

SECOND CHANCE PROPERTIES LTD
(Incorporated in Singapore - Registration Number: 198103193M)
AND ITS SUBSIDIARY CORPORATIONS

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX
MONTHS ENDED 28 FEBRUARY 2022**

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Part I – CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 28 FEBRUARY 2022

Note: All figures are in Singapore Dollars

Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		
		Six months ended		
		<u>28/02/2022</u>	<u>28/02/2021</u>	<u>Change</u>
		\$ '000	\$ '000	%
Revenue	4	16,115	16,420	(1.86)
Cost of sales		(8,422)	(9,731)	(13.45)
Gross profit		7,693	6,689	15.01
Other income		41	1,463	(97.20)
Expenses				
- Administrative		(1,470)	(1,414)	3.96
- Distribution		(302)	(346)	(12.72)
- Finance		(286)	(186)	53.76
- Apparel operating		(101)	(114)	(11.40)
- Property operating		(513)	(397)	29.22
- Gold and jewellery operating		(86)	(97)	(11.34)
- Others		(45)	-	Nm
		(2,803)	(2,554)	9.75
Profit before income tax	6	4,931	5,598	(11.91)
Income tax expense	7	(329)	(595)	(44.71)
Net profit for the financial year		4,602	5,003	(8.02)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Currency translation differences arising from consolidation		16	133	(87.97)
		16	133	(87.97)
Items that will not be reclassified subsequently to profit or loss:				
- Fair value (loss)/gain on Financial assets, at FVOCI		(2,187)	17,678	Nm
Other comprehensive (loss)/income, net of tax		(2,171)	17,811	Nm
Total comprehensive income attributable to equity holders		2,431	22,814	(89.34)
Earnings per share attributable to equity holders (cents per share)				
Basic earnings per share		0.59	0.66	
Diluted earnings per share		0.59	0.66	

*Nm - Not meaningful

Condensed interim statements of financial position

	Note	The Group		The Company	
		28 Feb 2022	31 Aug 2021	28 Feb 2022	31 Aug 2021
		\$ '000	\$ '000	\$ '000	\$ '000
ASSETS					
Current assets					
Cash and bank balances		665	348	269	96
Financial assets, at FVPL		109	1,105	-	-
Trade and other receivables	10	257	379	695	603
Inventories		17,085	17,384	489	493
Other current assets		185	163	98	57
Income tax receivables		58	64	-	-
		<u>18,359</u>	<u>19,443</u>	<u>1,551</u>	<u>1,249</u>
Property held-for-sale		-	9,600	-	-
		<u>18,359</u>	<u>29,043</u>	<u>1,551</u>	<u>1,249</u>
Non-current assets					
Amount due from subsidiary corporations		-	-	186,197	190,232
Financial assets, at FVOCI	11	244,905	223,139	32,705	40,886
Investments in subsidiary corporations		-	-	17,231	17,231
Property, plant and equipment	12	18,748	18,795	14	17
Investment properties	13	130,755	130,755	13,750	13,750
Deferred tax assets		68	68	-	-
		<u>394,476</u>	<u>372,757</u>	<u>249,897</u>	<u>262,116</u>
Total assets		<u>412,835</u>	<u>401,800</u>	<u>251,448</u>	<u>263,365</u>
LIABILITIES					
Current liabilities					
Trade payables	14	1,381	1,541	157	160
Other payables	15	926	915	730	683
Borrowings	16	128,603	115,319	31,049	39,714
Current income tax liabilities		717	805	-	-
		<u>131,627</u>	<u>118,580</u>	<u>31,936</u>	<u>40,557</u>
Non-current liability					
Deferred tax liabilities		4	4	3	3
		<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>
Total liabilities		<u>131,631</u>	<u>118,584</u>	<u>31,939</u>	<u>40,560</u>
Net assets		<u>281,204</u>	<u>283,216</u>	<u>219,509</u>	<u>222,805</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	174,366	137,454	174,366	137,454
Retained profits		98,544	132,205	48,229	82,256
Other reserves		8,294	13,557	(3,086)	3,095
Total equity		<u>281,204</u>	<u>283,216</u>	<u>219,509</u>	<u>222,805</u>

Condensed interim statements of changes in equity

			Other reserves*				Total equity \$ '000
	Share capital	Retained profits	Fair value reserve	Asset revaluation reserve	Currency translation reserve	Total other reserves	
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	
Group							
Balance as at 28 February 2021	137,454	123,306	8,893	7,220	(6,057)	10,056	270,816
Total comprehensive income/(loss) for the financial period	-	4,820	8,427	(1,298)	451	7,580	12,400
Transfer upon disposal of investments in financial assets, at FVOCI	-	4,079	(4,079)	-	-	(4,079)	-
Balance as at 31 August 2021	137,454	132,205	13,241	5,922	(5,606)	13,557	283,216
Total comprehensive income/(loss) for the financial period	-	4,602	(2,187)	-	16	(2,171)	2,431
Cash dividends paid	-	(4,443)	-	-	-	-	(4,443)
Scrip dividend	36,912	(36,912)	-	-	-	-	-
Total transactions with owners, recognised directly in equity	36,912	(41,355)	-	-	-	-	(4,443)
Transfer upon disposal of investments in financial assets, at FVOCI	-	3,092	(3,092)	-	-	(3,092)	-
Balance as at 28 February 2022	174,366	98,544	7,962	5,922	(5,590)	8,294	281,204
Balance as at 29 February 2020	138,308	120,913	3,488	8,082	(5,856)	5,714	264,935
Total comprehensive income/(loss) for the financial period	-	914	(12,321)	(862)	(334)	(13,517)	(12,603)
Cash dividends paid	-	(3,399)	-	-	-	-	(3,399)
Total transactions with owners, recognised directly in equity	-	(3,399)	-	-	-	-	(3,399)
Transfer upon disposal of investments in financial assets, at FVOCI	-	(46)	46	-	-	46	-
Balance as at 31 August 2020	138,308	118,382	(8,787)	7,220	(6,190)	(7,757)	248,933
Total comprehensive income for the financial period	-	5,003	17,601	-	133	17,734	22,737
Share buyback	(854)	-	-	-	-	-	(854)
Total transactions with owners, recognised directly in equity	(854)	-	-	-	-	-	(854)
Transfer upon disposal of investments in financial assets, at FVOCI	-	(79)	79	-	-	79	-
Balance as at 28 February 2021	137,454	123,306	8,893	7,220	(6,057)	10,056	270,816

* Other reserves are non-distributable

Condensed interim statements of changes in equity (continued)

Company

	Share Capital	Retained Earnings	Fair Value Reserve	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance as at 28 February 2021	137,454	82,522	(185)	219,791
Total comprehensive (loss)/income for the period	-	(266)	3,280	3,014
Balance as at 31 August 2021	137,454	82,256	3,095	222,805
Total comprehensive income/(loss) for the financial period	-	5,085	(3,938)	1,147
Cash dividends paid	-	(4,443)	-	(4,443)
Scrip dividend	36,912	(36,912)	-	-
Total transactions with owners, recognised directly in equity	36,912	(41,355)	-	(4,443)
Transfer upon disposal of investments in financial assets, at FVOCI	-	2,243	(2,243)	-
Balance as at 28 February 2022	174,366	48,229	(3,086)	219,509
Balance as at 29 February 2020	138,308	81,257	6,001	225,566
Total comprehensive income/(loss) for the financial period	-	445	(9,167)	(8,722)
Cash dividends paid	-	(3,399)	-	(3,399)
Total transactions with owners, recognised directly in equity	-	(3,399)	-	(3,399)
Transfer upon disposal of investments in financial assets, at FVOCI	-	(46)	46	-
Balance as at 31 August 2020	138,308	78,257	(3,120)	213,445
Total comprehensive income for the period	-	4,343	2,857	7,200
Share buyback	(854)	-	-	(854)
Total transactions with owners, recognised directly in equity	(854)	-	-	(854)
Transfer upon disposal of investments in financial assets, at FVOCI	-	(78)	78	-
Balance as at 28 February 2021	137,454	82,522	(185)	219,791

Condensed interim consolidated statements of cash flows

	Group	
	Six months ended	
	<u>28-02-2022</u>	<u>28-02-2021</u>
	\$ '000	\$ '000
Cash flows from operating activities		
Net profit	4,602	5,003
Adjustments for		
- Income tax expense	329	595
- Depreciation of property, plant and equipment	64	70
- Gain on disposal of investment properties	(600)	(550)
- Fair value loss on financial assets, at FVPL	158	95
- Interest income from bank deposits	-	(90)
- Gain on disposal of financial assets, at FVPL	(147)	-
- Gain on redemption of financial assets at FVPL	-	(149)
- Finance expense	286	186
- Unrealised currency translation differences	591	(588)
	5,283	4,572
Changes in working capital		
- Trade and other receivables	123	285
- Inventories	301	(439)
- Other current assets	(22)	181
- Trade and other payables	(151)	(446)
Net cash generated from operations	5,534	4,153
Interest received	-	90
Interest paid	(286)	(186)
Income taxes paid	(411)	(212)
Net cash provided by operating activities	4,837	3,845
Cash flows from investing activities		
- Proceeds from disposal of financial assets, at FVOCI	9,017	293
- Proceeds from disposal of financial assets, at FVPL	985	-
- Redemption of financial assets at FVPL, by issuers	-	2,211
- Proceeds from disposal of investment properties	10,200	8,000
- Purchase of financial assets, at FVOCI	(32,970)	(80,713)
Net cash used in investing activities	(12,768)	(70,209)
Cash flows from financing activities		
- Proceeds from bank borrowings	38,410	167,561
- Repayment of bank borrowings	(25,719)	(104,202)
- Cash used in share buyback	-	(854)
- Cash dividend paid to equity holders of the Company	(4,443)	-
Net cash provided by financing activities	8,248	62,505
Net increase/(decrease) in cash and cash equivalents	317	(3,859)
Cash and bank balances		
Beginning of financial year	348	8,891
End of financial year	665	5,032

Notes to the condensed interim consolidated financial statements

1. General information

Second Chance Properties Ltd (the “Company”) is listed on the Main Board of 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 28 February 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are those of an investment holding company, retailing of ready-made garments, holding of property as investment for rental income and investing in securities.

The principal activities of the Group are:

- a. Holding of properties as investments for rental income
- b. Retail of ready-made garments
- c. Retail of gold and jewellery
- d. Investing in financial instruments

2. Basis of preparation

The condensed interim financial statements for the six months ended 28 February 2022 have been prepared in accordance with the *Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 Interim Financial Reporting* issued by the Accounting Standards Council Singapore (“ASC”). The condensed interim financial statements do not include all the information and disclosures 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 August 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (“SFRS”) and Interpretations of Financial Reporting Standards (“INT FRS”) that are mandatory for the accounting periods beginning on or after 1 September 2021. The adoptions of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group for the current financial period reported on.

2.2 Use of judgements and estimates

The preparation of the Group’s condensed interim financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 August 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- (i) the determination of useful lives of property, plant and equipment (Note 12);
- (ii) the assessment of adequacy of provisions for current and deferred income taxes (Note 7);
- (iii) the determination of net realisable value of inventories ;
- (iv) the valuation of the investment properties (Note 13); and
- (v) the valuation of financial assets, at FVPL and financial assets, at FVOCI

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

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two geographic areas: Singapore and Malaysia. The segment in Malaysia derives revenue from sale of apparel, while the Singapore segment derives revenue from sale of apparel, gold and jewellery, investment dealing and rental of investment properties.

The segment information provided to the Board of Directors for the reportable segments are as follows:

Singapore				Malaysia	Consolidated HY 2022 \$ '000
Wearing Apparel HY 2022 \$ '000	Gold & Jewellery HY 2022 \$ '000	Investment Dealing HY 2022 \$ '000	Property Rental HY 2022 \$ '000	Wearing apparel HY 2022 \$ '000	

HY 2022

The Group

Revenue

- external parties	120	10,429	3,046	2,185	335	16,115
Segment result	(488)	1,770	2,400	2,299	(65)	5,916

Expenses

Administrative and other operating expenses						(699)
Finance expenses						(286)
Profit before income tax						4,931
Income tax expense						(329)
Net profit						4,602

Net profit includes:

Depreciation	3	1	-	-	60	64
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Segment assets

Segment assets includes: Purchases of financial assets, at FVOCI	898	16,218	245,019	130,945	19,629	412,709
	-	-	32,970	-	-	32,970

Segment liabilities

	185	333	128,603	1,130	105	130,356
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4. Segment and revenue information (continued)

	Singapore				Malaysia	Consolidated HY 2021 \$ '000
	Wearing Apparel HY 2021 \$ '000	Gold & Jewellery HY 2021 \$ '000	Investment Dealing HY 2021 \$ '000	Property Rental HY 2021 \$ '000	Wearing apparel HY 2021 \$ '000	
HY 2021						
<u>The Group</u>						
Revenue						
- external parties	179	12,344	1,204	2,492	201	16,420
Segment result	(395)	2,380	1,854	2,715	(88)	6,466
Expenses						
Administrative and other operating expenses						(682)
Finance expenses						(186)
Profit before income tax						5,598
Income tax expense						(595)
Net profit						5,003
Net profit includes:						
Depreciation	4	2	-	-	64	70
Segment assets	946	16,417	175,511	149,565	25,498	367,937
Segment assets includes:						
Purchases of financial assets, at FVOCI	-	-	80,713	-	-	80,713
Segment liabilities	219	340	94,182	1,330	95	96,166

(a) Reconciliations

(i) Segment assets

The amounts reported to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than income tax receivables and deferred tax assets.

Reconciliation of reportable segments' assets to total assets:

	HY 2022 \$ '000	HY 2021 \$ '000
Segment assets for reportable segments	412,709	367,937
Unallocated:		
Income tax receivables	58	66
Deferred tax assets	68	16
	412,835	368,019

4. Segment and revenue information (continued)

(a) Reconciliations

(ii) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than director's fees and bonus payable, amount due to director, current income tax liabilities and deferred income tax liabilities.

Reconciliation of reportable segments' liabilities to total liabilities

	HY 2022	HY 2021
	\$ '000	\$ '000
Segment liabilities for reportable segments	130,356	96,166
Unallocated:		
Directors' fees and bonus	382	385
Loan to director	172	70
Income tax provision	717	535
Deferred income tax liabilities	4	47
	131,631	97,203

(b) Geographical information

The Group's four business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the sale of apparel, gold and jewellery, investment dealing and rental of properties;
- Malaysia – the operations in this area are principally the sale of apparel.

	Revenue	
	(6 months)	
	2022	2022
	\$ '000	\$ '000
Singapore	15,780	16,219
Malaysia	335	201
	16,115	16,420

5. Financial assets and financial liabilities

Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	The Group		The Company	
	28-Feb-2022	31-Aug-2021	28-Feb-2022	31-Aug-2021
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost	1,071	851	187,259	190,988
Financial assets, at FVOCI	244,905	223,139	32,705	40,886
Financial assets, at FVPL	109	1,105	-	-
Financial liabilities at amortised cost	130,848	117,684	31,936	40,557

6. Profit before taxation

6.1. Significant items

	Six months ended	
	28-Feb-22	28-Feb-21
	\$'000	\$'000
Group		
Income		
Dividend/coupon income	3,046	1,204
Fair value loss on financial assets, at FVPL	(158)	(95)
Gain on disposal of financial assets, at FVPL	147	-
Gain on redemption of financial assets, at FVPL	-	149
Gain on disposal of investment properties	600	550
Interest income from bank deposits	-	90
Currency exchange (loss)/gain – net	(589)	649
Expenses		
Director's remuneration	702	692
Director's CPF	13	13
Director's Fees	61	55
Interest on borrowings	286	186

6.2. Related party transactions

No transactions took place between the Group and related parties other than those disclosed elsewhere in the financial statements. Related parties comprise mainly the directors of the Group and of the Company only.

- (a) Outstanding balances as at 28 February 2022 and 28 February 2021, arising from sales of goods and services, are unsecured and receivable within 12 months from the balance sheet date,

	Six months ended	
	28-Feb-2022	28-Feb-2021
	\$'000	\$'000
Group		
Directors' remuneration:		
Salaries, bonus and fees	689	679
Employer's contribution to defined contribution plans	13	13
	<u>702</u>	<u>692</u>

7. Income taxes

The Group calculates the 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:

	<u>Six months ended</u>	
	<u>28-Feb-2022</u>	<u>28-Feb-2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Group		
Current income tax expense	329	544
Deferred tax relating to origination of temporary differences	-	51
Income tax expense recognised in profit or loss	<u>329</u>	<u>595</u>

8. Dividends

<u>The Group and Company</u>	
<u>28-Feb-2022</u>	<u>28-Feb-2021</u>
<u>\$'000</u>	<u>\$'000</u>

Ordinary dividends paid:

One-tier tax-exempt cash dividend of 0.45 cents per share in respect of financial year ended 31 August 2020	-	3,399
One-tier tax-exempt cash dividend of 0.50 cents per share in respect of financial year ended 31 August 2021	4,443	-
One-tier tax-exempt scrip dividend of 5 cents per share in respect of financial year ended 31 August 2021	36,912	-
	<u>41,355</u>	<u>3,399</u>

9. Net Asset Value

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	<u>28-02-2022</u>	<u>31-08-2021</u>	<u>28-02-22</u>	<u>31-08-2021</u>

Net asset value per share	30.35 cents	37.67 cents	23.69 cents	29.63 cents
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10. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	<u>28-Feb-2022</u>	<u>31-Aug-2021</u>	<u>28-Feb-2022</u>	<u>31-Aug-2021</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Trade receivables:				
- subsidiary corporations	-	-	599	558
- non-related parties	138	307	56	28
	<u>138</u>	<u>307</u>	<u>655</u>	<u>586</u>
Advance to suppliers	36	20	-	-
Other receivables - non-related Parties	83	52	40	17
	<u>257</u>	<u>379</u>	<u>695</u>	<u>603</u>

11. Financial assets, at Fair value through other comprehensive income

Financial assets, at Fair value through other comprehensive income comprise the following:

The Group		The Company	
28-Feb-2022	31-Aug-2021	28-Feb-2022	31-Aug-2021
\$'000	\$'000	\$'000	\$'000

Listed equity securities				
- Singapore	244,905	223,139	32,705	40,886

- (a) The financial assets, at FVOCI assets are pledged as security for bank borrowings.
- (b) During the financial period ended 28 February 2022, the Group made a gain upon disposal of listed equity securities. These investments had a fair value of \$8,913,268 (31 August 2021: \$11,857,515) at the date of disposal, and the cumulative gain on disposal amounted to \$3,091,864 (31 August 2021: \$4,002,190), net of tax. The cumulative gain/(loss) on disposal was reclassified from fair value reserve to retained profits.

12. Property, plant and equipment

During the six months ended 28 February 2022, no assets were acquired by the Group (31 August 2021: \$Nil).

13. Investment properties

	Freehold properties	Leasehold properties	Total
	\$'000	\$'000	\$'000
The Group			
28 February 2022			
Beginning and end of financial year	45,740	85,015	130,755
31 August 2021			
Beginning of financial year	54,760	101,905	156,665
Disposal	(9,020)	(5,850)	(14,870)
Transfer to property held for sale	-	(9,600)	(9,600)
Fair value loss	-	(1,440)	(1,440)
End of financial year	45,740	85,015	130,755

	Leasehold property
	\$
The Company	
28 February 2022	
Beginning and end of financial year	13,750
31 August 2021	
Beginning and end of financial year	13,750

13. Investment properties (continued)

13.1 Valuation

No valuation has been undertaken for the six months period ended 28 February 2022.

As at 31 August 2021, the investment properties of the Group and of the Company were valued by an independent professional valuer based on the properties' highest-and-best-use using sales comparison approach. These are regarded as Level 2 fair values.

There were no changes in valuation techniques during the year.

14. Trade payables

	<u>The Group</u>		<u>The Company</u>	
	28-Feb-2022	31-Aug-2021	28-Feb-2022	31-Aug-2021
	\$	\$	\$	\$
Trade payables				
- non-related parties	320	291	9	12
Rental deposits	995	1,148	148	148
Rental received in advance	62	92	-	-
Customers' deposits	4	10	-	-
	<u>1,381</u>	<u>1,541</u>	<u>157</u>	<u>160</u>

15. Other payables

	<u>The Group</u>		<u>The Company</u>	
	28-Feb-2022	31-Aug-2021	28-Feb-2022	31-Aug-2021
	\$	\$	\$	\$
Accruals for operating expenses	210	256	129	147
Directors' bonus and fees payable	405	499	405	496
Amount due to a director	172	17	172	17
Security deposits	27	23	13	12
Other payables				
- non-related parties	112	120	11	11
	<u>926</u>	<u>915</u>	<u>730</u>	<u>683</u>

The amount due to a director is unsecured, interest free and repayable upon demand.

16. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	28-Feb-2022	31-Aug-2021	28-Feb-2022	31-Aug-2021
	\$'000	\$'000	\$'000	\$'000
Amount payable within one year on demand				
<i>Secured</i>				
Bank borrowings	<u>128,603</u>	<u>115,319</u>	<u>31,049</u>	<u>39,714</u>

16. Borrowings (continued)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>28-Feb-2022</u>	<u>31-Aug-2021</u>	<u>28-Feb-2022</u>	<u>31-Aug-2021</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Less than 12 months	<u>128,603</u>	<u>115,319</u>	<u>31,049</u>	<u>39,714</u>

The bank borrowings of the Group and the Company are secured over investment properties, financial assets, at FVPL and financial assets, at FVOCI.

17. Share capital

	<u>No. of ordinary shares</u>		<u>Amount</u>	
	<u>28-Feb-2022</u>	<u>31-Aug-2021</u>	<u>28-Feb-2022</u>	<u>31-Aug-2021</u>
			<u>\$'000</u>	<u>\$'000</u>
<u>The Group and Company</u>				
At beginning of financial year	751,906,638	755,271,338	137,454	138,308
Scrip dividend	174,525,084	-	36,912	-
Share buyback	-	(3,364,700)	-	(854)
At end of financial year	<u>926,431,722</u>	<u>751,906,638</u>	<u>174,366</u>	<u>137,454</u>

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

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

There was an increase of \$36,912,055 in the share capital for the six months ended 28 February 2022 due to issue of shares pursuant to the scrip dividend scheme.

Cancelled shares due to share buyback reduced the share capital by \$853,631 during the prior year ended 31 August 2021.

As at 28 February 2022 and 31 August 2021, there are outstanding warrants of 2,265,814,014, with each warrant carrying the right to subscribe for one new share at an exercise price of \$0.25. The warrants were issued on 6 February 2020 and can be exercised with effect from 6 February 2023 and will expire on 7 March 2023.

The number of shares that may be issued on conversion of the convertibles is as follows:

	28-02-2022	31-08-2021
Warrants	2,265,814,014	2,265,814,014

18. Subsequent Events

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

Other Information Required by Listing Rule Appendix 7.2

1. Review

The condensed interim statements of financial position of Second Chance Properties Limited and its subsidiary corporations as at 28 February 2022 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for six months and the selected explanatory notes (the “Condensed Interim financial Statements”) have not been audited or reviewed by the Company’s auditors.

2. 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.

	<u>As at</u> <u>28-02-2022</u>	<u>As at</u> <u>31-08-2021</u>
Total number of issued shares	926,431,722	751,906,638
Less: Treasury shares	-	-
<hr/>		
Total number of issued shares excluding treasury shares	926,431,722	751,906,638

3. 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.

4. 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.

5. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (eg. The Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the Company’s auditors.

6. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter)

Not applicable.

7. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue;

The latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

- 8. 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 note 2 on page 6.

- 9. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please refer to note 2 on page 6.

- 10. Earnings 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:—**

- (a) Based on the weighted average number of ordinary shares on issue; and**

Please refer to the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 1.

- (b) On a fully diluted basis (detailing any adjustments made to the earnings).**

Please refer to the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 1.

- 11. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—**

- (a) current financial period reported on; and**

Please refer to note 9 on page 11.

- (b) immediately preceding financial year.**

Please refer to note 9 on page 11.

- 12. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Notes:

1. Throughout the review in this section, FP 2022 refers to the financial period of six months ended 28 February 2022. FP 2021 refers to the six months period ended 28 February 2021.

2. EBITDA is the operating earnings before interest expenses, tax, depreciation, divestment and revaluation gains/deficits on non-current assets and foreign exchange differences.

OVERVIEW

The Group net profit decreased by \$0.40 million from \$5 million in FP 2021 to \$4.60 million in FP 2022.

Revenue decreased by \$0.30 million or 1.86% from \$16.42 million in FP 2021 to \$16.12 million in FP 2022.

Adjusted EBITDA increased by \$0.61 million from \$4.66 million in FP 2021 to \$5.27 million in FP 2022.

REVENUE

Revenue has decreased by \$0.30 million or 1.86% from \$16.42 million in FP 2021 to \$16.12 million in FP 2022.

Different business segments contributed to the decrease as illustrated below:

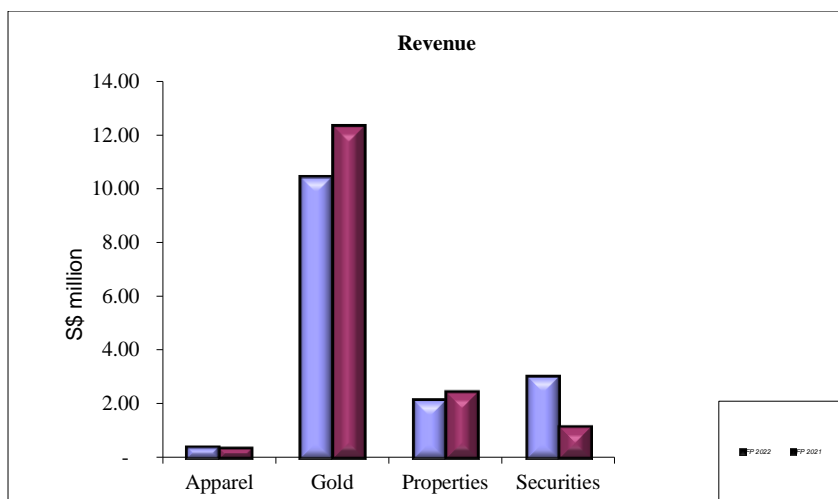
Revenue	FP 2022	FP 2021	Variance	
	\$ million	\$ million	\$ million	%
Apparel	0.45	0.39	0.06	15.38
Gold	10.43	12.34	(1.91)	(15.48)
Properties	2.18	2.49	(0.31)	(12.45)
Securities	3.06	1.20	1.86	155.00

The revenue from apparel business increased by \$0.06 million or 15.38% from 0.39 million in FP 2021 to \$0.45 million in FP 2022. This increase comprises of \$0.13 million increase in revenue in Malaysia off-set by \$0.07 million decrease in revenue in Singapore. In Malaysia, the revenue decreased in prior FP 2021 because of imposition of Movement Control Order there, resulting in closure of our retail outlet for almost two months. The change in consumer preferences and the increasing trend of online shopping mainly contributed to the decreased revenue from this business segment in Singapore.

Revenue from gold business decreased by \$1.91 million or 15.48% from \$12.34 million in FP 2021 to \$10.43 million in FP 2022 due to general market conditions.

Rental revenue from properties decreased by \$0.31 million to \$2.18 million in FP 2022 from \$2.49 million in FP 2021. In the current FP 2022, the rental actually dropped due to loss of rental income from sale of 9 investment properties since the end of the last period as well as lower rentals received on some lease renewals.

The securities business witnessed increase in revenue of \$1.86 million from \$1.20 million in FP 2021 to \$3.06 million in FP 2022. This was because the Group has been investing substantially in equity securities classified as financial assets, at fair value through other comprehensive income since last year and has received dividends on the same.



OTHER INCOME

Other income decreased by \$1.42 million from \$1.46 million in FP 2021 to \$0.04 million in FP 2022. This was primarily attributed to unrealised foreign exchange loss of \$0.59 million in current FP 2022 as compared to unrealised foreign exchange gain of \$0.65 million in FP 2021. These unrealised foreign exchange gains and losses arose from our short term borrowings in foreign currencies.

PROFIT

The Group net profit decreased by \$0.40 million from \$5 million in FP 2021 to \$4.60 million in FP 2022.

The contribution from various business segments are illustrated below (the contributions are before interest, tax and unallocated expenses).

	FP 2022	FP 2021	Variance	
	\$ million	\$ million	\$ million	%
Apparel	(0.55)	(0.48)	(0.07)	14.58
Gold	1.77	2.38	(0.61)	(25.63)
Properties	2.30	2.71	(0.41)	(15.13)
Securities	2.40	1.85	0.55	29.73

The loss from apparel business increased marginally by \$0.07 million from \$0.48 million in FP 2021 to \$0.55 million in FP 2022. The loss was less in prior FP 2021 as interest on fixed deposit received in Malaysia was allocated to this business segment. However, there is no fixed deposit interest in the current FP 2022.

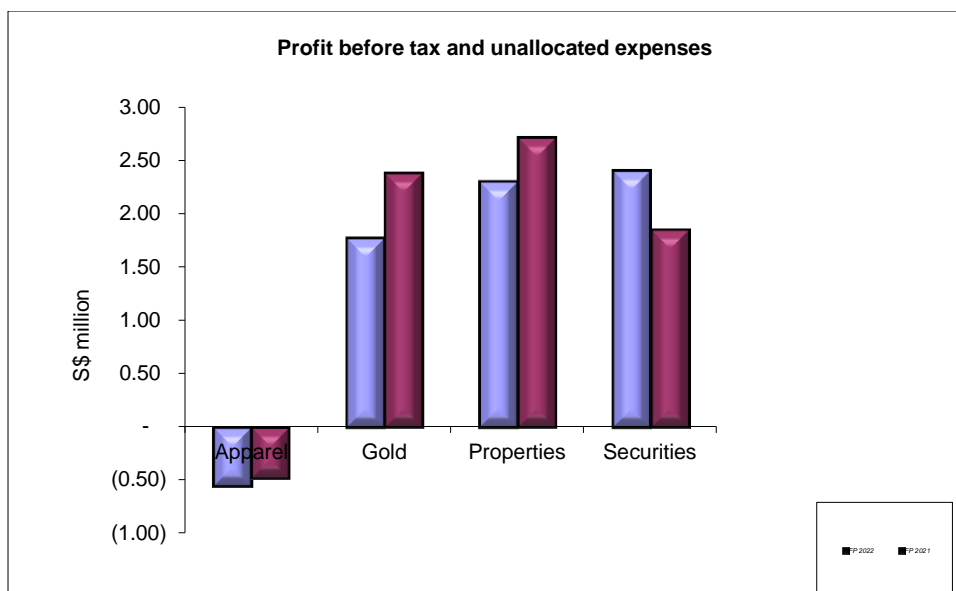
The gold business contributed \$1.77 million in FP 2022 which was lower by \$0.61 million from the \$2.38 million generated in FP 2021. The decreased revenue witnessed in FP 2022 resulted in decreased profit from this segment.

Properties segment contributed \$2.30 million in FP 2022 as compared to \$2.71 million in FP 2021.

This was mainly due to decreased revenue from this segment. In addition, property tax rebate was received in FP 2021 while there was no such rebate in current FP 2022 thereby increasing the expenses and consequently the losses from this segment. This decrease in profit was partially off-set by gain of \$0.60 million on disposal of investment properties in FP 2022 as compared to gain of \$0.55 million in FP 2021.

Securities segment recorded a gain of \$2.40 million in FP 2022 as compared to a gain of \$1.85 million in FP 2021.

Though the revenue from this segment increased by \$1.86 million, the profit increased by \$0.59 million only as there was unrealised foreign exchange loss of \$0.55 million in FP 2022 on borrowings made for purchasing securities as compared to unrealised foreign exchange gain of \$0.61 million in FP 2021.



The income tax expense decreased from \$0.60 million in FP 2021 to \$0.33 million in FP 2022. It was higher in prior FP 2021 because of higher taxable profits then.

Interest expenses increased from \$0.19 million in FP 2021 to \$0.29 million in FP 2022 mainly because of increase in the amount of short-term borrowings from \$93.86 million as at 28 February 2021 to \$128.60 million as at 28 February 2022.

ADJUSTED EBITDA

Adjusted EBITDA increased by \$0.61 million from \$4.66 million in FP 2021 to \$5.27 million in FP 2022.

The details of Adjusted EBITDA calculation are as below:

<u>Adjusted EBITDA*</u>	<u>FP 2022</u>	<u>FP 2021</u>
	<u>\$ '000</u>	<u>\$ '000</u>
Net Profit	4,602	5,003
<u>Add/(Less):</u>		
Interest expenses	286	186
Tax expense	329	595
Depreciation	64	70
Gain on divestment of investment property	(600)	(550)
Exchange differences	589	(649)
	5,270	4,655

**Adjusted earnings before interest, tax, depreciation, exchange gains/losses, revaluation gains/deficit, divestment profits/losses*

CASH FLOW

The net cash flow from operating activities was \$4.84 million in FP 2022.

Proceeds from disposal of financial assets, at fair value through other comprehensive income including capital distribution generated \$9.02 million. In addition, proceeds from disposal of financial assets, at fair value through profit or loss generated \$0.98 million. An amount of \$10.20 million was generated on disposal of investment properties. Further, the Group had drawn down an amount of \$38.41 million from banks during the year.

Of the above, an amount of \$32.97 million was used for investing in quoted securities classified as financial assets, at fair value through other comprehensive income. Cash dividend paid amounted to \$4.44 million and an amount of \$25.72 million was utilized to repay bank borrowings.

Cash and cash equivalents at the end of the period i.e. 28 February 2022 was \$0.67 million while it was \$0.35 million at the beginning of the period i.e. 31 August 2021. Thus, there was an increase of \$0.32 million through the period.

FINANCIAL POSITION AS AT 28 FEBRUARY 2022

Investment properties of the group in Singapore totalled \$130.76 million. In addition, \$18.72 million worth of property owned by the group in Malaysia was classified as Property, plant and equipment because it was self-occupied.

As at 28 February 2022, financial assets, at fair value through other comprehensive income comprised of shares valued at \$244.90 million while financial assets at fair value through profit or loss comprised of equities valued at \$0.11 million. There was a decrease of \$2.19 million in the market value of financial assets, at fair value through other comprehensive income as at 28 February 2022 and this unrealised loss was taken directly to quoted securities reserve under equity. For financial assets, at fair value through profit or loss, there was an unrealised loss of \$0.16 million during the current financial year which was taken to the income statement.

Inventories at 28 February 2022 totalled \$17.09 million of which \$15.98 million was gold stock.

WORKING CAPITAL

The Group had a negative working capital of \$113.27 million and \$89.54 million as at 28 February 2022 and 31 August 2021 respectively. This was because the group utilised short-term borrowing facilities in order to benefit from lower interest rates. These loans are rolled over on maturity and have the flexibility of repayment at anytime.

BANK BORROWINGS

As at 28 February 2022, the Group has short-term borrowings of \$128.60 million as compared to \$115.32 million as at prior year ended 31 August 2021. The gearing ratio of the Group stood at 0.45 as at 28 February 2022 as against 0.41 as at 31 August 2021.

SHARE CAPITAL

Share capital stood at \$174.37 million as at 28 February 2022 as compared to \$137.45 million as at 31 August 2021. There was an increase of \$36,912,055 in the share capital for the six months ended 28 February 2022 due to issue of shares pursuant to the scrip dividend scheme. There were 926.43 million shares in float as at 28 February 2022 as compared to 751.91 million as at 31 August 2021. Total shareholders' equity stood at \$281.20 million and NTA per share was 30.35 cents as at 28 February 2022.

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

The half year results are in line with disclosures made in the previous announcement of results of the Group.

14. A commentary at the date of the announcement of the 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

Countries worldwide have been more resilient to the new variants of Covid-19. Singapore too has been easing the safe management measures as well as opening international borders for tourists while moving towards the path of economic recovery.

Changes in consumer spending habits coupled with the ever increasing trend of online shopping and intense competition continue to affect our apparel business.

The profitability from our gold business will continue to remain good.

The rental income of the Group will decrease because of disposal of nine investment properties since the last year.

The Group continues adding more high dividend stocks to its portfolio which will lead to a further significant increase in dividend income for FY 2022 compared to FY 2021.

Market forces, interest rates as well as government stimulus will continue to determine the performance of the financial instruments sector.

15. If a decision regarding dividend has been made

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No

(b) (i) Amount per share cents

No

(ii) Previous corresponding period cents

No

(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) The date the dividend is payable

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable

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

No dividend has been declared or recommended by the Board of Directors of the company for the current financial period ended 28 February 2022. The management has decided to declare dividend at the end of the financial year with the full year results announcement instead of declaring it now with the half year results announcement.

17. If the Group has obtained a general mandate from shareholders for IPTs, 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.

There were no interested person transactions for the full year under review. The Company does not have a general mandate from its shareholders for the interested person transaction.

18. Negative confirmation pursuant to Rule 705(5)

To the best of our knowledge, nothing has come to the attention of the Board of Directors, which may render the financial statements for the six months period ended 28 February 2022 to be false or misleading in any material aspect.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers, in the format as set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

On behalf of the Board of Directors

Mohamed Salleh
s/o Kadir Mohideen Saibu Maricar
CEO

Mohamed Hasan Marican
s/o Kadir Mohideen Saibu Maricar
Deputy CEO

30 March 2022