

9R Limited

And its subsidiaries

Registration Number: 199307300M

Condensed Interim Financial Statements

For the six months ended 30 June 2023

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		% Change
		6 months ended		
		30.06.23 Unaudited S\$'000	30.06.22 Unaudited Re-stated S\$'000	
Revenue	4	4,131	844	NM
Cost of sales		(2,644)	(635)	NM
Gross profit		1,487	209	NM
Other income		204	4	NM
Administrative expenses		(1,434)	(1,033)	39
Marketing and distribution expenses		(37)	-	NM
Other operating expenses		(829)	(9)	NM
Results from operating activities		(609)	(829)	(27)
Finance costs		(39)	(2)	NM
Net finance costs		(39)	(2)	NM
Loss before tax from continuing operations	6	(648)	(831)	(22)
Income tax expense	7	(91)	(9)	NM
Loss for the period from continuing operations		(739)	(840)	(12)
<u>Discontinued Operation</u>				
Profit from discontinued operation, net of tax		-	516	NM
Loss for the period		(739)	(324)	NM
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		171	(627)	NM
Other comprehensive gain/(loss), net of tax		171	(627)	NM
Total comprehensive loss for the period		(568)	(951)	(40)
Loss for the period attributable to:				
Owners of the Company		(739)	(324)	NM
Non-controlling interests		-	-	-
		(739)	(324)	NM
Total comprehensive loss for the period attributable to:				
Owners of the Company		(568)	(951)	(40)
Non-controlling interests		-	-	-
		(568)	(951)	(40)
Loss per share (cents)				
- Basic	9	(0.07)	(0.06)	
- Diluted	9	(0.06)	(0.04)	
NM – not meaningful				

B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30.06.23	31.12.22	30.06.23	31.12.22
		Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
Non-current assets					
Plant and equipment	11	1,513	1,663	-	-
Right-of-use assets		2,480	2,844	-	-
Intangible asset	12	3,588	3,588	-	-
Trade receivables		74	109	-	-
Investment in subsidiaries		-	-	333	330
Deferred tax assets		1	1	-	-
		<u>7,656</u>	<u>8,205</u>	<u>333</u>	<u>330</u>
Current assets					
Inventories		1,976	964	-	-
Trade receivables		2,163	556	-	-
Contract assets		250	16	-	-
Prepayments		150	11	30	5
Other receivables and deposits		1,435	2,386	104	93
Assets classified as held-for-sale	13	-	43	-	-
Amounts due from subsidiaries		-	-	9,098	5,441
Tax receivable		92	87	-	-
Cash and cash equivalents		7,717	11,841	7,171	11,524
		<u>13,783</u>	<u>15,904</u>	<u>16,403</u>	<u>17,063</u>
Total assets		<u>21,439</u>	<u>24,109</u>	<u>16,736</u>	<u>17,393</u>
Current liabilities					
Trade payables		470	273	-	-
Provision for restoration cost		61	64	-	-
Provision for warranty		7	7	-	-
Contract liabilities		125	115	-	-
Lease liabilities		389	417	-	-
Tax payable		11	-	-	-
Other payable and accruals		2,336	4,260	136	405
		<u>3,399</u>	<u>5,136</u>	<u>136</u>	<u>405</u>
Non-current liabilities					
Loans and borrowings	14	-	172	-	172
Lease Liabilities		2,131	2,444	-	-
Deferred tax liabilities		163	172	-	-
		<u>2,294</u>	<u>2,788</u>	<u>-</u>	<u>172</u>
Total liabilities		<u>5,693</u>	<u>7,924</u>	<u>136</u>	<u>577</u>
Equity					
Share capital	15	124,042	123,898	124,042	123,898
Treasury shares		(528)	(528)	(528)	(528)
Accumulated losses		(108,894)	(108,155)	(127,515)	(127,170)
Other reserves		1,126	970	20,601	20,616
Total equity		<u>15,746</u>	<u>16,185</u>	<u>16,600</u>	<u>16,816</u>
Total equity and liabilities		<u>21,439</u>	<u>24,109</u>	<u>16,736</u>	<u>17,393</u>

C. Condensed Interim Statements of Changes in Equity

	Share capital	Treasury shares	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2023	123,898	(528)	970	(108,155)	16,185	-	16,185
Loss for the period	-	-	-	(739)	(739)	-	(739)
Currency translation differences	-	-	171	-	171	-	171
Total comprehensive gain/(loss) for the period	-	-	171	(739)	(568)	-	(568)
Issuance of shares	144	-	(15)	-	129	-	129
Balance as at 30 June 2023	124,042	(528)	1,126	(108,894)	15,746	-	15,746

	Share capital	Treasury shares	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2022	104,811	(528)	(207)	(106,364)	(2,288)	(100)	(2,388)
Loss for the period	-	-	-	(324)	(324)	-	(324)
Currency translation differences	-	-	(627)	-	(627)	-	(627)
Total comprehensive loss for the period	-	-	(627)	(324)	(951)	-	(951)
Issuance of shares	4,383	-	-	-	4,383	-	4,383
<u>Changes in ownership interests in subsidiary</u>							
Disposal of subsidiaries	-	-	-	(100)	(100)	100	-
Balance as at 30 June 2022	109,194	(528)	(834)	(106,788)	1,044	-	1,044

C. Condensed Interim Statements of Changes in Equity (cont'd)

Company	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance as at 1 January 2023	123,898	(528)	20,616	(127,170)	16,816
Total comprehensive loss for the period	-	-	-	(345)	(345)
Issuance of shares	144	-	(15)	-	129
Balance as at 30 June 2023	124,042	(528)	20,601	(127,515)	16,600

Company	Share capital S\$'000	Treasury Shares S\$'000	Other Reserves S\$'000	Accumulated Losses S\$'000	Total equity S\$'000
Balance as at 1 January 2022	104,811	(528)	19,549	(125,912)	(2,080)
Total comprehensive loss for the period	-	-	-	(841)	(841)
Issuance of shares	4,383	-	-	-	4,383
Balance at 30 June 2022	109,194	(528)	19,549	(126,753)	1,462

D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	6 months ended	
	30.06.23 Unaudited S\$'000	30.06.22 Unaudited Re-stated S\$'000
Cash flows from operating activities		
Loss before tax from continuing operations	(648)	(1,347)
Profit before tax from discontinued operation	-	516
Total loss before tax	(648)	(831)
Adjustments for:		
Depreciation of plant and equipment	268	-
Depreciation of right-of-use assets	219	8
Plant and equipment written off	-	2
Reversal of inventory write down	-	(3)
Gain on disposal of subsidiary	-	(285)
Reversal of impairment of financial assets	-	(70)
Finance costs	39	2
Unrealised loss on foreign exchange	383	21
	261	(1,156)
Changes in:		
- inventories	(1,012)	148
- trade receivables	(1,573)	(40)
- contract assets	(234)	871
- other receivables, deposits and prepayments	867	(3,647)
- trade payables	196	(1,202)
- other payables and accruals	(1,315)	(1,673)
- contract liabilities	11	(504)
Cash used in operations	(2,799)	(7,203)
Tax paid	(147)	-
Net cash used in operating activities	(2,946)	(7,203)
Cash flows from investing activities		
Acquisition of plant and equipment	(185)	(3)
Acquisition of subsidiary, balance purchase price	(613)	-
Proceed from disposal of asset held-for-sale	43	-
Proceed from disposal of plant and equipment	-	13
Net cash inflow from disposal of subsidiary companies	-	753
Net cash (used in)/generated from investing activities	(755)	763
Cash flows from financing activities		
Proceeds from issuance of shares	129	4,383
Proceeds from loans and borrowings	-	1,532
Payment of loans and borrowings	(172)	-
Payment of lease liabilities	(341)	(26)
Interest paid	(39)	(2)
Net cash (used in)/generated from financing activities	(423)	5,887
Net decrease in cash and cash equivalents	(4,124)	(553)
Cash and cash equivalents as at 1 January	11,841	1,371
Cash and cash equivalents as at 30 June	7,717	818

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Domicile and activities

9R Limited (“**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The registered office of the Company is located at 20 Collyer Quay #11-07 Singapore 049319.

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The Group is principally engaged in supply chain management and lifestyle retail business after the disposal of previous business in offshore and marine systems.

The condensed interim financial statements of the Group as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

2. Basis of preparation

The condensed interim consolidated 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 consolidated 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 audited consolidated 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 Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), except for the adoption of new and amended standards as set out in Note 2.1.

These financial statements are presented in Singapore dollar (“**S\$**”) which is also the functional currency of the Company, unless otherwise indicated. All financial information presented in S\$ has been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

During the current financial period, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2023:

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

The adoption of the above amendments to SFRS(I)s did not result in material changes to the Group’s accounting policies and is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the current or prior reporting periods.

2.2 Use of estimates and judgements

The preparation of the condensed financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those 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.

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

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by management.

The following summary describes the operations in each of the Group's reportable segments:

Supply chain management	Distribution of artificial intelligence-powered robotics products and health and wellness products
Lifestyle retail business	Provision of interactive lifestyle entertainment and food and beverage services
Others	Investment holdings

4.1 Reportable segments

1 January 2023 to 30 June 2023	Supply chain management	Lifestyle retail business	Others	Total reportable segment	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	2,213	1,918	-	4,131	-	4,131
Loss from operations	(126)	(268)	(618)	(1,012)	(341)	(1,353)
Depreciation of plant & equipment	16	252	-	268	-	268
Depreciation of right- of-used assets	2	217	-	219	-	219
Finance costs	1	38	-	39	-	39
Unrealised loss on foreign exchange	20	188	175	383	-	383
Other income	-	(204)	-	(204)	-	(204)
Profit / (Loss) before income tax	(87)	223	(443)	(307)	(341)	(648)
Income tax expenses	-	(91)	-	(91)	-	(91)
Net profit/ (loss) for the financial year	(87)	132	(443)	(398)	(341)	(739)
Reportable segment assets	4,642	11,251	16,779	32,672	(11,233)	21,439
Reportable segment liabilities	4,342	9,502	568	14,412	(8,719)	5,693

1 January 2022 to 30 June 2022 (restated)	Offshore and marine (discontinued)	Supply chain management	Others	Total reportable segment	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	-	844	-	844	-	844
Profit/(Loss) from operations	854	21	(817)	58	(48)	10
Depreciation of right- of-use assets	-	8	-	8	-	8
Plant and equipment written off	-	-	2	2	-	2
Reversal of inventory write down	(3)	-	-	(3)	-	(3)
Gain on disposal of subsidiary	(285)	-	-	(285)	-	(285)
Reversal of impairment of financial assets	(70)	-	-	(70)	-	(70)
Finance costs	2	-	-	2	-	2
Unrealised loss on foreign exchange	10	11	-	21	-	21
Profit/ (loss) before income tax	508	40	(815)	(267)	(48)	(315)
Income tax expenses	(1)	(8)	-	(9)	-	(9)
Net profit/ (loss) for the financial year	507	32	(815)	(276)	(48)	(324)
Reportable segment assets	2,103	1,510	3,785	7,398	(974)	6,424
Reportable segment liabilities	2,300	1,163	2,567	6,030	(650)	5,380

4.2 Disaggregation of revenue

Segment revenue is disaggregated into geographical location and timing of recognition.

	Group		
	Supply chain management	Lifestyle retail business	Total
	S\$'000	S\$'000	S\$'000
1 January 2023 to 30 June 2023			
Geographical location			
Malaysia	672	1,918	2,590
Singapore	1,541	-	1,541
	<u>2,213</u>	<u>1,918</u>	<u>4,131</u>
Timing of recognition			
At a point in time	<u>2,213</u>	<u>1,918</u>	<u>4,131</u>
	Group		
	Offshore and marine (discontinued)	Supply chain management	Total
	S\$'000	S\$'000	S\$'000
1 January 2022 to 30 June 2022			
Geographical location			
Malaysia	-	844	844
	<u>-</u>	<u>844</u>	<u>844</u>
Timing of recognition			
At a point in time	<u>-</u>	<u>844</u>	<u>844</u>

5. Financial Assets & Financial Liabilities

The following table sets out the financial assets and liabilities as at the end of the reporting period:

	Group		Company	
	30.06.23	31.12.22	30.06.23	31.12.22
	Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
Financial assets:				
Amortised cost				
Trade receivables	2,237	665	-	-
Other receivables and deposits	1,381	1,929	104	93
Amounts due from subsidiaries	-	-	9,098	5,441
Cash and cash equivalents	7,717	11,841	7,171	11,523
	<u>11,335</u>	<u>14,435</u>	<u>16,373</u>	<u>17,057</u>
Financial liabilities:				
Amortised cost				
Trade payables	470	273	-	-
Other payables and accruals	2,336	4,213	136	404
Loans and borrowings	-	172	-	172
Lease liabilities	2,520	2,861	-	-
	<u>5,326</u>	<u>7,519</u>	<u>136</u>	<u>576</u>

6. Loss before tax from continuing operations

Significant items

The following items have been included in arriving at profit before tax for the six months ended:

	Group	
	6 months ended	
	30.06.23	30.06.22
	S\$'000	S\$'000
Depreciation of plant and equipment	268	-
Depreciation of right of use assets	219	8
Plant and equipment written off	-	2
Reversal of inventory write down	-	(3)

7. Income tax expense

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 expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended	
	30.06.23	30.06.22
	S\$'000	S\$'000
Current income tax expense	91	9

8. Dividends

No dividend was paid for the current financial period reported on.

9. Earnings per share

(i) Basic earnings per share

	Group	
	6 months ended	
	30.06.23	30.06.22
Loss attributable to equity holders of the Company (S\$'000)	(739)	(324)
Weighted average number of ordinary shares ('000) ⁽¹⁾	1,006,408	560,415
Basic earnings per share ("EPS") (S\$ cents) ⁽¹⁾	(0.07)	(0.06)

(ii) Diluted earnings per share

	Group	
	6 months ended	
	30.06.23	30.06.22
Loss attributable to equity holders of the Company (S\$'000)	(739)	(324)
Weighted average number of ordinary shares ('000) ⁽¹⁾	1,006,408	560,415
Potential ordinary shares issuable on outstanding warrants ('000) ⁽²⁾	264,956	282,461
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share ('000) ⁽²⁾	1,271,364	842,876
Diluted earnings per share ("EPS") (S\$ cents) ⁽²⁾	(0.06)	(0.04)

Notes:

- 1) EPS have been computed based on the weighted average share capital of 1,006,407,853 shares (excluding 159,230 treasury shares) and 560,415,000 shares (excluding 159,230 treasury shares) for the respective six months ended 30 June 2023 and 30 June 2022.
- 2) The diluted earnings per share for six months ended 30 June 2023 is calculated based on weighted average number of ordinary shares of 1,006,407,853 shares and weighted average number of potential issuance of ordinary shares assuming full conversion of 264,955,508 (30 June 2022: 282,461,536) of outstanding warrants.

10. Net asset value

	Group		Company	
	30.06.23	31.12.22	30.06.23	31.12.22
Net asset value (S\$'000)	15,746	16,185	16,600	16,816
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,009,542	1,006,328	1,009,542	1,006,328
Net asset value per ordinary share (S\$ cents)	1.56	1.61	1.64	1.67

11. Plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to S\$185,656 (30 June 2022: S\$3,318). There is no disposal of plant and equipment during the period ended 30 June 2023 (30 June 2022 S\$12,837).

12. Intangible asset

	Group	
	30.06.23	31.12.22
	S\$'000	S\$'000
Cost	3,588	3,588
Accumulated amortisation	-	-
Carrying amount	3,588	3,588

The intangible asset represents goodwill. Goodwill is allocated to the Group's cash-generating units ("CGU") identified that are expected to benefit from business combinations, being CSSB with carrying amount of S\$3,588,348.

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired. The estimate of the recoverable amount is determined based on value-in-use calculations. Cash flow projection used in this calculation was based on financial budgets covering a five-year period.

13. Assets classified as held-for-sale

	Group	
	30.06.23	31.12.22
	S\$'000	S\$'000
Carrying amount	-	43

During the financial year ended 2022, the management has plans to dispose certain equipment after the acquisition of CSSB. The management has assessed that the disposal of these equipment as highly probable in accordance to *SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations* and accordingly classified these equipment as an asset held-for-sale. As at 30 June 2023, these equipment has been sold to a third party.

14. Borrowings

	Group	
	30.06.23	31.12.22
	S\$'000	S\$'000
Amount repayable after one year		
Unsecured	-	172

The unsecured loans and borrowings are interest free loan from shareholders. The loan had been fully settled on 22 June 2023 by cash and contra against the exercise price of the warrants for the allotment of 3,213,550 new ordinary shares.

15. Share capital and treasury shares

	Group and Company			
	30.06.23	31.12.22	30.06.23	31.12.22
	Number of shares		Amount	
		S\$'000	S\$'000	
As at 1 January	1,006,487,845	549,518,904	123,898	104,811
Add:				
Issuance of new shares	3,213,550	413,468,897	144	16,043
Issuance of new shares to vendor	-	43,500,044	-	3,044
End of interim period	1,009,701,395	1,006,487,845	124,042	123,898

On 22 June 2023, 3,213,550 new ordinary shares were allotted and issued due to exercise of warrants at S\$0.04 per Warrant for each new share amounting to S\$128,542.

During financial year 2022, the Company allotted and issued 456,968,941 ordinary shares amounting to \$19,086,864 as follows:

- 261,377,843 placement shares were allotted and issued to shareholders amounting to \$13,399,565;
- 43,500,044 new ordinary shares were allotted and issued to Body Power Sdn. Bhd. as part of settlement for acquisition of CSSB amounting to \$2,949,302;
- 140,086,704 new ordinary shares ("**Right Shares**") and 280,173,408 free detachable warrants ("**Warrants**") (collectively as "**Rights cum Warrants shares**") amounting to \$2,257,823 in total (net of adjustment for warrant reserve on unexercised Warrants). Included in the Rights cum Warrants shares were 47,577,579 Rights Shares via conversion of loans from shareholders amounting to \$1,189,440; and
- 12,004,350 new ordinary shares were allotted and issued due to the Warrants being exercised at \$0.04 per warrant for each new share amounting to \$480,174.

	Group and Company			
	30.06.23	31.12.22	30.06.23	31.12.22
	Number of shares		Amount	
		S\$'000	S\$'000	
Total number of issued shares	1,009,701,395	1,006,487,845	124,042	123,898
Number of treasury shares	(159,230)	(159,230)	(528)	(528)
Net number of issued shares	1,009,542,165	1,006,328,615	123,514	123,370

Warrants

	Group and Company	
	30.06.23	30.06.22
At 1 January	268,169,058	1,949,798
Warrants adjustment		338,330
Issuance of new warrants	-	280,173,408
Exercise of warrants	(3,213,550)	-
No. of shares that may be issued upon conversion of all outstanding convertibles in relation to the warrants of the Company	264,955,508	282,461,536
% against the total number of issued share (excluding treasury shares)	26.25%	40.33%

Treasury Shares

	Group			
	30.06.23	31.12.22	30.06.23	31.12.22
	Unaudited	Audited	Unaudited	Audited
	No. of ordinary shares		S\$'000	S\$'000
Treasury Shares	159,230	159,230	528	528

The Company had 159,230 treasury shares as at 30 June 2023, 31 December 2022 and 30 June 2022. The treasury shares held constitute 0.02%, 0.02% and 0.02% of the total number of ordinary shares outstanding as at 30 June 2023, 31 December 2022 and 30 June 2022 respectively.

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

There were no subsidiary holdings as at the end of the current and previous corresponding financial period reported on.

16. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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

1. Review

The condensed consolidated statement of financial position of the Group as at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

1.1 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.

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.

2. Review of the performance of the Group

Consolidated Statement of Comprehensive Income

The Group recorded revenue of S\$4.13 million for six months period ended 2023 as compared to S\$0.84 million for six months period ended 2022. The increase was due to the contribution of retail lifestyle segment which commenced in 4th quarter 2022 and the expansion of supply chain management segment to Singapore in current financial period. Cost of sales increased from S\$0.64 million to S\$2.64 million in tandem with the increase in revenue. This resulted in an increase of gross profit from S\$0.21 million to S\$1.49 million.

The Group's losses from operating activities decreased from S\$0.83 million to S\$0.61 million primarily due to increase in gross profit by S\$1.28 million after the restructuring exercise and venture into new business activities. This was offset by increase in administrative expenses of S\$0.40 million and other operating expenses of S\$ 0.82 million resulted from expansion of supply chain and recognition of full year costs for the retail lifestyle business.

Tax expense of S\$0.09 million is mainly due to the taxable income from retail lifestyle segment.

Consolidated Statement of Financial Position

Non-current assets

The Group's non-current assets decreased by S\$0.55 million from S\$8.21 million as at 31 December 2022 to S\$7.66 million as at 30 June 2023, mainly due to depreciation in plant and equipment and right-of-use assets.

Current assets

The Group's current assets decreased by S\$2.12 million from S\$15.90 million as at 31 December 2022 to S\$13.78 million as at 30 June 2023, primarily due to the decrease in other receivable and cash and cash equivalents. The decrease in other receivable was mainly due to payment received from other debtors. The decrease in cash and cash equivalents of S\$4.12 million is mainly due to settlement of balance outstanding for acquisition of lifestyle retail business and funding of operating expenditures. This was offset by increase in inventories and trade receivable. The increase in trade receivables of S\$1.61 million was mainly due to sale of health and wellness products in supply chain management segment. Inventories have increased from S\$0.96 million to S\$1.98 million due to import of artificial intelligent-powered robotics products.

Current liabilities

The Group's current liabilities decreased by S\$1.74 million from S\$5.14 million as at 31 December 2022 to S\$3.40 million as at 30 June 2023, primarily due to the decrease in other payables and accruals of S\$1.92 million after settlement of balance consideration for the acquisition of Compact Sensation Sdn Bhd. This was offset by increase in trade payable by S\$0.20 million mainly due to import of artificial intelligent-powered robotics products.

Non-current liabilities

The Group's non-current liabilities decreased by S\$0.49 million from S\$2.79 million as at 31 December 2022 to S\$2.29 million as at 30 June 2023, primarily due to the reclassification of lease liabilities to current liabilities and settlement of shareholder loan amounting to S\$0.17 million.

Equity

Total equity decreased by S\$0.44 million due to current period losses of S\$0.74 million, offset by increase in share capital of S\$0.14 due to exercise of warrants.

The Group has a positive working capital of S\$10.38 million as at 30 June 2023.

Consolidated Statement of Cash Flows

The Group's net cash used in operating activities is at S\$2.95 million for the six months period ended 2023. The net cash outflow from operations was mainly due to changes in working capital.

Net cash used in investing activities amounted to S\$0.76 million which was mainly for the acquisition of plant and equipment and acquisition of subsidiary of S\$0.19 million and S\$0.61 million respectively partially offset by proceed from disposal of asset held-for-sale of S\$0.04 million.

Net cash outflow from financing activities amounted to S\$0.42 million mainly due to repayment of lease liabilities and finance cost.

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

No specific forecast or prospect statement previously disclosed.

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

Despite hiccups brought by the volatile global environment in the first half of 2023 (“1H2023”), Malaysia’s economy is set to navigate through the second half journey on continuous support from strong households, intact economic fundamentals and improved outlook⁽¹⁾. According to economic experts, the gross domestic product target of between four and five per cent set by the Malaysia government is achievable⁽²⁾. The labour market remains a positive trend, however the interest rate hike and the weakness in currency exchange pose some level of risk. Of a greater concern is the cost-of-living challenges and persistent inflationary pressures, faced especially by those in Malaysia cities.

Due to downside risk of the economy, the supply chain management segment faced a challenging operating environment for its 1H2023. The performance for distribution of artificial intelligent-powered service robots dropped significantly due to the influx of foreign workers causing the reduction of demand for service robots. Hence, to catch up with the shortfall in artificial intelligent-powered robot sale, robust sale and marketing programs had been put in place to boost the sale performance for the remaining year 2023. At the same time, the Group’s recent venture into Singapore market will start to generate revenue commencing second half of year 2023. The exclusive distribution cooperation agreement entered into between the Company’s wholly-owned subsidiary, Diverse Supply Chain Sdn Bhd, and the robot supplier based in the People’s Republic of China has expired on 30 June 2023 and the two contracting parties are currently negotiating on the extension or renewal of the contract.

Since 1 October 2022 when the Group acquired and obtained control over Compact Sensation Sdn. Bhd. which operates a family karaoke and entertainment business at Pavilion Elite, Kuala Lumpur, the lifestyle retail business segment has generated constant revenue stream to the Group. In March 2023, the Group had identified a retail lot at The Exchange TRX, the new luxury epicentre of Kuala Lumpur, as its second outlet for its karaoke and entertainment business which is targeted to open in the fourth quarter of year 2023. Meanwhile, the Group via the Company’s wholly-owned subsidiary, 9R Leisure Sdn Bhd, had on 14 July 2023, entered into a non-binding memorandum of understanding (“MOU”) with Body Power Sdn Bhd (“Vendor”) relating to the proposed acquisition of the Vendor’s family karaoke and entertainment businesses and the intellectual property rights of the brand in such businesses. The MOU marks the progress of the Company’s efforts in building up a portfolio of family entertainment spaces.

Overall, the Group expects the operating environment to remain challenging despite consumer spending expected to remain resilient going into 2024 underpinned by economic growth and stable employment markets. Nonetheless, the Group will continue with its prudent and professional management approach to ensure the delivery of satisfactory performance for the year whilst consolidating its market position and strengthening its competitive edge to seize any opportunities which may emerge when the situation improves. The Group will endeavour to deliver sustainable growth based on sound expansion plans and effective margin management.

- (1) <https://theedgemalaysia.com/node/674972>
(2) <https://www.thestar.com.my/aseanplus/aseanplus-news/2023/07/16/second-half-of-2023-outlook-improves-malaysia-sets-to-achieve-gdp-target>

5. Use of proceeds

Proceeds from exercise of warrants

As at 4 August 2023, 16,406,500 warrants have been exercised by the warrant holders raising net proceeds of S\$656,260 which were fully utilised for general corporate and working capital as follows:

Summary of expenses	General corporate and working capital S\$
Payment of professional fees	184,829
Payment of administrative expenses	150,902
Payment for deposit for acquisition of Compact Sensation Sdn Bhd	148,182
Repayment of existing shareholders loan	172,347
	656,260

The use of the proceeds is in accordance with the intended use as disclosed in the Company's Offer Information Statement dated 3 June 2022 and the First Supplementary Offer Information Statement dated 9 November 2022.

Proceeds From Private Placement (Completed in November 2022)

On 25 November 2022, the Group announced the completion of proposed placement pursuant to which 250,390,700 placement shares were allotted and issued. Further details on this placement can be found in the Company's SGXNet announcement dated 10 November 2022. The Company has raised net proceeds of S\$12,199,535 after deducting placement expenses. As at 4 August 2023, the net proceeds from the placement that were utilised are as follows:

	Fund allocation	Amount allocation S\$	Amount utilised as at 4 August 2023 S\$	Balance S\$
Use of net proceeds				
General corporate and working capital requirements	30%	3,659,861	625,336	3,034,525
Proposed diversification of the Group's business	70%	8,539,674	5,362,509	3,177,165
Total	100%	12,199,535	5,987,845	6,211,690

A breakdown of the net proceeds from the private placement that were utilised for working capital are:

Summary of expenses	General corporate and working capital S\$
Payment of professional fees	520,164
Payment of administrative expenses	105,172
Total	<u>625,336</u>

The use of the proceeds from the placement is accordance with the intended use as disclosed in the Company's announcement.

The Board will continue to update in periodic announcements on the utilisation of the proceeds from the private placement as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and interim financial results announcements.

6. Dividend

(a) Current Financial Period Reported On:

Any dividend declared for the current financial period reported on?

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

(b) Corresponding Period of the Immediately Preceding Financial Year:

Any dividend declared for the corresponding period of the immediately preceding financial year?

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

(c) Whether the dividend is before tax, net of tax or tax exempt.

Not applicable.

(d) Date payable:

Not applicable.

(e) Record date:

Not applicable.

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

No dividend has been declared or recommended for the financial period reported on due to the loss-making financial position of the Company as at 30 June 2023.

7. Interested person transactions (“IPT”)

The Group does not have an existing general mandate from shareholders for IPT. There are no discloseable IPTs during the financial period under review.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1)

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.

9. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A.

On 7 February 2023, the Company’s wholly-owned subsidiary, 9R Leisure Sdn Bhd (“9RL”) incorporated 9R Canary Sdn Bhd (“9RC”) with a paid-up share capital of RM10,000. On 23 March 2023, 9RL increased the total paid-up capital of 9RC to RM950,000.00. The incorporation is funded by the Group's internal resources. The principal activity of 9RC is to run lifestyle retail business.

On 17 February 2023, the Company incorporated 9R Management Sdn Bhd (“9RM”) with a paid-up share capital of RM10,000. The incorporation is funded by Group's internal resources. The principal activity of 9RM is to provide management services to the Malaysian subsidiaries of the Group.

Save as disclosed above, the Group does not have other acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period.

10. Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the six months ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

MR ONG SWEE SIN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
11 August 2023

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited ("**Sponsor**") for the compliance with the Catalist Rules.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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