18.0 million or 41.1% from S\$43.9 million in 1H2022 to S\$25.8 million in 1H2023. This decrease was mostly contributed by lower raw material costs of S\$14.8 million, sub-contracting fees of S\$2.2 million and S\$0.7 million in labour costs.

In the absence of economies of scale, the Group's gross profit margin decreased by 2.3 percentage points from approximately 15.3% in 1H2022 to approximately 13.0% in 1H2023.

The Group's other income increased by approximately S\$0.2 million or more than 100.0% from S\$0.05 million in 1H2022 to S\$0.23 million in 1H2023 due to ad-hoc income from sub-contracting works done by a subsidiary in Malaysia.

The Group's administrative and general expenses decreased by approximately S\$1.0 million or 23.1% from S\$4.3 million in 1H2022 to S\$3.3 million in 1H2023. The decrease was attributed to lower foreign exchange loss of approximately S\$0.6 million, reversal of impairment loss on trade receivables of approximately S\$0.1 million compared to impairment loss of approximately S\$0.2 million recorded for 1H2022 and a reduction in professional fees incurred of approximately S\$0.2 million.

The Group's selling and marketing expenses decreased by approximately S\$0.3 million or 30.9% from S\$0.9 million in 1H2022 to S\$0.6 million in 1H2023. The decrease was due to lower sales commission paid to apparel sourcing agents.

The Group's finance costs increased by approximately S\$0.1 million or 20.2% from S\$0.4 million in 1H2022 to S\$0.5 million in 1H2023 principally due to higher interest expenses incurred on the Group's short-term borrowings following interest rate hikes.

As a result of the above, the Group recorded a net loss after tax of S\$0.3 million in 1H2023 compared to a net profit after tax of approximately S\$1.9 million in 1H2022.

#### **Consolidated Statement of Financial Position**

##### **Non-Current Assets**

Non-current assets decreased by approximately S\$1.3 million from S\$18.2 million as at 31 December 2022 to S\$16.9 million as at 30 June 2023 mainly due to depreciation charge on the Group's property, plant and equipment and right-of-use assets, partially offset by an increase from the acquisition of plant and machinery for the subsidiaries of the Group.

### Current Assets

Current assets increased by approximately S\$12.0 million from S\$32.7 million as at 31 December 2022 to S\$44.7 million as at 30 June 2023.

The increase was led by hike in inventories of S\$12.8 million from S\$11.3 million as at 31 December 2022 to S\$24.2 million as at 30 June 2023. 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 second half of the financial year ending 31 December 2023 ("2H2023") as key customers restock for the year-end festive season.

Trade and other receivables decreased marginally from S\$14.5 million as at 31 December 2022 to S\$14.4 million as at 30 June 2023

Cash and bank balances also decreased by approximately S\$0.9 million from S\$6.3 million as at 31 December 2022 to S\$5.4 million as at 30 June 2023.

### Non-Current Liabilities

Non-current liabilities decreased by approximately S\$0.4 million from S\$1.7 million as at 31 December 2022 to S\$1.3 million as at 30 June 2023.

Long-term borrowings decreased by approximately S\$0.1 million from S\$0.7 million as at 31 December 2022 to S\$0.6 million as at 30 June 2023 mainly due to the reclassification of term loans from "non-current" to "current".

Likewise, non-current lease liabilities also decreased by approximately S\$0.3 million from S\$0.9 million as at 31 December 2022 to S\$0.6 million as at 30 June 2023 mainly due to the reclassification of lease liabilities from "non-current" to "current".

### Current Liabilities

Current liabilities increased by S\$12.3 million from S\$26.5 million as at 31 December 2022 to S\$38.8 million as at 30 June 2023.

Short-term borrowings increased by approximately S\$4.5 million from S\$11.7 million as at 31 December 2022 to S\$16.2 million as at 30 June 2023 mainly due to additional short-term financing utilised during the financial period amounting to S\$5.1 million in preparation for higher utilization of the Group's own textile products for 2H2023 sales and partially offset by S\$0.7 million repayment of term loans.

Trade and other payables increased by approximately S\$7.9 million from S\$13.8 million as at 31 December 2022 to approximately S\$21.7 million as at 30 June 2023. The increase was mostly attributable mainly due to purchase of inventories to fulfil 2H2023 deliveries.

### Review of Statement of Cash Flows

The Group's net cash flows used in operating activities amounted to approximately S\$3.8 million in 1H2023. Despite registering a positive operating cash flows before working capital changes of approximately S\$1.2 million, the hike in inventories coupled with income tax paid turned it negative, partially offset by increase of trade and other payables, decrease in trade and other receivables, and interest income received.

The Group's net cash flows used in investing activities in 1H2023 amounted to approximately S\$0.35 million mostly attributed to the acquisition of plant and machinery for the subsidiaries of the Group.

The Group's net cash flows generated from financing activities in 1H2023 amounted to approximately S\$3.0 million primarily attributed to net proceeds from short-term borrowings, and offset by additional pledged deposits placed, repayments of lease liabilities, interest, and repayments on term loans and amounts owing to shareholders/ directors.

**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.**

Moving forward, we anticipate inflation and interest rate to stabilise and the global economic outlook to recover gradually, providing a more stable business environment ahead. The Group has secured a healthy order book 2H2023 as our key customers restock after substantially clearing their excess inventory through promotions and discounts, particularly during the first quarter of the year.

Besides managing financial resources prudently, we will continue to optimise our operational resources to boost operating efficiency using the General Sewing Data (GSD) software, a computerised data management system we invested in the prior year.

The Group's textile manufacturing capacity is critical in supporting our product focus shift to higher-value athleisure wear, particularly in securing key customers seeking supply chain diversification to Southeast Asia. Accordingly, we will progressively upgrade our textile manufacturing plant in Malaysia, complemented by additional new apparel production lines in Cambodia. The Group has also entered into a manufacturing partnership with a local apparel manufacturer in Vietnam to further expand our apparel production capacity.

Capitalising on the Group's co-creation business model, we have embarked on an exciting journey to access new markets and prospective customers downstream with the setting-up of a subsidiary in Malaysia to manage women's apparel retail operations under our own brands. The Group will carefully monitor the progress of this maiden foray which is complementary to the Group's existing apparel and textile manufacturing businesses.

**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 to the progressive upgrade for its textile manufacturing plant in Malaysia, complemented by additional new apparel production lines in Cambodia.

**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 2023 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Damien Lim Vhe Kai  
Chief Executive Officer

8 August 2023

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.

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