

Company Registration Number: LL 12218

**SERIAL ACHIEVA LIMITED
(Incorporated in Labuan, Malaysia)
AND ITS SUBSIDIARIES**

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**FOR THE HALF YEAR ENDED
30 JUNE 2024**

*This announcement has been reviewed by the Company's sponsor, RHT Capital 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.*

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SERIAL ACHIEVA LIMITED
(Incorporated in Labuan, Malaysia)
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**SERIAL ACHIEVA LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		The Group		
		6 months ended 30 June 2024	6 months ended 30 June 2023	Change
		US\$'000	US\$'000	%
	Note			
Sales	5	19,620	21,402	-8%
Cost of sales		(19,023)	(20,636)	8%
Gross profit		597	766	-22%
Gross profit margin		3.0%	3.6%	-0.6 pt
Other income		231	439	-47%
Interest income	5	5	3	67%
Other operating income	5	226	436	-48%
Expenses				
Distribution	6	(400)	(440)	-9%
Administrative	6	(106)	(69)	54%
Finance	7	(167)	(198)	-16%
Other:				
Loss allowance on trade and other receivables	6	-	(4)	-100%
Other operating	6	(619)	(920)	-33%
Total expenses		(1,292)	(1,631)	-21%
Loss before exceptional items		(464)	(426)	9%
Exceptional items:				
Acquisition-related costs ⁽¹⁾		(369)	-	NM
Loss on reverse acquisition ⁽²⁾		(4,246)	-	NM
		(4,615)	-	NM
Loss before income tax	6	(5,079)	(426)	1404%
Income tax expense	9	(1)	(1)	0%
Loss after income tax		(5,080)	(427)	1400%
Attributable to:				
Equity holders of the Company		(5,080)	(427)	1400%
Loss per share attributable to equity holders of the Company:				
Basic	22	(3.63) cents	(0.31) cent	NM
Diluted	22	(3.63) cents	(0.31) cent	NM

⁽¹⁾ This related to introducer fee paid in shares.

⁽²⁾ This related to a one-off accounting loss incurred upon the completion of the reverse takeover on 14 June 2024.

**SERIAL ACHIEVA LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	The Group	
	6 months	6 months
	ended 30	ended 30
	June 2024	June 2023
	US\$'000	US\$'000
Net loss for the period	(5,080)	(427)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	(26)	(62)
Other comprehensive loss for the period	(26)	(62)
Total comprehensive loss for the period attributable to equity holders of the Company	(5,106)	(489)

**SERIAL ACHIEVA LIMITED
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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		30 June 2024 US\$'000	31 December 2023 US\$'000	30 June 2024 US\$'000	31 December 2023 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		2,561	1,015	1,880	577
Trade and other receivables	12	6,392	7,994	33	30
Amounts due from related companies and immediate holding company	13	32	23	-	-
Inventories	14	7,108	5,809	-	-
Tax recoverable		3	3	-	-
		16,096	14,844	1,913	607
Non-current assets					
Investments in subsidiaries		-	-	22,921	-
Property, plant and equipment	15	270	277	-	-
Investment property	16	106	109	-	-
		376	386	22,921	-
Total assets		16,472	15,230	24,834	607
LIABILITIES					
Current liabilities					
Trade and other payables	17	1,677	2,137	382	480
Amounts due to ultimate, immediate holding company and related companies	18	3,038	6,986	-	-
Borrowings	19	6,573	4,954	-	-
		11,288	14,077	382	480
Non-current liabilities					
Borrowings	19	154	163	-	-
		154	163	-	-
Total liabilities		11,442	14,240	382	480
NET ASSETS		5,030	990	24,452	127
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	14,794	5,648	26,797	1,793
Treasury shares	20	-	-	(1)	(1)
Currency translation reserve		600	626	-	-
Accumulated losses		(10,364)	(5,284)	(2,344)	(1,665)
TOTAL EQUITY		5,030	990	24,452	127

**SERIAL ACHIEVA LIMITED
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group	Share capital US\$'000	Currency translation reserve US\$'000	Accumulated losses US\$'000	Total attributable to equity holders of the Company US\$'000
Balance at 1 January 2024	5,648	626	(5,284)	990
Loss for the period	-	-	(5,080)	(5,080)
Other comprehensive loss:				
Currency translation differences	-	(26)	-	(26)
Total comprehensive loss for the period	-	(26)	(5,080)	(5,106)
Others:				
Consideration shares issued in relation to reverse acquisition	4,062	-	-	4,062
Share-based payment - Introducer fee	369	-	-	369
Issuance of ordinary shares for intercompany loan and balance capitalisation	3,000	-	-	3,000
Issuance of ordinary shares for compliance placement	1,844	-	-	1,844
Share issue expenses for compliance placement	(129)	-	-	(129)
Total others	9,146	-	-	9,146
Balance at 30 June 2024	14,794	600	(10,364)	5,030
Balance at 1 January 2023	5,648	596	(4,845)	1,399
Loss for the period	-	-	(427)	(427)
Other comprehensive loss:				
Currency translation differences	-	(62)	-	(62)
Total comprehensive loss for the period	-	(62)	(427)	(489)
Balance at 30 June 2023	5,648	534	(5,272)	910

**SERIAL ACHIEVA LIMITED
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Company	Share capital US\$'000	Treasury shares US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 January 2024	1,793	(1)	(1,665)	127
Total comprehensive loss for the period	-	-	(679)	(679)
Others:				
Consideration shares issued in relation to reverse acquisition	19,920	-	-	19,920
Share-based payment - Introducer fee	369	-	-	369
Issuance of ordinary shares for intercompany loan and balance capitalisation	3,000	-	-	3,000
Issuance of ordinary shares for compliance placement	1,844	-	-	1,844
Share issue expenses for compliance placement	(129)	-	-	(129)
Total others	25,004	-	-	25,004
Balance at 30 June 2024	26,797	(1)	(2,344)	24,452
Balance at 1 January 2023	1,793	(1)	(610)	1,182
Total comprehensive loss for the period	-	-	(739)	(739)
Balance at 30 June 2023	1,793	(1)	(1,349)	443

**SERIAL ACHIEVA LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
	Cash flows from operating activities	
Loss before income tax	(5,079)	(426)
Adjustments for:		
Acquisition-related costs	369	-
Loss on reverse acquisition	4,246	-
Allowance for inventory obsolescence	52	49
Depreciation of property, plant and equipment	56	59
(Reversal of loss allowance)/loss allowance on trade receivables	(2)	4
Unrealised exchange loss	360	163
Interest income	(5)	(3)
Interest expense	167	198
Operating cash flow before working capital changes	164	44
Changes in working capital		
Trade and other receivables	1,410	(1,448)
Inventories	(1,509)	1,735
Trade and other payables	(944)	(397)
Immediate holding company	(1,137)	(1,759)
Related companies	311	(554)
Cash used in operations	(1,705)	(2,379)
Income tax paid	(1)	(2)
Net cash used in operating activities	(1,706)	(2,381)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(2)
Interest received	5	3
Net cash from investing activities	5	1
Cash flows from financing activities		
Proceeds from issuance of ordinary shares for compliance placement	1,844	-
Share issue expenses for compliance placement	(129)	-
Proceeds from bank borrowings	17,353	20,795
Repayment of bank borrowings	(15,612)	(19,339)
Principal payments of lease liabilities	(47)	(53)
Advances from/(repayments to) ultimate holding company	5	(210)
(Repayments to)/advances from immediate holding company	(32)	260
Advances from a related company	29	885
Interest paid	(167)	(196)
Net cash from financing activities	3,244	2,142
Net increase/(decrease) in cash and cash equivalents held	1,543	(238)
Cash and cash equivalents at the beginning of the period	1,015	1,343
Effect of currency translation on cash and cash equivalents	3	(187)
Cash and cash equivalents at the end of the period	2,561	918

**SERIAL ACHIEVA LIMITED
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Serial Achieva Limited (the “**Company**”) is incorporated and domiciled in Labuan, Malaysia. The address of its registered office and principal place of business is as follows:

Registered office:-

Lot A020, Level 1
Podium Level, Financial Park
Jalan Merdeka
87000 Labuan F.T., Malaysia

Principal place of business:

2.03, 2nd Floor
Wisma Academy
No. 4A, Jalan 19/1
46300 Petaling Jaya, Selangor

The Company is listed on the Catalist Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

These condensed interim financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the Group are the distribution and marketing of information technology, computer peripherals, parts, software and related products.

The holding company of the Company is Serial System Ltd, an entity listed on the Mainboard of SGX-ST.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(1) 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 audited annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(1)s, except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States dollar (**US\$**). The Company's functional currency is Singapore Dollar (**S\$**). All values are rounded to the nearest thousand (**US\$'000**) except when otherwise indicated.

Completion of reverse takeover and presentation of condensed interim financial statements

The Group has completed its reverse takeover (“**RTO**”) or reverse acquisition via the acquisition of 100% equity interest in Achieva Technology Sdn. Bhd. (“**Achieva Technology Malaysia**”) and 49.0% equity interest in Achieva Digital (Thailand) Company Limited (“**Achieva Digital Thailand**”) on 14 June 2024 (the “**Completion**”).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2. Basis of preparation (continued)

2.1 Statement of compliance (continued)

Following the Completion of the RTO, the Company's legal subsidiary, Achieva Technology Malaysia is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purpose. As such, the condensed interim consolidated financial statements have been prepared and presented as a continuation of Achieva Technology Malaysia.

Accordingly, the condensed interim consolidated financial statements comprising the condensed interim consolidated statement of profit or loss, the condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of financial position, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the half year period ended 30 June 2024 have been presented as a continuation of Achieva Technology Malaysia, in accordance with the following:

- (1) The assets and liabilities of the accounting acquirer, Achieva Technology Malaysia, are recognised and measured in the condensed interim consolidated statement of financial position at their pre-acquisition carrying amount;
- (2) The assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;
- (3) Achieva Digital Thailand was incorporated in May 2023 and has been inactive until 1 July 2024;
- (4) The retained earnings and other equity balances recognised in the condensed interim consolidated financial statements of the Group are the retained earnings and other equity balances of Achieva Technology Malaysia immediately before the RTO;
- (5) The amount recognised in the issued equity interest in the consolidated interim consolidated financial statements of the Group is computed by adding the issued equity of Achieva Technology Malaysia immediately before the RTO to the cost of the reverse acquisition of the Company (legal parent) determined in accordance with SFRS(I) 3. However, the equity structure presented in the condensed interim consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination;
- (6) The cost of the reverse acquisition deemed to be incurred by Achieva Technology Malaysia for its interests in the Company is based on the number of equity interests that Achieva Technology Malaysia would have to issue to the shareholders of the Company to give the shareholders of the Company the same percentage equity interest in the enlarged group that results from the RTO and will be determined using the fair value of the issued shares of Achieva Technology Malaysia immediately before the RTO;
- (7) The comparative figures presented in these condensed interim consolidated financial statements of the Group are those of consolidated financial statements of Achieva Technology Malaysia; and
- (8) The condensed interim consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in SFRS(I) 3, but it does not result in the recognition of goodwill as the Company did not have any operating business and activity to generate cash to meet its obligations. Accordingly, the Company does not constitute a business as set out in SFRS(I) 3. Instead, the transaction falls within the scope of SFRS(I) 2 Share-based Payment, which requires the deemed shares issued by Achieva Technology Malaysia to be recognised at fair value. Any difference in the fair value of the shares issued by Achieva Technology Malaysia and the fair value of the Company's identifiable net liabilities represents the value in exchange for the listing status which is recognised as an expense in profit or loss. Reverse acquisition accounting applies only at the consolidated financial statements at the Group level. In the Company's separate financial statements, the investments in subsidiaries are accounted for at costs less any accumulated impairment losses.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

2.2. New and amended standards adopted by the Group

The following are the amendments to SFRS(I)s, that took effect from financial year beginning on or after 1 January 2024:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16 Leases: Lease liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7 Statement of Cash Flows and Financial Instruments: Disclosures: Supplier Finance Arrangements	1 January 2024

The amendments to SFRS(I) 1-7 and SFRS(I) 7 clarify the characteristics of supplier finance arrangements and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects of an entity's liabilities, cash flows and the exposure to liquidity risk. There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. The disclosures are only required for annual periods during the first year of application and not interim financial statements.

The adoption of the above amendments to SFRS(I)s did not have a material impact on the condensed interim financial statements.

2.3. 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 accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited annual financial statements as at and for the year ended 31 December 2023.

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 information

4.1 Operating segments

Management has determined the Company and Group as one reportable segment as the Company and Group are only involved in the distribution and marketing of information technology, computer peripherals, parts, software and related products.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4. Segment information (continued)

4.2 Geographical segments

The geographical segments comprised two broad primary geographic areas, namely: Malaysia (the home and principal operating country of the Group) and Thailand, which reflect the current business process and monitoring in these primary geographic business segments in which the Group operates in. Management considers the business from the geographical segments perspective based on the reports reviewed to make strategic decisions. The geographical segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the geographical segments.

Performance is measured based on sales, gross profit and profit after tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer and Financial Controller on a monthly basis. These criteria are used to measure performance as management believes that such information are the most relevant in evaluating the results of each entity within the same geographical segment. Inter-segment transactions are determined on an arm's length basis.

Sales are based on the geographical area in which the entities are located. Non-current assets are shown by the geographical area where the assets are located.

	Sales		Non-current assets	
	6 months	6 months	30 June	31 December
	ended 30	ended 30	2024	2023
	June 2024	June 2023	US\$'000	US\$'000
The Group	US\$'000	US\$'000	US\$'000	US\$'000
Malaysia	19,620	21,402	376	386
Thailand	-	-	-	-
Total	19,620	21,402	376	386

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

5. Revenue

	The Group	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
Sales of goods	19,620	21,402
Other operating income	226	436
Interest income	5	3
	19,851	21,841
Sales of goods:		
Performance obligations satisfied at a point in time	19,620	21,402
Total sales of goods	19,620	21,402
Other operating income:		
Rebate income from suppliers	129	214
Rental income	2	2
Fair value gain on derivative financial instruments	90	212
Reversal of loss allowance on trade receivables	2	-
Sundry income	3	8
Total other operating income	226	436
Interest income:		
Bank balances	5	3
Total interest income	5	3
Total	19,851	21,841

6. Loss before income tax

	The Group	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
This is arrived at after charging:		
Depreciation of property, plant and equipment*	56	59
Loss allowance on trade receivables*	-	4
Allowance for inventory obsolescence*	52	49
Employee benefits expense	306	313
Management fees*	261	249
Rental expense - operating leases (short term lease)*	50	50
Freight and handling charges	92	101
Travelling and transportation expenses	21	29
Foreign exchange loss (net)*	201	515
Other expenses (included in distribution, administrative and other operating expenses)	86	64
Total distribution, administrative and other operating expenses	1,125	1,433

* Included in "other operating expenses".

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7. Finance expense

	The Group	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
Interest expenses:		
Bankers' acceptance	146	181
Letters of credit	15	15
Lease liabilities	6	2
	167	198

8. Related party transactions

A related party is a person or entity who is related to the entity that is preparing its financial statements ("reporting entity").

Parties are considered to be related if (a) a person or a close member of that person's family is related to a reporting entity, if that person (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity and (b) an entity is related to a reporting entity if (i) the entity and the reporting entity are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity; (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity; (vi) the entity is controlled or jointly controlled by a person identified in (a); (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and (viii) the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties in these financial statements refer to the holding company, Serial System Ltd and its group of companies, including wholly-owned subsidiaries, Serial I-Tech (Far East) Pte. Ltd., Serial Microelectronics Pte. Ltd. and SerialTec (Japan) Co., Ltd.

8.1 Sales and purchases of goods and services

In addition to the information disclosed elsewhere in the condensed interim financial statements, the following transactions took place between the Group and related parties during the financial period at terms agreed between the parties:

	The Group	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
With ultimate holding company ⁽¹⁾ :		
- Interest expenses	30	30
- Management fees	53	48
With immediate holding company ⁽²⁾ :		
- Purchases of goods	11,927	10,378
- Management fees	172	158
With related companies ⁽³⁾ :		
- Sales of goods	-	(12)
- Purchases of goods	7,702	6,059
- Management fees	36	36

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

8. Related party transactions (continued)

8.1 Sales and purchases of goods and services (continued)

Sales and purchases of goods and services were carried out on commercial terms and conditions as agreed between the parties.

Notes:

- (1) Ultimate holding company refers to Serial System Ltd before the Completion of RTO. After Completion, Serial System Ltd becomes the holding company of the Company and ultimate holding company of the Company's subsidiaries.
- (2) Immediate holding company refers to Serial I-Tech (Far East) Pte. Ltd. before the Completion of RTO. After Completion, Serial I-Tech (Far East) Pte. Ltd. becomes related company of the Company and the Group.
- (3) Related companies include subsidiaries, Serial Microelectronics Pte. Ltd. and SerialTec (Japan) Co., Ltd., and all subsidiaries of Serial System Ltd. Relationship with the Company and the Group remains unchanged before and after the Completion of RTO.

9. Income tax expense

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

	The Group	
	6 months ended 30 June 2024 US\$'000	6 months ended 30 June 2023 US\$'000
Tax expense attributable to profit is made up of:		
Current income tax - Malaysia	1	1

10. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2024 and 31 December 2023:

	The Group		The Company	
	30 June 2024 US\$'000	31 December 2023 US\$'000	30 June 2024 US\$'000	31 December 2023 US\$'000
Financial assets at amortised cost:				
Cash and bank balances	2,561	1,015	1,880	577
Trade and other receivables	6,392	7,994	33	30
Amounts due from related companies and immediate holding company	32	23	-	-
Total	8,985	9,032	1,913	607
Financial liabilities at amortised cost:				
Trade and other payables	1,675	2,046	382	480
Amounts due to ultimate, immediate holding company and related companies	3,038	6,986	-	-
Borrowings	6,727	5,117	-	-
Total	11,440	14,149	382	480

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11. Net assets value

	The Group		The Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net assets value (US\$'000)	5,030	990	24,452	127
Number of issued ordinary shares	169,774,380	186,710,300	169,774,380	186,710,300
Net assets value per ordinary share (US cents)	2.96	0.53	14.40	0.07

12. Trade and other receivables

	The Group		The Company	
	30 June 2024 US\$'000	31 December 2023 US\$'000	30 June 2024 US\$'000	31 December 2023 US\$'000
Current				
Trade receivables	6,177	8,128	-	-
Loss allowance	(171)	(381)	-	-
Net trade receivables	6,006	7,747	-	-
Other receivables	245	150	33	30
Deposits	63	62	-	-
Prepayments	78	35	-	-
	386	247	33	30
Total	6,392	7,994	33	30

The Group has an unconditional right to consideration in exchange for goods or services that it has transferred to its customers. Accordingly, the Group has no contract asset as defined in IFRS 15 and records the amounts of consideration as trade receivables for its sales arrangements with the customers.

The Group generally grants a credit period that ranges from 0 to 90 days to its customers. Trade receivables are recognised initially at the amounts of consideration that are unconditional unless they contain significant financing components, of which they will be recognised at fair value. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit loss.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit exposure to an individual counterparty is restricted by credit limit that is approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective head of operation, and finance department and at the Group level by the corporate finance and management team.

The Group purchased credit insurance to reduce credit risk from extension of credit to certain customers.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

13. Amounts due from related companies and immediate holding company

	The Group	
	30 June 2024	31 December 2023
	US\$'000	US\$'000
Amounts due from related companies ⁽¹⁾		
Trade	24	47
Non trade	2	-
	26	-
Loss allowance	(24)	(24)
	2	23
Amount due from immediate holding company ⁽¹⁾		
Non trade	30	-
Total	32	23

The non-trade amounts due from immediate holding company and related companies are unsecured, non-interest bearing and repayable on demand. The trade amounts due from related companies are unsecured, interest free with a credit term of 30 to 60 days.

⁽¹⁾ Refer to 8.1 Note (3) and (2) for the definition of immediate holding company and related companies.

14. Inventories

	The Group	
	30 June 2024	31 December 2023
	US\$'000	US\$'000
Finished goods	7,108	5,809

During the financial period, the Group made allowances for inventory obsolescence amounting to US\$52,000 (30 June 2023: US\$49,000).

15. Property, plant and equipment

As at 30 June 2024, the Group's property, plant and equipment mainly related to right-of-use assets of US\$248,000 (31 December 2023: US\$248,000) arising from rental of office and warehouse.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

16. Investment property

	The Group	
	30 June 2024	31 December 2023
	US\$'000	US\$'000
Beginning of financial period	109	114
Currency translation differences	(3)	(5)
End of financial period	106	109

16.1 Valuation

Investment property is initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuer based on the investment property's highest-and-best use value using the Direct Market Comparison Method and if required, adjusted with appropriate adjustments, such as location, date of transaction and size of property. Changes in fair values are recognised in the consolidated statement of profit or loss.

17. Trade and other payables

	The Group		The Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Current				
Trade payables - Third parties	931	1,762	-	-
Other payables and accrued operating expenses	744	284	382	480
Derivative financial instruments	2	91	-	-
Total	1,677	2,137	382	480

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18. Amounts due to ultimate, immediate holding company and related companies

	The Group	
	30 June 2024 US\$'000	31 December 2023 US\$'000
Amount due to ultimate holding company ⁽¹⁾		
Non trade	82	79
Amounts due to immediate holding company ⁽¹⁾		
Trade	1,562	2,729
Non trade	40	74
	1,602	2,803
Amounts due to related companies ⁽¹⁾		
Trade	1,348	3,092
Non trade	6	1,012
	1,354	4,104
Total	3,038	6,986

The non-trade amounts due to the ultimate and immediate holding company and related companies are unsecured, interest free, and repayable on demand.

The trade amounts due to the immediate holding company are unsecured, interest free and repayable on demand. The trade amounts due to related companies are unsecured, interest free with a credit term of 30 to 90 days.

⁽¹⁾ Refer to 8.1 Note (1), (2) and (3) for the definition of ultimate holding company, immediate holding company and related companies.

19. Borrowings

	The Group	
	30 June 2024 US\$'000	31 December 2023 US\$'000
Amount repayable within one year or on demand:		
Unsecured	6,573	4,954
Amount repayable after one year:		
Unsecured	154	163
Total	6,727	5,117

19.1 Details of guarantees

Current bank borrowings of US\$5,156,000 (31 December 2023: US\$4,869,000) are supported by corporate guarantee provided by the holding company, Serial System Ltd and a subsidiary of Serial System Ltd, and a bank's irrevocable standby letter of credit provided by Serial System Ltd.

The remaining current bank borrowings of US\$1,321,000 (31 December 2023: US\$ Nil) excluding lease liabilities are supported by corporate guarantee provided by Serial System Ltd.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

19.2 Loan compliance

The Group regularly monitors its compliance with the covenants and is up to date with the scheduled repayments of the borrowings. As at 30 June 2024, the Group did not comply with the covenants entered with banks, which the banks have the right to call for immediate repayment of outstanding current borrowings of US\$6,477,000 (31 December 2023: US\$4,869,000). As at the date of this report, current borrowings of US\$3,233,000 have been repaid and these banks have not called for any immediate repayment for the remaining amount. The Group has been servicing the repayments of the borrowings and its interests as and when they fall due and the utilisation of the borrowing facilities continues as usual as of the date of this report.

20. Share capital and treasury shares

The Group	Issued number of shares		Total share capital	
	Share capital '000	Treasury shares '000	Share capital US\$'000	Treasury shares US\$'000
2024				
As at 1 January 2024	186,710	-	5,648	-
Share consolidation	(163,372)	-	-	-
Consolidation shares issued in relation to reverse acquisition	114,407	-	4,062	-
Share-based payment – Introducer fee	2,119	-	369	-
Issuance of ordinary shares for intercompany loan and balance capitalisation	17,410	-	3,000	-
Issuance of ordinary shares for compliance placement	12,500	-	1,844	-
Share issue expenses for compliance placement	-	-	(129)	-
As at 30 June 2024	169,774	-	14,794	-
2023				
As at 1 January 2023 and 31 December 2023	186,710	-	5,648	-
The Company	Issued number of shares		Total share capital	
	Share capital '000	Treasury shares '000	Share capital US\$'000	Treasury shares US\$'000
2024				
As at 1 January 2024	186,710	10	1,793	(1)
Share consolidation	(163,372)	-	-	-
Consolidation shares issued in relation to reverse acquisition	114,407	-	19,920	-
Share-based payment – Introducer fee	2,119	-	369	-
Issuance of ordinary shares for intercompany loan and balance capitalisation	17,410	-	3,000	-
Issuance of ordinary shares for compliance placement	12,500	-	1,844	-
Share issue expenses for compliance placement	-	-	(129)	-
As at 30 June 2024	169,774	10	26,797	(1)
2023				
As at 1 January 2023 and 31 December 2023	186,710	10	1,793	(1)

20. Share capital and treasury shares (continued)

On 14 June 2024, the Company completed the RTO. Pursuant to the Completion, the Company:

- undertook a share consolidation in June 2024 where every eight existing ordinary shares were consolidated into one ordinary share from 186,710,300 ordinary shares to 23,338,788 ordinary shares.
- allotted and issued 114,406,780 ordinary shares to its holding company, Serial System Ltd at an issue price of S\$0.236 (US\$0.174) per share, in full satisfaction of the total consideration of S\$27.0 million (US\$19.9 million) for the acquisition of the 100% equity interest in Achieva Technology Malaysia and 49.0% equity interest in Achieva Digital Thailand;
- allotted and issued 2,118,644 ordinary shares at an issue price of S\$0.236 (US\$0.174) per share, as introducer shares to Mr. Kho Wee Hong George as arranger fee for the RTO. The value of these shares issued amounted to S\$500,000 (US\$369,000) and this was charged to the statement of profit or loss during the financial period ended 30 June 2024;
- allotted and issued 17,410,169 ordinary shares to Serial System Ltd being Interco Shares comprising 5,803,390 Interco Loan Shares and 11,606,779 Interco Balance Shares at an issue price of S\$0.236 (US\$0.174) per share, in full satisfaction of the intercompany loan of S\$1.36 million (US\$1 million) and intercompany balances of S\$2.72 million (US\$2 million) owing by Achieva Technology Malaysia to a related company; and
- allotted and issued 12,500,000 ordinary shares for compliance placement at an issue price of S\$0.20 (US\$0.147) per share for proceeds of approximately S\$2.5 million (US\$1.84 million). Net proceeds received after deducting direct expenses relating to the compliance placement of approximately S\$175,000 (US\$129,000) was approximately S\$2.33 million (US\$1.72 million).

As at 30 June 2024, the Group does not own treasury shares and subsidiary holdings.

There was no outstanding share options as at 30 June 2024 (31 December 2023: Nil).

There were no purchase, sale, transfer, disposal, cancellation and use of treasury shares and subsidiary holdings during the six months ended 30 June 2024.

OTHER INFORMATION

21. Whether the figures have been audited or reviewed and in accordance with which auditing or practice.

The condensed interim statements of financial position of Serial Achieva Limited and its subsidiaries as at 30 June 2024 and the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

22. Loss per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Half Year Ended	
	30 June 2024	30 June 2023
Based on the weighted average number of ordinary shares in issue (in US\$); and	(3.63) cents	(0.31) cent
On a fully diluted basis (in US\$)	(3.63) cents	(0.31) cent

Loss per ordinary share on existing issued share capital are computed based on the weighted average number of shares in issue of 139,981,775 as at 30 June 2024 (30 June 2023: 137,745,567).

Loss per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue of 139,981,775 as at 30 June 2024 (30 June 2023: 137,745,567).

There were no potential dilutive ordinary shares for the financial period ended 30 June 2024 and 30 June 2023.

23. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current 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.

Condensed Interim Consolidated Statement of Profit or Loss

The Group recorded turnover of US\$19.6 million for the six months ended 30 June 2024 ("1H2024"), a decrease of 8% compared to US\$21.4 million for the same period last year ("1H2023").

Turnover from desktop CPUs, motherboards, LCD monitors, and laptops dropped by 12% to US\$16.5 million in 1H2024. This decline was primarily attributed to weak consumer demand, overstocking in the supply chain, and intense market competition. However, the impact was partially offset by higher sales of VGA cards and projectors, which increased by 24% to US\$2.2 million in 1H2024. This growth was mainly due to the launch of new VGA cards in January 2024 and a Malaysia Ministry of Education project won by a customer.

Overall gross profit margin declined by 0.6 percentage point to 3.0% from 3.6% in 1H2023, mainly due to lower margins achieved by most products impacted by keen market competition in a challenging operating environment.

Other operating income decreased by US\$0.21 million or 48% to US\$0.23 million, mainly due to lower supplier rebates on lower sales of US\$0.09 million and lower fair value gain on derivative financial instruments of US\$0.12 million.

OTHER INFORMATION

23. A review of the performance of the group (continued)

Condensed Interim Consolidated Statement of Profit or Loss (continued)

Distribution expenses decreased by US\$0.04 million or 9% to US\$0.40 million mainly due to lower staff and related costs, freight and handling charges, travelling and transportation expenses and sales commission expenses, in line with the decline in turnover. The decrease was partially offset by higher trade insurance costs and warehouse maintenance expenses.

Administrative expenses increased by US\$0.04 million or 54% to US\$0.11 million mainly due to higher bank charges attributable to the laptop distribution business.

Finance expenses decreased by US\$0.03 million or 16% to US\$0.17 million mainly due to reduction in the utilisation of bank facilities in 1H2024.

Other operating expenses decreased by US\$0.30 million or 33% to US\$0.6 million mainly due to lower foreign exchange loss.

In 1H2024, exceptional items of US\$4.62 million included an accounting loss on RTO of US\$4.25 million and an introducer fee paid in shares of US\$0.37 million.

The Group reported a higher net loss of US\$5.08 million in 1H2024 as compared to a net loss of US\$0.43 million in 1H2023 mainly due to the exceptional items of US\$4.62 million related to the RTO. Excluding these exceptional items related to the RTO, net loss for 1H2024 was US\$0.47 million as compared to US\$0.43 million in 1H2023. The higher loss is mainly due to lower gross profit and lower supplier rebates, partially offset by lower foreign exchange loss.

Condensed Interim Statements of Financial Position

In 1H2024, trade and other receivables decreased by US\$1.60 million or 20% to US\$6.39 million from US\$8.0 million as at the financial year ended 31 December 2023 (“**FY2023**”) attributed to the lower sales achieved by the Group as compared to FY2023. Average turnover days for trade receivables increased to 64 days in 1H2024 from 59 days in FY2023.

In 1H2024, inventories increased by US\$1.30 million or 22% to US\$7.1 million from US\$5.8 million in FY2023 mainly due to anticipated higher sales to a customer as compared to FY2023. Average turnover days for inventories increased to 62 days in 1H2024 from 56 days in FY2023.

In 1H2024, trade and other payables and amounts due to ultimate, immediate holding and related companies decreased by US\$4.41 million or 48% to US\$4.72 million as compared to FY2023, mainly due to capitalisation of US\$3.0 million intercompany loan and balances due to its related company following the Completion of RTO and repayment of amount due to immediate holding company in 1H2024. Average payment days for trade payables decreased to 52 in 1H2024 from 63 in FY2023.

In 1H2024, current borrowings increased by US\$1.61 million or 31% to US\$6.73 million as compared to FY2023, mainly due to financing of purchase of inventories in anticipation of higher sales to a customer in the second half of 2024.

As at 30 June 2024, the Group’s net gearing ratio was 83% (31 December 2023: 414%). The net gearing ratio was derived as net debts (total borrowings minus cash and cash equivalents) divided by total equity. The decrease was mainly due to increase in total equity resulting from the increase in share capital following the Completion of RTO on 14 June 2024.

Condensed Interim Consolidated Statement of Cash Flows

In 1H2024, negative operating cash flows from operating activities amounted to US\$1.71 million. This was primarily due to increase in inventories of US\$1.51 million, a decrease in amount due to immediate holding company of US\$1.14 million and a decrease in trade and other payables of US\$0.94 million. These were partially offset by a decrease in trade and other receivables of US\$1.41 million and an increase in amounts due to related companies of US\$0.31 million.

In 1H2024, net cash from investing activities amounted to US\$0.005 million was due to interest received.

In 1H2024, net cash from financing activities amounted to US\$3.24 million mainly due to proceeds from bank borrowings of US\$17.35 million and proceeds from issuance of ordinary shares for compliance placement of US\$1.84 million. These were offset by repayment of bank borrowings of US\$15.61 million, interest payment of US\$0.17 million and share issue expenses for compliance placement of US\$0.13 million.

OTHER INFORMATION

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

No forecast or prospect statement was previously issued in respect of the current reporting period.

- 25. 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 reporting period and the next 12 months.**

The macroeconomic environment remains challenging, marked by high interest rates, inflationary pressures, currency volatility and ongoing geopolitical conflicts, all of which could impact consumer demand and affect the Group's business performance in Malaysia and Thailand. In response, the Group will prioritize operational agility, review its operations to boost efficiency and trim expenses where necessary and maintain vigilant in inventory and credit management.

The Group will continue to leverage its position as a leading distributor in Malaysia and Thailand. It aims to expand its range of product offerings and enhance its portfolio of gaming, cloud storage and AI solutions. Additionally, the Group plans to expand its presence in the Southeast Asian markets such as Indonesia, Vietnam, and the Philippines through mergers and acquisitions and/or strategic alliances. These efforts will help to improve the Group's top line amid weak consumer demand and intense competition in the market.

- 26. Dividend**

a) Current Financial Period Reported On

Any dividend declared (recommended) 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) Books closure date

Not applicable.

OTHER INFORMATION

27. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 30 June 2024 to conserve cash for the Group's business operations and future growth.

28. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Catalist Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has obtained a general mandate from shareholders for IPTs which was approved at the Company's extraordinary general meeting on 22 January 2024. The IPT mandate will be effective until the conclusion of the Company's next annual general meeting following Completion.

Name of interested person	Nature of relationship	Aggregate value of all IPTs during <u>1H2024</u> (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules) S\$'000	Aggregate value of all IPTs conducted during <u>1H2024</u> under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000
Serial System Ltd	Holding company	-	112
Serial I-Tech (Far East) Pte. Ltd. ⁽¹⁾	Related company	-	16,264
Serial Microelectronics Pte. Ltd. ⁽¹⁾	Related company	-	10,354

⁽¹⁾ Wholly-owned subsidiaries of Serial System Ltd.

29. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist 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 Catalist Rule 720(1).

30. Additional information required pursuant to Rules 706A.

The Company completed the RTO on 14 June 2024. Upon Completion, Serial System Ltd, the then existing ultimate shareholder of 100% equity interest in Achieva Technology Malaysia and 49% equity interest in Achieva Digital Thailand becomes the major shareholder and holding company of the Company through its 77.64% equity interest in the Company.

The Company incorporated a 100%-owned subsidiary, Achieva Digital Pte. Ltd., with a share capital of US\$100,000 comprising 100,000 ordinary shares in Singapore on 19 July 2024. Achieva Digital Pte. Ltd.'s principal activity is trading and distribution of IT products.

OTHER INFORMATION

31. Update on the use of Compliance Placement proceeds

The Company refers to the announcement made on 25 June 2024 in relation to the completion of the compliance placement (“**Compliance Placement**”) of 12,500,000 new ordinary shares at the issue price of S\$0.20 per placement share in the share capital of the Company and Offer Information Statement dated 4 June 2024 (“**OIS**”). Unless otherwise defined in this announcement, all capitalised terms used in this announcement shall have the meanings ascribed to them in the OIS.

Intended use of proceeds	Amount Allocated S\$'000	Cumulative amount utilised as at 12 August 2024 S\$'000	Balance S\$'000
Business expansion within ASEAN	1,000	-	1,000
Upgrading business operations capabilities	100	-	100
General working capital	750	40	710
Payment of listing expenses	650	117	533
Total	2,500	157	2,343

The use of proceeds from the Compliance Placement as disclosed above is in accordance with the intended uses as disclosed in the OIS.

The Board will continue to provide periodic announcements on the utilisation of the balance of the proceeds from the Compliance Placement as and when the proceeds are materially disbursed and provide a status report on such use in its annual report and its half yearly and full-year financial statements announcements.

32. Negative assurance confirmation on interim financial results pursuant to Rule 705(1) of the Catalist Rule

The Board of Directors of the Company confirms to the best of their knowledge that nothing has come to their attention which may render the unaudited half year interim financial results for the period ended 30 June 2024 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Sim Mong Keang Kenny
Executive Director and Chief Executive Officer
12 August 2024