

NTEGRATOR

TODAY'S INTEGRATION, TOMORROW'S SOLUTION

**Condensed Interim Financial Statements
For the six months ended 30 June 2023**

Negrator Holdings Limited
Incorporated in the Republic of Singapore
Company Registration Number – 199904281D

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A. Condensed interim consolidated statement of profit and loss and other comprehensive income

		Group		
		6 months ended 30 June		
		2023	2022	+ / (-)
Note		S\$'000	S\$'000	%
	Revenue	47,108	26,204	79.8
	Cost of sales	(40,858)	(22,219)	83.9
	Gross profit	6,250	3,985	56.8
	Other gains - net	480	266	80.5
	Distribution and marketing expenses	(28)	(33)	(15.2)
	Administrative expenses	(4,879)	(5,323)	(8.3)
	Finance expense	(1,987)	(744)	167.1
	Loss before income tax	(164)	(1,849)	(91.1)
	Income tax expense	(58)	-	100.0
	Loss for the period	(222)	(1,849)	(88.0)
Other comprehensive loss, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
	Currency translation differences arising from consolidation	88	(17)	N.M.
	Total comprehensive loss	(134)	(1,866)	(92.8)
Profit/ (loss) attributable to:				
	Equity holders of the Company	(422)	(1,449)	(70.9)
	Non-controlling interests	200	(400)	N.M.
		(222)	(1,849)	(88.0)
Total comprehensive income/ (loss) attributable to:				
	Equity holders of the Company	(336)	(1,466)	(77.1)
	Non-controlling interests	202	(400)	N.M.
		(134)	(1,866)	(92.8)
Earnings per share for loss attributable to equity holders of the company (cents per share):				
	Basic	8	(0.08)	(0.31)
	Diluted	8	(0.08)	(0.31)

*N.M : Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets					
Cash and bank balances		2,585	5,613	24	265
Financial assets, at FVPL		212	177	212	177
Trade and other receivables		22,207	13,897	4,376	4,392
Contract assets		6,915	7,232	-	-
Inventories		10,027	13,713	-	-
		41,946	40,632	4,612	4,834
Non-current assets					
Investments in subsidiaries		-	-	55,533	55,533
Intangible assets	11	38,425	38,425	-	-
Property, plant and equipment	10	688	672	-	-
Right-of-use assets		1,119	908	-	-
Other investments		315	313	-	-
Deferred income tax		778	778	-	-
		41,325	41,096	55,533	55,533
Total assets		83,271	81,728	60,145	60,367
LIABILITIES					
Current liabilities					
Trade and other payables		12,470	7,425	5,965	5,952
Contract liabilities		935	401	-	-
Borrowings	12	29,280	33,085	1,300	-
		42,685	40,911	7,265	5,952
Non-current liabilities					
Trade and other payables		930	-	930	-
Borrowings	12	35,323	36,350	30,779	31,215
Total liabilities		78,938	77,261	38,974	37,167
NET ASSETS		4,333	4,467	21,171	23,200
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	31,044	31,044	31,044	31,044
Treasury shares	13	(11)	(11)	(11)	(11)
Other reserves		(4,978)	(5,064)	-	-
Accumulated losses		(22,069)	(21,647)	(9,862)	(7,833)
		3,986	4,322	21,171	23,200
Non-controlling interests		347	145	-	-
Total equity		4,333	4,467	21,171	23,200

C. Condensed interim statements of changes in equity

Group	Attributable to equity holders of the Company							
	Share capital	Treasury shares	Capital reserve	Currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2023	31,044	(11)	(5,025)	(39)	(21,647)	4,322	145	4,467
Loss for the period	-	-	-	-	(422)	(422)	200	(222)
Other comprehensive loss for the period	-	-	-	86	-	86	2	88
Total comprehensive loss for the period	-	-	-	86	(422)	(336)	202	(134)
Balance as at 30 June 2023	31,044	(11)	(5,025)	47	(22,069)	3,986	347	4,333
Balance as at 1 January 2022	29,948	(11)	-	-*	(15,660)	14,277	(4,391)	9,886
Loss for the period	-	-	-	-	(1,449)	(1,449)	(400)	(1,849)
Other comprehensive loss for the period	-	-	-	(17)	-	(17)	-	(17)
Total comprehensive loss for the period	-	-	-	(17)	(1,449)	(1,466)	(400)	(1,866)
Issuance of shares	837	-	-	-	-	837	-	837
Acquisition of non-controlling interests without a change in control	-	-	(5,025)	-	-	(5,025)	5,025	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	(192)	(192)
Balance as at 30 June 2022	30,785	(11)	(5,025)	(17)	(17,109)	8,623	42	8,665

* Amount below S\$1,000

C. Condensed interim statements of changes in equity (cont'd)

Company	Attributable to owners of the Company			
	Share capital	Treasury shares	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2023	31,044	(11)	(7,833)	23,200
Loss for the period	-	-	(2,029)	(2,029)
Balance as at 30 June 2023	31,044	(11)	(9,862)	21,171
Balance as at 1 January 2022	29,948	(11)	(2,869)	27,068
Loss for the period	-	-	(2,402)	(2,402)
Issuance of shares	837	-	-	837
Balance as at 30 June 2022	30,785	(11)	(5,271)	25,503

D. Condensed interim consolidated statement of cash flows

		Group	
		6 months ended 30 June	
		2023	2022
Note		S\$'000	S\$'000
Cash flows from operating activities			
	Net loss	(222)	(1,866)
	Adjustments for:		
	- Depreciation of property, plant and equipment	162	179
	- Depreciation of right-of-use assets	400	436
	- Fair value loss on financial assets	(37)	394
	- Interest expense	1,987	558
	- Unrealised currency translation loss	115	4
		<u>2,405</u>	<u>(295)</u>
	Change in working capital:		
	- Inventories	3,686	597
	- Trade and other receivables	(7,459)	(2,464)
	- Trade and other payables	5,226	33
	Net cash generated from/(used in) operating activities	<u>3,858</u>	<u>(2,129)</u>
Cash flows from investing activities			
	Additions to property, plant and equipment	(204)	(287)
	Purchase of financial assets	-	(1,014)
	Proceeds from disposal of financial assets	-	368
	Acquisition of subsidiaries, net of cash acquired	-	92
	Net cash used in investing activities	<u>(204)</u>	<u>(841)</u>
Cash flows from financing activities			
	Proceeds from issuance of ordinary shares	-	837
	Cash advances from short term loan	800	-
	Repayment to shareholder	(205)	-
	Bank deposits discharged	177	178
	Repayment of borrowings	(1,030)	(636)
	Repayment of lease liabilities	(393)	(424)
	Interest paid	(1,034)	(239)
	Net cash used in financing activities	<u>(1,685)</u>	<u>(284)</u>
	Net increase/(decrease) in cash and cash equivalents	<u>1,969</u>	<u>(3,254)</u>
Cash and cash equivalents			
	At the beginning of financial period	(580)	(2,163)
	Effects of currency translation on cash and cash equivalents	-	-
	At the end of financial period	<u>1,389</u>	<u>(5,417)</u>

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Ntegrator Holdings Limited (the “**Company**”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and incorporated and domiciled in Singapore. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the financial statements of the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding. The principal activities of the Group are:

- (a) To provide system integration services of voice, video and data communication networks and building construction cable/civil works for underground road and inbuilding
- (b) To provide building construction New Engineering Contracts (fiber patching, splicing, installation and maintenance)
- (c) To provide for the retailing, designing, manufacturing, marketing, distributing, trading and selling of watches and watch accessories
- (d) To provide for e-commerce solutions, mobile content development, online payment solutions, digital advertising and social marketing

2. Basis of preparation

The condensed interim financial statements for the 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.

Other than the adoption of the amended standards as set out in Note 2.1, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2022, which were in accordance with SFRS(I)s.

The financial statements have been prepared on a going concern basis under the historical cost convention except for financial assets classified as fair value through other comprehensive income. The condensed interim financial statements are presented in Singapore dollars which is the Company’s functional currency.

2.1 Accounting Policies & adoption of new and revised standards

The accounting policies applied by the Group for this set of interim financial statements are the same as those applied in the previous financial year, which were prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”), except for the adoption of the new and revised SFRS(I)s that are effective for the annual period beginning on 1 January 2023. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

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.

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.

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 were applied to the consolidated financial statements as at and for the year ended 31 December 2022.

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 four operating segments:

- (i) Corporate;
- (ii) Project sales, project management and maintenance services;
- (iii) Retail; and
- (iv) Internet marketing

Corporate segment consists of investment holding company and dormant company which do not meet any of the quantitative threshold for determining a reportable segment.

Project sales segment engages in integration of network infrastructure that enable the customers to communicate electronically within an organisation or with another organisation whether located in the same country or globally. It also provides the customers with seamless integration of a wide variety of voice and data signals used in large institutional telecom applications. Project management and maintenance services segment provides installation and implementation services of the network infrastructure or voice communication systems that have been purchased by the customers from the Group's principals, and maintenance and support services mainly for the network infrastructure and voice communication systems.

Retail segment involves in sale of watches.

Internet marketing segment consists of services on digital advertising, digital content distribution and fashion e-commerce. It provides online advertising services to brand owners and advertising agencies. Its online advertising and content distribution services include social viral, engager and mass blogging services. Fashion e-commerce segment involves providing fulfilment solutions to merchants in Southeast Asia and worldwide.

4.1 Reportable segments

	Corporate		Project sales, project management and maintenance services		Retail		Internet marketing		Consolidated	
	6 months ended 30 June									
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue										
Revenue to external parties	-	-	11,568	12,159	33,051	13,693	2,489	352	47,108	26,204
Segment results	-	-	4,020	3,326	1,405	552	825	107	6,250	3,985
Other gains/ (losses) - net	90	(229)	83	294	305	96	2	105	480	266
- Distribution and marketing	-	(33)	-*	-*	-	-	(28)	-	(28)	(33)
- Administrative	(1,245)	(1,821)	(2,553)	(2,900)	(620)	(457)	(461)	(145)	(4,879)	(5,323)
- Finance	(952)	(319)	(174)	(284)	(810)	(135)	(51)	(6)	(1,987)	(744)
Profit/ (loss) before income tax	(2,107)	(2,402)	1,376	436	280	56	287	61	(164)	(1,849)
Income tax for the year	-	-	-	-	-	-	(58)	-	(58)	-
Net profit/ (loss)	(2,107)	(2,402)	1,376	436	280	56	229	61	(222)	(1,849)

* Amount below S\$1,000

4.1 Reportable segments (cont'd)

	Corporate		Project sales, project management and maintenance services		Retail		Internet marketing		Consolidated	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets and liabilities										
Segment assets	37,455	38,954	17,274	16,903	26,051	22,096	2,491	3,775	83,271	81,728
Segment liabilities	(33,383)	(32,050)	(12,355)	(15,039)	(29,030)	(25,588)	(4,170)	(4,584)	(78,938)	(77,261)

	Corporate		Project sales, project management and maintenance services		Retail		Internet marketing		Consolidated	
	2023	2022	2023	2022	6 months ended 30 June		2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other segment information										
Expenditure for property, plant and equipment		-	(194)	(287)	-	-	(10)	-	(204)	(287)
Other non-cash items:										
Depreciation of property, plant and equipment and investment property	-	-	(145)	(174)	(5)	(2)	(12)	(3)	(162)	(179)
Deposit written off	-	(459)	-	-	-	-	-	-	-	(459)

4.1 Reportable segments (cont'd)

	Singapore		Hong Kong		Vietnam		Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue								
Sales to external parties	11,568	11,980	35,540	14,045	-	179	47,108	26,204

	Singapore		Hong Kong		Consolidated	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets	40,960	40,726	365	370	41,325	41,096

Revenue of approximately S\$6,205,929 (30 Jun 2022: S\$6,478,852) is derived from a single external customer. This revenue is attributable to the project sales, project management and maintenance services segment.

5. Financial assets and financial liabilities

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets, at amortised cost	24,129	18,713	4,330	4,590
Financial liabilities, at amortised cost	(77,404)	(76,334)	(38,974)	(37,167)

6. Profit before taxation

6.1. Significant items

	Group	
	6 months ended 30 June	
	2023	2022
	S\$'000	S\$'000
Expenses		
Depreciation of property, plant and equipment	162	179
Depreciation of right-of-use assets	400	436
	562	615
Other gains/ (losses) – net		
Fair value (losses)		
- Financial assets and liabilities, mandatorily measure at FVPL		
- Financial assets, at FVPL	35	(394)
Currency exchange gains - net	(34)	116
Gain on disposal of property, plant and equipment	-	2
Fund dividend income	2	-
Provision for impairment on long term assets	1	-
Reversal of provision for impairment on inventory	314	-
Government grants	76	433
Miscellaneous income	86	109
	480	266

6.2. Related party transactions

There are no material related party transactions.

7. Taxation

The Group calculates the current financial period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 30 June	
	2023	2022
	S\$'000	S\$'000
Current income tax expense	58	-

8. Earnings per share

Basic losses per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	Group	
	6 months ended 30 June	
	2023	2022
Net loss attributable to equity holders of the Company (S\$'000)	(422)	(1,449)
Weighted average number of ordinary shares	532,685,377	463,091,757
Based on weighted average number of ordinary shares on issue (cents)	(0.08)	(0.31)
Fully diluted number of ordinary shares*	532,685,377	532,601,711
Based on fully diluted basis (cents)	(0.08)	(0.31)
Issued share capital at the end of financial period	532,685,377	522,336,045

* For the financial period ended 30 June 2022, fully diluted number of ordinary shares is determined by adding outstanding warrants of 10,516,666 to the Group's issued number of ordinary shares (excluding treasury shares) of 522,085,045.

9. Net asset value per share

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Net asset value per ordinary share (cents per share) (S\$)	0.81	0.84	3.97	4.36
Total number of issued shares (excluding treasury shares) as at end of period/year	532,685,377	532,685,377	532,685,377	532,685,377

10. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$204,000 (30 June 2022: \$287,000) and disposed of assets amounting to \$Nil (30 June 2022: \$2,000).

11. Intangible assets

	Group	
	Goodwill	
	S\$'000	
Net book value		
As at 1 July 2022		30,827
Additions		7,598
As at 31 December 2022 and 30 June 2023		38,425
	Goodwill on consolidation	
	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000
Cost	38,425	38,425
Accumulated amortisation and impairment	-	-
Net book value	38,425	38,425

12. Borrowings

	Group	
	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000
Amount repayable within one year or on demand		
Secured	24,491	24,620
Unsecured	4,789	8,465
Amount repayable after one year		
Secured	7,619	7,619
Unsecured	27,704	28,731

13. Share capital

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Issued share capital	Treasury shares
			S\$'000	S\$'000
Group and Company				
At 31 December 2022 and 30 June 2023				
	532,685,377	(83,666)	31,044	(11)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares (except for treasury shares) carry one vote per share and carry a right to dividends as and when declared by the Company.

F. Other information required by Appendix 7C of the Catalyst Rules

1. Review

The condensed consolidated statement of financial position of Ntegrator Holdings Limited and its subsidiaries (the “**Group**”) as at 30 June 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2023 and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

2. Review of performance of the Group

Overview

The Group posted a revenue of S\$47.1 million for the six months ended 30 June 2023 (“**HY2023**”) representing an increase of 79.8% or S\$20.9 million from S\$26.2 million recorded in the previous corresponding period (“**HY2022**”).

The Group posted a gross profit of S\$6.2 million in HY2023, representing an increase of 56.8% from S\$4.0 million reported in HY2022. This is a result of better management of project cost.

Overall, the Group made a net loss of S\$0.2 million in HY2023 compared to a net loss of S\$1.8 million in HY2022. Before taking into consideration non-controlling interests, net loss attributable to equity holders of the Company is S\$0.4 million in HY2023 compared to a net profit of S\$1.4 million in HY2022.

Revenue

Group Revenue	HY2023	HY2022	Increase/ (Decrease)
	S\$'000	S\$'000	%
Project Sales	886	675	31.3
Project Management and Maintenance Services	10,681	11,484	(7.0)
Retail	33,052	13,693	141.4
Internet Marketing	2,489	352	607.1
Total Group	47,108	26,204	79.8

The Group’s revenue increased 79.8% in HY2022. The Retail and Internet Marketing Segment of the Group was the main driver for the overall increase in revenue due to the full 6 months results was consolidated in HY2023 as the acquisitions of Golden Ultra Limited (“**GU Acquisition**”) and New Genesis Development Limited (“**NG Acquisition**”) were completed on 25 April 2022 and 30 May 2022 respectively. This was partially offset by a decline in revenue from the Project Management and Maintenance Services segment.

Project sales segment showed an increase of 31.3% as a result of the successful completion of one of the Group's major project secured with a government agency. The Group maintained and intend to maintain its strategy of focusing on its core business of Project Sales.

Revenue in the Project Management and Maintenance Services segment decreased marginally by 7.0% to S\$10.7 million in HY2023. The marginal decrease was due to a small part of our foreign labour force gradually being granted home leave as the Group staggered home leave request of the foreign labour force since the reopening of border post Covid-19 pandemic. As a result, there was a slightly lower work efficiencies resulting in marginal drop in the Project Management and Maintenance Services segment revenue. However, this segment has nonetheless always provided the Group with a steady stream of recurring income.

The Retail segment contributes 70.2% or S\$33.1 million to the overall Group revenue of S\$47.1 million. The GU Acquisition contributed S\$33.0 million to the Group's revenue, providing diversification to the Group revenue streams as the global economy begins to recover from the Covid-19 pandemic. The significant increase in revenue from Retail Segment due to the full 6 months results was consolidated in HY2023 as the GU Acquisition was completed on 25 April 2022.

The Internet Marketing segment contributes 5.3% or S\$2.5 million to the overall Group revenue of S\$47.1 million. The increase was due to NG Acquisition was completed on 30 May 2022.

Profitability

Gross Profit	HY2023	HY2022	Increase/ (Decrease)
	S\$'000	S\$'000	%
Project Sales	335	288	16.3
Project Management and Maintenance Services	3,685	3,038	21.3
Retail	1,405	552	154.5
Internet Marketing	825	107	671.0
Total Group	6,250	3,985	56.8

The higher revenue reported by the Group led to an increase in gross profit of 56.8%.

Earnings before interest, tax, depreciation and amortisation ("EBITDA")	HY2023	HY2022	Increase/ (Decrease)
	S\$'000	S\$'000	%
Loss before income tax	(164)	(1,849)	(91.1)
Add: Finance expenses	1,987	744	167.1
Add: Depreciation of property, plant and equipment and Right-of-use assets	562	615	(8.6)
EBITDA	2,385	(490)	N.M.

The Group generated a positive EBITDA of S\$2.4 million in HY2023 as compared to a negative EBITDA of S\$0.5 million in HY2022.

The Group made a net loss of S\$0.2 million in HY2023 compared to a net loss of S\$1.8 million in HY2022 after taking into consideration the following:

- Increase in cost of sales was mainly attributed to the Project Sales Segment resulted due to the decline in the number of internally completed projects with higher margin as compared to previous financial period;
- Increase in other gains – net by 80.5% due mainly to the reversal of the provision of impairment on inventories of S\$0.3 million;
- Lower distribution and marketing expense by 15.2% mainly due to lower corporate action marketing cost;
- Decrease in administrative expenses by 8.3% largely due to absence of corporate action expenses of S\$0.5 million and S\$ 0.2 million which arises from a forfeiture of deposit paid and professional services respectively. However, the decrease was mitigated by the increase in other administrative expenses by 6.0% or S\$0.3 million incurred. Details as shown in the table below.

	HY2023	HY2022	Increase/ (Decrease)
	S\$'000	S\$'000	%
Forfeiture of the non-refundable deposit as a result of the expiry of the Letter of Intent. Refer to announcement dated on 1 July 2022.	-	459	(100.0)
Professional services relating to new shares and warrants issuance, bonds and acquisitions	-	262	(100.0)
<u>Other administrative expenses</u>			
Expenses from the consolidation of the GU Acquisition and NG Acquisition	-	79	(100.0)
Manpower	3,008	3,126	(3.8)
Depreciation of property, plant and equipment and Right-of-use assets	561	615	(8.8)
Other professional fees	245	160	53.1
Bank charges	69	56	23.2
Telephone and internet	33	16	106.3
Others	963	550	75.1
Sub-total	4,879	4,602	6.0
Total administrative expenses	4,879	5,323	(8.4)

- Increase in finance expenses by 167.1% or S\$1.2 million from S\$0.7 million in HY2022 to S\$2.0 million in HY2023 due to the increase of loan interest of S\$0.6 million contributed by the Retail Segment as the full 6 months results was consolidated in HY2023 as the GU Acquisition was completed on 25 April 2022. The increase was also due to the increase in interest on promissory notes issued to fulfil the consideration of the GU acquisition.

Before taking into consideration non-controlling interests, net loss attributable to equity holders of the Company is S\$0.4 million in HY2023 compared to a net loss of S\$1.4 million in HY2022.

Financial Position

Assets

Cash and bank balances decreased by S\$3.0 million to S\$2.5 million as at 30 June 2023 mainly as a result of repayment of bank and finance lease borrowings.

Trade and other receivables increased by S\$8.3 million mainly due to the increase of trade receivables of the Retail Segment by S\$7.3 million which resulted from the sales from Retail Segment that billed in June 2023 and not due for payment as at 30 June 2023. The increase was also contributed by the advance payment made to suppliers of S\$1.4 million for the sourcing of watches requested by the customers.

Inventories decreased by S\$3.7 million mainly due to decrease in the inventories kept for the Retail Segment by S\$3.6 million as part of the Company strategy to maintain stock efficiency.

Contract assets decreased by S\$0.3 million or 4.4% which was consistent with the FY2022.

The increase in property, plant and equipment and Right-of-use assets of \$0.2 million was mainly due to:

- Purchase of Property, plant and equipment of S\$0.2 million;
- Addition of Right-of-use assets of S\$0.6 million resulting from the new lease of office and warehouse;
- Depreciation of Property, plant and equipment of S\$0.2 million; and
- Depreciation of Right-of-use assets S\$0.4 million.

Liabilities

Trade and other payables increased by S\$6.0 million mainly due to the advance payment made by customers of S\$3.1 million for watches reservation. The increase was also contributed by the increase of trade payables and accruals for operating expenses by S\$1.4 million and S\$0.9 million respectively which in tandem with the increase of cost of sales in HY2023 resulted from the increase trading activities from Retail Segment. The increase was also due to the accrual for the interest of promissory notes of S\$0.9 million for HY2023.

Current borrowings decreased by S\$3.8 million mainly due to the repayments of borrowings and bank overdraft of S\$5.8 million in HY2023. The decrease was mitigated by the increase of borrowings by S\$1.2 million due to the reclassification of borrowings from non-current liabilities to current liabilities and cash advances from short term loan of S\$0.8 million.

Non-current borrowings decreased by S\$1.0 million mainly due to reclassification of borrowings of S\$1.2 million to the current liabilities as the borrowings were due within the next 12 months.

Net current liabilities position

As at 30 June 2023, the Group was in a net current liabilities position of \$0.7 million.

The Board of Directors of the Company (“**Directors**”) believe that the Group would be able to meet its short-term obligations as and when they fall due after taking into consideration the following factors:

- i. In 2022, the Group announced that it had won two contracts from the same regional telecommunication giant worth approximately \$43.5 million including the one-year options: (a) the first two-year contract of S\$26.0 million with an option by the customer to extend contract for an additional year for S\$13.0 million; and (b) the second two-year contract of approximately S\$3.0 million with an option to extend the contract for an additional of \$1.5 million approximately. These two contracts generated revenue streams for the Group in 2022 and expected to generate sustainable revenue for the Group up to 2024.

ii. In 2022, the Group acquired 55% and 85% ownership interest of Golden Ultra Limited and its subsidiary (“Golden Ultra Group) and New Genesis Development Limited and its subsidiaries (“New Genesis Group”), respectively. Golden Ultra Group and New Genesis Group generated \$282,000 and \$326,000 net profit, respectively, from date of acquisition to 31 December 2022. The value contributed by the newly acquired subsidiaries are expected to contribute to the Group’s profitability.

iii. In June 2023, New Genesis Group had started to expand their operations in Europe. The expansion of its operations into new product, category and market is expected to contribute revenue increase for the subsidiary and the Group.

iv. Management will continue to evaluate various strategies to obtain alternative sources of finance; and

v. Management will continue to monitor the costs of the Group closely and seek to improve the operating performance and cash flows of the Group. Management has assessed that the Group will have sufficient cash flows to satisfy its working capital requirements for the next 12 months from the date of the financial statements and to enable the Group to meet its obligations as and when they fall due

Cash flow

The Group recorded cash and cash equivalents of S\$1.4 million, net of bank deposits pledged and bank overdraft of S\$0.2 million and S\$1.4 million respectively, at the end of HY2023. This was an increase of S\$2.0 million from negative of S\$0.6 million as at the end of FY2022.

The Group’s net cash generated from operating activities in HY2023 was S\$3.9 million. This is due to operating net loss of S\$0.2 million adjusted for:

- Interest expenses of S\$2.0 million;
- Depreciation of property, plant and equipment and right-of-use asset of S\$0.6 million;
- Unrealised currency translation loss of S\$0.1 million;
- Decrease in inventories of S\$3.7 million;
- Increase in trade and other receivables of S\$7.5 million; and
- Increase in trade and other payables of S\$5.2 million.

The Group’s net cash used in investing activities in HY2023 was S\$0.2 million which consists of purchase of property, plant and equipment.

The Group’s net cash used in financing activities in HY2023 amounted to S\$1.7 million. Cash advances from short term loan of S\$0.8 million and bank deposits discharged of S\$0.2 million were offset by:

- Repayment of borrowings of S\$1.1 million;
- Repayment of finance lease liabilities of S\$0.4 million;
- Repayment of shareholder loan of S\$0.2 million; and
- Payment of interest of S\$1.0 million.

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

The financial results are in line with the forecast statement disclosed in the Company's announcements dated 14 March 2022 for two contracts secured for the amount of S\$26.0 million and S\$3.0 million respectively. As the contracts are currently in-progress and still on track to be completed by 31 December 2024 as previously announced, the Company do not expect a material variance on the expected results on the completion of the contracts.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The outstanding order book (contracts signed) as at 30 June 2023 is S\$67.8 million. The majority of the Group's outstanding order book is in the Singapore, the Group's key market.

The Group continue to see improvement in revenue after completion of the GU Acquisition and NG Acquisition. However, the Group anticipates that the operating landscape for both the telecom infrastructure and watch business will continue to present challenges over the upcoming 12 months. These difficulties stem from an uncertain economic outlook, exacerbated by elevated inflation and the looming possibility of recession. These factors have contributed to a decrease in consumer demand and spending, further complicating the business environment. Considering the upcoming challenges, the Group has been diligently overseeing its expenses and is carefully evaluating and putting into action a range of strategies aimed at reducing costs and maintaining effective cost control.

Market outlook for telecom infrastructure

According to The Mobile Economy 2023 issued by GSMA¹, following the extensive 5G network buildout in the last few years, which resulted in record capex intensity in some markets, overall capex will begin to trend downwards in the coming years as operators turn their focus to generating returns on their investment.

This trend will not be uniform across all markets; in emerging 5G markets, capex will continue to accelerate over the forecast period on 5G network rollout. Overall, 92% of operators' capex between 2023 and 2030 will be spent on 5G network deployment.

Market outlook for watch market

According to Market Analysis Report published by Grand View Research², the global luxury watch market size was valued at USD 42.21 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 5.0% from 2023 to 2030. The growing inclination for using luxury watches as a status sign amongst adults is an important factor driving the industry.

The online channel segment is projected to expand at the fastest CAGR of more than 5.5% from 2023 to 2030. Consumers use online channels to purchase premium products on account of favourable value-added services including cash-on-delivery, easy return option, safe transactions, and integrated and centralized customer services.

¹ <https://www.gsma.com/mobileeconomy/wp-content/uploads/2023/03/270223-The-Mobile-Economy-2023.pdf>

² <https://www.grandviewresearch.com/industry-analysis/luxury-watch-market>

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

	Ordinary Shares	Warrants Outstanding/(Exercised)
Balance as at 31 December 2022	532,685,377	-
Balance as at 30 June 2023	532,685,377	-

The Company's share capital excluding treasury shares was S\$31,044,376 and comprised 532,685,377 shares as at 30 June 2023 and 31 December 2022.

Convertibles

There are no outstanding warrants at 30 June 2023 and 31 December 2022.

Treasury Shares

There were 83,666 treasury shares representing 0.02% of the Company's 532,769,043 ordinary shares (excluding treasury shares) as at 30 June 2023 and 31 December 2022.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2023 and 31 December 2022.

6. 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.

	30 Jun 2023	31 Dec 2022
Beginning and end of financial period	532,685,377	532,685,377

7. 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. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

8. A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and at the end of the current financial period reported on.

9. 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 auditors.

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

Not applicable.

11. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern): —
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The independent auditor of the Company, RT LLP, have in their Independent Auditor's Report for the financial year ended 31 December 2022 dated 29 July 2023 expressed a disclaimer of opinion in respect of i) Notice of Compliance ("NOC") issued by Singapore Exchange Regulation ("SGX RegCo" or the "Exchange") and ii) Opening balance of inventories.

Subsequent to the receipt of NOC dated 27 June 2022 from the SGX RegCo, the Company had on 25 July 2022 announced the appointment of Provenance Capital Pte. Ltd. as the Joint Independent Reviewer pursuant to the NOC.

The Company has been cooperating with the Joint Independent Reviewer to complete the independent review. As at the date of this announcement, the independent review remains ongoing. The Company will update shareholders when there are material developments.

As a result of the above, as at the date of this announcement, the Board is unable to ascertain the impact that may arise from these reports, if any, on the financial statements.

There are no outstanding audit issues for the financial year ended 31 December 2022. The Board confirms that the impact of the audit issues (if any) on the financial statements has been adequately disclosed.

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

Please refer to "E. Notes to the condensed interim consolidated financial statements: 2. Basis of Preparation".

13. If there were 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 "E. Notes to the condensed interim consolidated financial statements: 2.1. Accounting policies and adoption of new and revised standards".

14. Dividend Information

(a) Current Financial Period Reported on

No dividend was declared or recommended for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend was declared or recommended for the corresponding period of the immediately preceding financial year.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date Payable

Not applicable.

(e) Books Closure Date

Not applicable.

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

Due to losses incurred, no dividend has been declared for the current financial period ended 30 June 2023.

16. 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). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions. Save for the below, there were no IPT transactions amounting to S\$100,000 and above during the financial period ending 30 June 2023.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Mission Well Limited	Mission Well Limited is the shareholder in the Company. Value represents the accrued interest paid to Mission Well Limited under a promissory note issued to fulfil the consideration of the GU Acquisition.	S\$203,814.65 ⁽²⁾	Nil
Christian Kwok-Leun Yau Heilesen ⁽²⁾	Christian Kwok-Leun Yau Heilesen is the Executive Director of the Company and is deemed interested in Mission Well Limited which is 100% owned by him. Value represents the accrued interest paid to Christian Kwok-Leun Yau Heilesen under a promissory note issued to fulfil the consideration of the GU Acquisition.	S\$101,072.42	Nil

Christian Kwok-Leun Yau Heilesen ⁽²⁾	One of the Group's subsidiary, GU had leased an office for CKLY Trading Limited from a company which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company. The total rental expenses paid in FY2022 after taking into consideration that it is a 55% owned subsidiary was HK\$372,000 (equivalent to S\$63,463).	S\$63,463	Nil
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- (1) The acquisition of New Genesis Developments Limited ("NG Acquisition") and Golden Ultra Limited ("GU Acquisition"); together with the NG Acquisition, the "GU and NG Acquisitions") were proposed on 12 October 2021 followed by a circular issued on 10 February 2022. Shareholders' approval for the GU and NG Acquisitions were obtained during the extraordinary general meeting held on 4 March 2022. Subsequent to the shareholders' approval, the GU Acquisition and NG Acquisition were completed on 25 April 2022 and 30 May 2022 respectively.
- (2) As Mission Well Limited is 100% owned by Christian Kwok-Leun Yau Heilesen, the aggregate of interest due to Christian Kwok-Leun Yau Heilesen is S\$304,887.07.

As at date of this announcement, the holders of the promissory notes are: -

Incredible Holdings Ltd.	S\$599,040
Mission Well Limited	S\$5,137,593
Christian Kwok-Leun Yau Heilesen	S\$2,547,751
Zheng Zeli	S\$14,575,291
Tam Ki Ying	S\$300,000
Total	S\$23,159,675

17. 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)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Catalist Rule 720(1).

18. Disclosures on Acquisition and Realisation of Shares pursuant to Rule 706A

There is no acquisition or realisation of shares pursuant to Rule 706A of the listing manual during the period under review.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE CATALIST RULES

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the 6 months ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Christian Kwok-Leun Yau Heilesen
Executive Director
14 August 2023

By Order of the Board
Negrator Holdings Limited

Christian Kwok-Leun Yau Heilesen
Executive Director

14 August 2023

This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Ng Shi Qing, 16 Collyer Quay #10-00 Collyer Quay Centre Singapore 049318, sponsorship@ppcf.com.sg.