

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 2023**

Contents

	Page
Condensed interim consolidated statement of comprehensive income	1
Condensed interim statements of financial position	2
Condensed interim statements of changes in equity	3
Condensed interim consolidated statement of cash flows	5
Notes to the condensed interim consolidated financial statements	6
Other information required by Listing Rule Appendix 7.2	15

Part I – CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 28 FEBRUARY 2023

Note: All figures are in Singapore Dollars

Condensed interim consolidated statement of comprehensive income

	Note	<u>Group</u>		
		<u>Six months ended</u>		
		<u>28/02/2023</u>	<u>28/02/2022</u>	<u>Change</u>
		\$ '000	\$ '000	%
Revenue	4	14,833	16,115	(7.96)
Cost of sales		(7,659)	(8,422)	(9.06)
Gross profit		7,174	7,693	(6.75)
Other income		6,500	41	15,753.66
Expenses				
- Administrative		(1,442)	(1,470)	(1.90)
- Distribution		(316)	(302)	4.64
- Finance		(1,367)	(286)	377.97
- Apparel operating		(116)	(101)	14.85
- Property operating		(628)	(513)	22.42
- Gold and jewellery operating		(85)	(86)	(1.16)
- Others		(184)	(45)	308.89
		(4,138)	(2,803)	47.63
Profit before income tax	6	9,536	4,931	93.39
Income tax expense	7	(327)	(329)	(0.61)
Net profit for the financial year		9,209	4,602	100.11
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Currency translation differences arising from consolidation		(631)	16	nm
		(631)	16	nm
Items that will not be reclassified subsequently to profit or loss:				
- Fair value gain/(loss) on financial assets, at FVOCI		3,936	(2,187)	nm
Other comprehensive income/(loss), net of tax		3,305	(2,171)	nm
Total comprehensive income attributable to equity holders		12,514	2,431	414.77
Earnings per share attributable to equity holders (cents per share)				
Basic earnings per share		0.99	0.59	
Diluted earnings per share		0.99	0.59	

*nm - not meaningful

Condensed interim statements of financial position

Note	The Group		The Company		
	28 Feb 2023	31 Aug 2022	28 Feb 2023	31 Aug 2022	
	\$ '000	\$ '000	\$ '000	\$ '000	
ASSETS					
Current assets					
		492	1,145	169	360
		13,988	109	-	-
		288	146	75	8
		16,913	16,371	324	296
		618	1,326	89	740
		84	79	-	-
		<u>32,383</u>	<u>19,176</u>	<u>657</u>	<u>1,404</u>
		-	57,460	-	13,750
		<u>32,383</u>	<u>76,636</u>	<u>657</u>	<u>15,154</u>
Non-current assets					
		-	-	175,568	169,790
		241,154	238,010	29,980	31,044
		-	-	17,231	17,231
		18,004	18,729	10	12
		77,185	69,185	-	-
		31	31	-	-
		<u>336,374</u>	<u>325,955</u>	<u>222,789</u>	<u>218,077</u>
		368,757	402,591	223,446	233,231
LIABILITIES					
Current liabilities					
		3,412	1,373	1	228
		747	4,082	619	2,306
		67,949	113,032	67	9,581
		633	663	-	-
		<u>72,741</u>	<u>119,150</u>	<u>687</u>	<u>12,115</u>
Non-current liability					
		56	57	2	3
		<u>56</u>	<u>57</u>	<u>2</u>	<u>3</u>
		72,797	119,207	689	12,118
		295,960	283,384	222,757	221,113
EQUITY					
Capital and reserves attributable to equity holders of the Company					
		174,428	174,366	174,428	174,366
		130,382	111,706	50,937	48,374
		(8,850)	(2,688)	(2,608)	(1,627)
		<u>295,960</u>	<u>283,384</u>	<u>222,757</u>	<u>221,113</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 2022	174,366	98,544	7,962	5,922	(5,590)	8,294	281,204
Total comprehensive income/(loss) for the financial period	-	9,594	(6,922)	174	(666)	(7,414)	2,180
Transfer upon redemption/disposal of investments in financial assets, at FVOCI	-	3,568	(3,568)	-	-	(3,568)	-
Balance as at 31 August 2022	174,366	111,706	(2,528)	6,096	(6,256)	(2,688)	283,384
Total comprehensive income/(loss) for the financial period	-	9,209	3,936	-	(631)	3,305	12,514
Warrants exercised	62	-	-	-	-	-	62
Transfer upon redemption/disposal of investments in financial assets, at FVOCI	-	9,467	(9,467)	-	-	(9,467)	-
Balance as at 28 February 2023	174,428	130,382	(8,059)	6,096	(6,887)	(8,850)	295,960
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 redemption/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 redemption/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

* 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 2022	174,366	48,229	(3,086)	219,509
Total comprehensive income/(loss) for the financial period	-	2,716	(1,112)	1,604
Transfer upon redemption/ disposal of investments in financial assets, at FVOCI	-	(2,571)	2,571	-
Balance as at 31 August 2022	174,366	48,374	(1,627)	221,113
Total comprehensive income/(loss) for the financial period	-	2,563	(981)	1,582
Warrants exercised	62	-	-	62
Balance as at 28 February 2023	174,428	50,937	(2,608)	222,757
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 redemption/ 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

Condensed interim consolidated statements of cash flows

	Group	
	Six months ended	
	<u>28-02-2023</u>	<u>28-02-2022</u>
	\$ '000	\$ '000
Cash flows from operating activities		
Net profit	9,209	4,602
Adjustments for		
- Income tax expense	327	329
- Depreciation of property, plant and equipment	59	64
- Gain on disposal of investment properties	(4,326)	(600)
- Fair value loss on financial assets, at FVPL	609	158
- Gain on disposal of financial assets, at FVPL	(96)	(147)
- Finance expense	1,367	286
- Unrealised currency translation differences	(2,597)	591
	4,552	5,283
Changes in working capital		
- Trade and other receivables	(144)	123
- Inventories	(557)	301
- Other current assets	703	(22)
- Trade and other payables	(1,290)	(151)
Net cash generated from operations	3,264	5,534
Interest paid	(1,367)	(286)
Income taxes paid	(365)	(411)
Net cash provided by operating activities	1,532	4,837
Cash flows from investing activities		
- Proceeds from redemption/disposal of financial assets, at FVOCI	31,427	9,017
- Proceeds from disposal of financial assets, at FVPL	1,225	985
- Proceeds from disposal of investment properties	53,786	10,200
- Purchase of financial assets, at FVOCI	(30,635)	(32,970)
- Purchase of financial assets, at FVPL	(15,618)	-
Net cash provided by/(used in) investing activities	40,185	(12,768)
Cash flows from financing activities		
- Proceeds from issue of shares	62	-
- Proceeds from bank borrowings	17,782	38,410
- Repayment of bank borrowings	(60,214)	(25,719)
- Cash dividend paid to equity holders of the Company	-	(4,443)
Net cash provided by/(used in) financing activities	(42,370)	8,248
Net (decrease)/increase in cash and cash equivalents	(653)	317
Cash and bank balances		
Beginning of financial year	1,145	348
End of financial year	492	665

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 2023 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 2023 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 2022.

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

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

2.1 New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for the accounting periods beginning on or after 1 September 2022. 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 2022.

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 13);
- (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 14); and
- (v) the valuation of financial assets, at FVPL and financial assets, at FVOCI (Notes 10 and 12)

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 the sale of apparel, while the Singapore segment derives revenue from the 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 2023 \$ '000
Wearing Apparel HY 2023 \$ '000	Gold & Jewellery HY 2023 \$ '000	Investment Dealing HY 2023 \$ '000	Property Rental HY 2023 \$ '000	Wearing apparel HY 2023 \$ '000	

HY 2023

The Group

Revenue

- external parties	108	9,292	3,379	1,542	512	14,833
Segment result	(527)	1,449	5,259	5,405	11	11,597

Expenses

Administrative and other operating expenses						(694)
Finance expenses						(1,367)
Profit before income tax						9,536
Income tax expense						(327)
Net profit						9,209

Net profit includes:

Depreciation	2	1	-	-	56	59
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Segment assets

Segment assets includes:						
Purchases of financial assets, at FVOCI	-	-	30,635	-	-	30,635
Purchases of financial assets, at FVPL	-	-	15,618	-	-	15,618

Segment liabilities

	120	316	69,953	1,076	197	71,662
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4. Segment and revenue information (continued)

	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						
<u>The Group</u>						
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
Segment assets	898	16,218	245,019	130,945	19,629	412,709
Segment assets includes:						
Purchases of financial assets, at FVOCI	-	-	32,970	-	-	32,970
Segment liabilities	185	333	128,603	1,130	105	130,356

(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 2023 \$ '000	HY 2022 \$ '000
Segment assets for reportable segments	368,642	412,709
Unallocated:		
Income tax receivables	84	58
Deferred tax assets	31	68
	<u>368,757</u>	<u>412,835</u>

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 2023	HY 2022
	\$ '000	\$ '000
Segment liabilities for reportable segments	71,662	130,356
Unallocated:		
Directors' fees and bonus	329	382
Amount due to director	117	172
Current income tax liabilities	633	717
Deferred income tax liabilities	56	4
	72,797	131,631

(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)	
	2023	2022
	\$ '000	\$ '000
Singapore	14,321	15,780
Malaysia	512	335
	14,833	16,115

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-2023	31-Aug-2022	28-Feb-2023	31-Aug-2022
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost	1,205	2,551	175,871	170,898
Financial assets, at FVOCI	241,154	238,010	29,980	31,044
Financial assets, at FVPL	13,988	109	-	-
Financial liabilities at amortised cost	72,100	118,438	687	12,115

6. Profit before income tax

6.1. Significant items

	Six months ended	
	28-Feb-23	28-Feb-22
	\$'000	\$'000
<u>Group</u>		
Income		
Dividend/coupon income	3,379	3,046
Fair value loss on financial assets, at FVPL	(609)	(158)
Gain on disposal of financial assets, at FVPL	96	147
Gain on disposal of investment properties	4,326	600
Currency exchange gain/(loss) – net	2,597	(589)
Expenses		
Director's remuneration	557	702
Director's CPF	13	13
Director's fees	71	61
Interest on borrowings	1,367	286

6.2. Related party transactions

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

- (a) Outstanding balances as at 28 February 2023 and 28 February 2022, arising from sales of goods and services, are unsecured and receivable within 12 months from the balance sheet date.

	Six months ended	
	28-Feb-2023	28-Feb-2022
	\$'000	\$'000
<u>Group</u>		
Directors' remuneration:		
Salaries, bonus and fees	628	689
Employer's contribution to defined contribution plans	13	13
	641	702

7. Income tax expense

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:

	Six months ended	
	28-Feb-2023	28-Feb-2022
	\$'000	\$'000
<u>Group</u>		
Current income tax expense	327	329
Income tax expense recognised in profit or loss	327	329

12. 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-2023	31-Aug-2022	28-Feb-2023	31-Aug-2022
	\$'000	\$'000	\$'000	\$'000
Listed equity securities (Level1)				
- Singapore	81,629	98,062	29,980	31,044
- Hong Kong	151,318	130,377	-	-
- Australia	5,163	6,115	-	-
	<u>238,110</u>	<u>234,554</u>	<u>29,980</u>	<u>31,044</u>
Unquoted equity investments (Level 2)	3,044	3,456	-	-
	<u>241,154</u>	<u>238,010</u>	<u>29,980</u>	<u>31,044</u>

- (a) The financial assets, at FVOCI assets are pledged as security for bank borrowings.
- (b) During the financial period ended 28 February 2023, the Group made a gain upon redemption/disposal of listed equity securities. These investments had a fair value of \$31,283,278 (31 August 2022: \$33,627,426) at the date of redemption/disposal, and the cumulative gain on redemption/disposal amounted to \$9,466,657 (31 August 2022: \$6,658,765), net of tax. The cumulative gain on redemption/disposal was reclassified from fair value reserve to retained profits.

13. Property, plant and equipment

During the six months ended 28 February 2023, no assets were acquired by the Group (31 August 2022: \$Nil).

14. Investment properties

	Freehold properties	Leasehold properties	Total
	\$'000	\$'000	\$'000
The Group			
28 February 2023			
Beginning of financial year	34,230	34,955	69,185
Transfer from property held for sale	-	8,000	,8,000
Beginning and end of financial year	<u>34,230</u>	<u>42,955</u>	<u>77,185</u>
31 August 2022			
Beginning of financial year	45,740	85,015	130,755
Disposal	-	(4,300)	(4,300)
Transfer to property held for sale	(11,600)	(45,860)	(57,460)
Fair value loss	90	100	190
End of financial year	<u>34,230</u>	<u>34,955</u>	<u>69,185</u>

14. Investment properties (continued)

	Leasehold property \$'000
<u>The Company</u>	
28 February 2023	
Beginning and end of financial year	-
31 August 2022	
Beginning and end of financial year	13,750
Transfer to property held for sale	(13,750)
End of financial year	-

14.1 Valuation

No valuation has been undertaken for the six months period ended 28 February 2023.

As at 31 August 2022, 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.

15. Trade payables

	<u>The Group</u>		<u>The Company</u>	
	28-Feb-2023	31-Aug-2022	28-Feb-2023	31-Aug-2022
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- subsidiary corporations	-	-	-	20
- non-related parties	2,745	350	-	57
Rental deposits	599	966	1	150
Rental received in advance	8	49	-	-
Customers' deposits	8	7	-	-
Others	52	1	-	1
	<u>3,412</u>	<u>1,373</u>	<u>1</u>	<u>228</u>

16. Other payables

	<u>The Group</u>		<u>The Company</u>	
	28-Feb-2023	31-Aug-2022	28-Feb-2023	31-Aug-2022
	\$'000	\$'000	\$'000	\$'000
Accruals for operating expenses	248	302	147	160
Directors' bonus and fees payable	333	1,238	330	1,236
Amount due to a director	118	124	118	124
Security deposits	25	25	8	10
Other payables				
- non-related parties	23	463	16	12
- option deposit	-	1,930	-	764
	<u>747</u>	<u>4,082</u>	<u>619</u>	<u>2,306</u>

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

17. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	<u>28-Feb-2023</u>	<u>31-Aug-2022</u>	<u>28-Feb-2023</u>	<u>31-Aug-2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Amount payable within one year on demand				
<i>Secured</i>				
Bank borrowings	67,949	113,032	67	9,581

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-2023</u>	<u>31-Aug-2022</u>	<u>28-Feb-2023</u>	<u>31-Aug-2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Less than 12 months	67,949	113,032	67	9,581

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

18. Share capital

	<u>No. of ordinary shares</u>		<u>Amount</u>	
	<u>28-Feb-2023</u>	<u>31-Aug-2022</u>	<u>28-Feb-2023</u>	<u>31-Aug-2022</u>
			<u>\$'000</u>	<u>\$'000</u>
<u>The Group and Company</u>				
At beginning of financial year	926,431,722	751,906,638	174,366	137,454
Scrip dividend	-	174,525,084	-	36,912
Warrants exercise	249,756	-	62	-
At end of financial year	926,681,478	926,431,722	174,428	174,366

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 62,439 in the share capital for the current six months ended 28 February 2023 due to warrants exercised by shareholders.

For the prior year ended 31 August 2022, there was an increase of \$36,912,055 in the share capital due to issue of shares pursuant to the scrip dividend scheme.

As at 28 February 2023 there are 2,265,564,258 outstanding warrants with each warrant carrying the right to subscribe for one new share at an exercise price of \$0.25. These warrants were issued on 6 February 2020 and can be exercised with effect from 6 February 2023. These warrants have expired on 7 March 2023.

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

	28-02-2023	31-08-2022
Warrants	2,265,564,258	2,265,814,014

19. Subsequent Events

There are no known subsequent events which have led to adjustments to this set of condensed 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 2023 and the related condensed interim consolidated statement of 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>28-02-2023</u>	<u>As at</u> <u>31-08-2022</u>
Total number of issued shares	926,681,478	926,431,722
Less: Treasury shares	-	-
<hr/>		
Total number of issued shares excluding treasury shares	926,681,478	926,431,722

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 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 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 2023 refers to the financial period of six months ended 28 February 2023. FP 2022 refers to the six months period ended 28 February 2022.

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’s net profit doubled from \$4.60 million in FP 2022 to \$9.21 million in FP 2023 mainly due to gain of \$4.33 million on disposal of investment properties.

Revenue was less by \$1.29 million or 7.96% in FP 2023 at \$14.83 million as compared to \$16.12 million in FP 2022.

Adjusted EBITDA decreased by \$1.23 million from \$5.27 million in FP 2022 to \$4.04 million in FP 2022.

REVENUE

Revenue was less by \$1.29 million or 7.96% in FP 2023 at \$14.83 million as compared to \$16.12 million in FP 2022.

Different business segments contributed to the decrease as illustrated below:

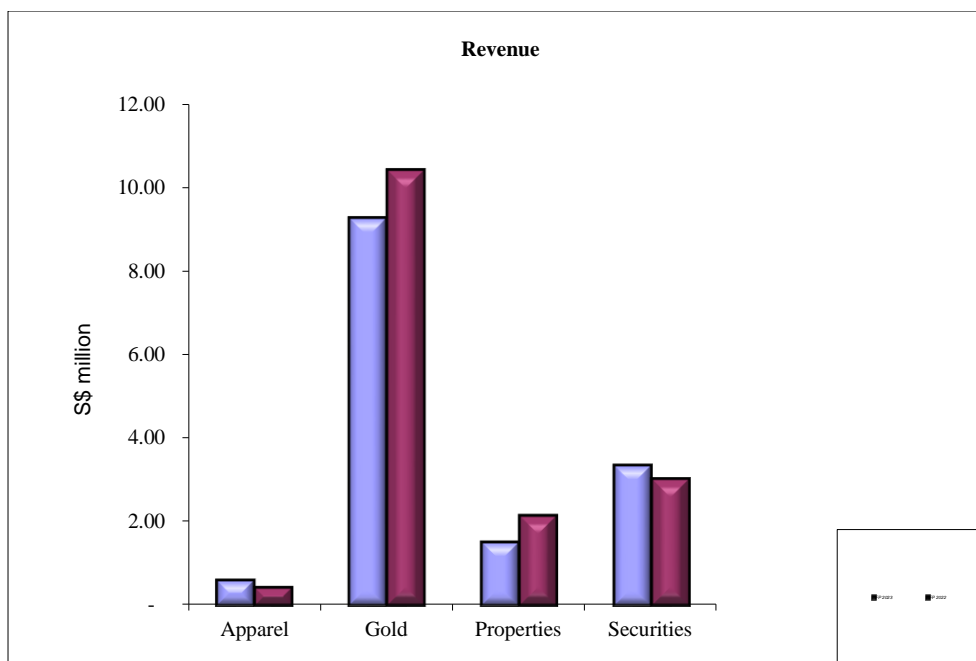
Revenue	FP 2023	FP 2022	Variance	
	\$ million	\$ million	\$ million	%
Apparel	0.62	0.45	0.17	37.78
Gold	9.29	10.43	(1.14)	(10.93)
Properties	1.54	2.18	(0.64)	(29.36)
Securities	3.38	3.06	0.32	10.46

The revenue from apparel business increased by \$0.17 million or 37.78% from 0.45 million in FP 2022 to \$0.62 million in FP 2023. There was an increase in revenue in Malaysia mainly because of higher sales price of goods. . In addition, markets have also fully opened and there are no more Covid restrictions resulting in increased revenue in Malaysia. Of the \$0.62 million revenue in FP 2023, the business in Malaysia contributed \$0.51 million.

Revenue from gold business decreased by \$1.14 million or 10.93% from \$10.43 million in FP 2022 to \$9.29 million in FP 2023 due to general market conditions.

Rental revenue from properties decreased by \$0.64 million to \$1.54 million in FP 2023 from \$2.18 million in FP 2022. In the current FP 2023, the rental dropped primarily due to loss of rental income from the sale of 7 investment properties since the end of the last financial year.

The securities business witnessed an increase in revenue of \$0.32 million from \$3.06 million in FP 2022 to \$3.38 million in FP 2023. This was because the Group has been investing 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 increased substantially by \$6.46 million from \$0.04 million in FP 2022 to \$6.50 million in FP 2023. This was primarily attributed to gain of \$4.33 million on disposal of 7 investment properties in FP 2023 as compared to gain of \$0.60 million on disposal of 3 investment properties in FP 2022. In addition for FP 2023 there was an unrealised foreign exchange gain of \$2.60 million in current FP 2023 as compared to unrealised foreign exchange loss of \$0.59 million in FP 2022. These unrealised foreign exchange gains and losses arose from our short term borrowings in foreign currencies.

PROFIT

The Group's net profit doubled from \$4.60 million in FP 2022 to \$9.21 million in FP 2023 mainly due to gain of \$4.33 million on disposal of investment properties.

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

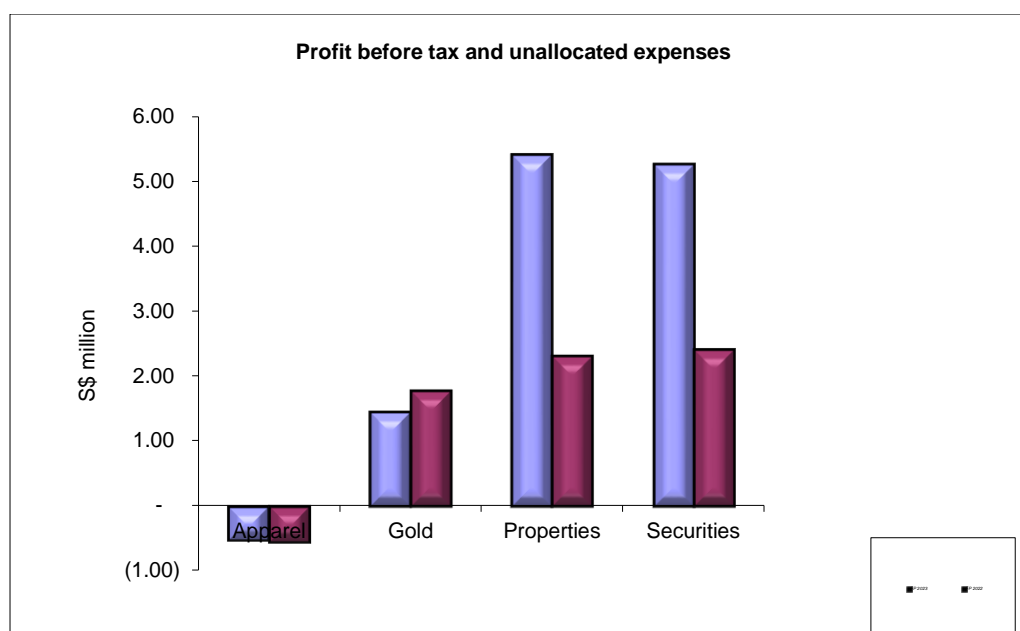
	FP 2023	FP 2022	Variance	
	\$ million	\$ million	\$ million	%
Apparel	(0.52)	(0.55)	0.03	5.45
Gold	1.45	1.77	(0.32)	(18.08)
Properties	5.41	2.30	3.11	135.22
Securities	5.26	2.40	2.86	119.17

The loss from apparel business decreased marginally by \$0.03 million from \$0.55 million in FP 2022 to \$0.52 million in FP 2023. This was mainly due to higher gross profit margin in Malaysia in the current FP 2023.

The gold business contributed \$1.45 million in FP 2023 which was lower by \$0.32 million from the \$1.77 million generated in FP 2022. The decreased revenue witnessed in FP 2023 resulted in decreased profit from this segment.

Properties segment contributed \$5.41 million in FP 2023 as compared to \$2.30 million in FP 2022. Though the revenue from this segment decreased in current FP 2023, gains of \$4.33 million on disposal of investment properties in current period as compared to gain of \$0.60 million in prior period resulted in higher profits from this business segment.

Securities segment recorded a gain of \$5.26 million in FP 2023 as compared to a gain of \$2.40 million in FP 2022. This increase is mainly because of unrealised foreign exchange gain of \$2.60 million in FP 2023 on borrowings made for purchasing securities as compared to unrealised foreign exchange loss of \$0.59 million in FP 2022.



The income tax expense decreased marginally because of decrease in taxable profits in the current period.

Interest expenses increased from \$0.29 million in FP 2022 to \$1.37 million in FP 2023 due to significant rise in interest rates in current FP 2023.

ADJUSTED EBITDA

Adjusted EBITDA decreased by \$1.23 million from \$5.27 million in FP 2022 to \$4.04 million in FP 2023.

Though the Group profit increased by \$4.61 million from \$4.60 million in FP 2022 to \$9.21 million in FP 2023, the adjusted EBITDA has decreased. This is because the gain of \$4.33 million on disposal of investment properties and the unrealised foreign exchange gain of \$2.60 million have been excluded for EBITDA.

The details of Adjusted EBITDA calculation are as below:

<u>Adjusted EBITDA*</u>	<u>FP 2023</u>	<u>FP 2022</u>
	<u>\$ '000</u>	<u>\$ '000</u>
Net Profit	9,209	4,602
<u>Add/(Less):</u>		
Interest expenses	1,367	286
Tax expense	327	329
Depreciation	59	64
Gain on divestment of investment property	(4,326)	(600)
Exchange differences	(2,597)	589
	4,039	5,270

*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 \$1.53 million in FP 2023.

Proceeds from redemption/disposal of financial assets, at fair value through other comprehensive income including capital distribution generated \$31.43 million. In addition, proceeds from disposal of financial assets, at fair value through profit or loss generated \$1.23 million. An amount of \$53.78 million was generated on disposal of investment properties and an amount of \$0.06 million came from issue of shares pursuant to exercise of warrants. Furthermore, the Group had drawn down an amount of \$17.78 million from banks during the year.

Of the above, an amount of \$30.64 million and \$15.62 million was used for investing in quoted securities classified as financial assets, at FVOCI and financial assets, at FVPL respectively. An amount of \$60.21 million was utilized to repay bank borrowings.

Cash and cash equivalents at the end of the period i.e. 28 February 2023 was \$0.49 million while it was \$1.15 million at the beginning of the period i.e. 31 August 2022. Thus, there was a decrease of \$0.65 million through the period.

FINANCIAL POSITION AS AT 28 FEBRUARY 2023

Investment properties of the group in Singapore totalled \$77.19 million. In addition, \$17.98 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 2023, financial assets, at fair value through other comprehensive income comprised of quoted equity securities valued at \$238.11 million and unquoted equity investments valued at \$3.04 million while financial assets at fair value through profit or loss comprised of equities valued at \$13.99 million. There was an increase of 3.94 million in the market value of financial assets, at fair value through other comprehensive income as at 28 February 2023 and this unrealised gain was taken directly to fair value reserve under equity. For financial assets, at fair value through profit or loss, there was an unrealised loss of \$0.61 million during the current financial year which was taken to the income statement.

Inventories at 28 February 2023 totalled \$16.91 million of which \$16.09 million was gold stock.

WORKING CAPITAL

The Group had a negative working capital of \$40.36 million and \$42.51 million as at 28 February 2023 and 31 August 2022 respectively. This was because the group utilised short-term borrowing facilities which have the flexibility of repayment at anytime.

BANK BORROWINGS

As at 28 February 2023, the Group has short-term borrowings of \$67.95 million as compared to \$113.03 million as at prior year ended 31 August 2022. The gearing ratio of the Group stood at 0.23 as at 28 February 2023 as against 0.39 as at 31 August 2022.

SHARE CAPITAL

Share capital stood at \$174.43 million as at 28 February 2023 as compared to \$174.37 million as at 31 August 2022. There was an increase of \$0.06 million in the share capital for the six months ended 28 February 2023 due to issue of shares pursuant to exercise of warrants. There were 926.68 million shares in float as at 28 February 2023 as compared to 926.43 million as at 31 August 2022. Total shareholders' equity stood at \$295.96 million and NTA per share was 31.94 cents as at 28 February 2023.

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

The world's economy has been growing at a slower pace due to Covid 19 followed by the Russia Ukraine war. The recent reopening of China from the Covid 19 restrictions is expected to have a positive impact on Singapore economy. However, issues faced by Europe and US might slow down global economic growth including that of Singapore.

Despite the challenges faced by our apparel business from the ever increasing trend of online shopping and intense competition, we expect it to be profitable in Malaysia. First Lady Singapore will however cease operations in June this year when all tenants are required to move out for extensive upgrading of the mall.

Our gold business will continue to remain profitable and will operate in Company's owned premises in City Plaza.

The rental income of the Group has been reducing and will decrease further because of disposal of seven investment properties since last year.

As the Group continues to add more high yielding dividend stocks to its portfolio, the dividend income should increase significantly.

Market forces, interest rates as well as government stimulus measures 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 2023. 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 2023 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

29 March 2023