

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

**Unaudited Condensed Interim Financial Statements for the Six Months and Full Year
Ended 31 August 2023**

Contents

	Page
Condensed consolidated statement of profit or loss and other comprehensive income	1
Condensed interim statement 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 financial statements	6
Other information required by Listing Rule Appendix 7.2	15

Part I – Condensed Interim Financial Statements for the Second Half and Full Year ended 31 August 2023

Note: All figures are in Singapore Dollars

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

Note	<u>Group</u> <u>Six months ended</u>			<u>Group</u> <u>Twelve months ended</u>			
	<u>31/8/2023</u>	<u>31/8/2022</u>	<u>Change</u>	<u>31/8/2023</u>	<u>31/8/2022</u>	<u>Change</u>	
	\$ '000	\$ '000	%	\$ '000	\$ '000	%	
Revenue	4	27,073	27,000	0.27	41,906	43,115	(2.80)
Cost of sales		(8,102)	(10,978)	(26.20)	(15,761)	(19,400)	(18.76)
Gross profit		18,971	16,022	18.41	26,145	23,715	10.25
Other (losses)/income – net		(2,245)	(1,566)	43.36	4,255	(1,525)	(379.02)
Expenses							
- Administrative		(2,282)	(2,095)	8.93	(3,724)	(3,697)	0.73
- Distribution		(421)	(450)	(6.44)	(737)	(752)	(1.99)
- Finance		(1,713)	(597)	186.93	(3,080)	(884)	248.41
- Apparel operating		(133)	(148)	(10.14)	(249)	(249)	-
- Property operating		(289)	(482)	(40.04)	(917)	(862)	6.38
- Gold and jewellery operating		(52)	(73)	(28.77)	(137)	(159)	(13.84)
- Securities operating		(1,126)	(625)	80.16	(1,310)	(670)	95.52
		(6,016)	(4,470)	34.59	(10,154)	(7,273)	39.61
Profit before income tax	6	10,710	9,986	7.25	20,246	14,917	35.72
Income tax expense	7	(263)	(392)	(32.91)	(590)	(721)	(18.17)
Net profit for the financial year		10,447	9,594	8.89	19,656	14,196	38.46
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Currency translation differences arising from consolidation		(498)	(670)	(25.67)	(1,129)	(654)	72.63
		(498)	(670)	(25.67)	(1,129)	(654)	72.63
Items that will not be reclassified subsequently to profit or loss:							
- Revaluation (loss)/gain on property, plant and equipment		(178)	178	nm	(178)	178	nm
- Fair value loss on Financial assets, at FVOCI		(13,461)	(6,922)	94.47	(9,525)	(9,110)	4.56
Other comprehensive loss, net of tax		(14,137)	(7,414)	90.68	(10,832)	(9,586)	13.00
Total comprehensive (loss)/income attributable to equity holders		(3,690)	2,180	nm	8,824	4,610	91.41
Earnings per share attributable to equity holders (cents per share)							
Basic earnings per share		1.13	1.04		2.12	1.66	
Diluted earnings per share		1.13	1.04		2.12	1.66	

*nm - not meaningful

Condensed interim statements of financial position

	Note	The Group		The Company	
		31 Aug 2023	31 Aug 2022	31 Aug 2023	31 Aug 2022
		\$ '000	\$ '000	\$ '000	\$ '000
ASSETS					
Current assets					
Cash and bank balances		273	1,145	10	360
Financial assets, at FVPL	10	18,642	109	-	-
Trade and other receivables	11	532	146	3	8
Inventories		15,796	16,371	-	297
Other current assets		90	1,326	5	739
Income tax receivables		68	79	-	-
		35,401	19,176	18	1,404
Property held-for-sale	12	5,990	57,460	-	13,750
		41,391	76,636	18	15,154
Non-current assets					
Amount due from subsidiary corporations		-	-	176,293	169,790
Financial assets, at FVOCI	13	250,662	238,010	29,326	31,044
Investments in subsidiary corporations		-	-	17,231	17,231
Property, plant and equipment	14	23,906	18,729	2,940	12
Investment properties	15	62,010	69,185	-	-
Deferred income tax assets		31	31	-	-
		336,609	325,955	225,790	218,077
Total assets		378,000	402,591	225,808	233,231
LIABILITIES					
Current liabilities					
Trade payables	16	807	1,373	195	228
Other payables	17	1,808	4,082	1,066	2,306
Borrowings	18	91,531	113,032	12,131	9,581
Current income tax liabilities		361	663	-	-
		94,507	119,150	13,392	12,115
Non-current liability					
Deferred income tax liabilities		208	57	2	3
		208	57	2	3
Total liabilities		94,715	119,207	13,394	12,118
Net assets		283,285	283,384	212,414	221,113
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	19	174,707	174,366	174,707	174,366
Retained profits		127,5222	111,706	42,137	48,374
Other reserves		(18,944)	(2,688)	(4,430)	(1,627)
Total equity		283,285	283,384	212,414	221,113

Condensed interim statements of changes in equity

	Share capital	Retained profits	Other reserves*			Total other reserves	Total equity
			Fair value reserve	Asset revaluation reserve	Currency translation reserve		
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Group							
Balance as at 31 August 2022	174,366	111,706	(2,528)	6,100	(6,260)	(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 financial assets, at FVOCI	-	9,467	(9,467)	-	-	(9,467)	-
Balance as at 28 February 2023	174,428	130,382	(8,059)	6,100	(6,891)	(8,850)	295,960
Total comprehensive income/(loss) for the financial period	-	10,447	(13,461)	(178)	(498)	(14,137)	(3,690)
Warrants exercised	279	-	-	-	-	-	279
Cash dividends paid	-	(9,264)	-	-	-	-	(9,264)
Transfer upon disposal of financial assets, at FVOCI	-	(4,043)	4,043	-	-	4,043	-
Balance as at 31 August 2023	174,707	127,522	(17,477)	5,922	(7,389)	(18,944)	283,285
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 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
Total comprehensive income/(loss) for the financial period	-	9,594	(6,922)	178	(670)	(7,414)	2,180
Transfer upon disposal of financial assets, at FVOCI	-	3,568	(3,568)	-	-	(3,568)	-
Balance as at 31 August 2022	174,366	111,706	(2,528)	6,100	(6,260)	(2,688)	283,384

* 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 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
Total comprehensive income/(loss) for the financial period	-	364	(1,722)	(1,358)
Warrants exercised	279	-	-	279
Cash dividends paid	-	(9,264)	-	(9,264)
Transfer upon disposal of financial assets, at FVOCI	-	100	(100)	-
Balance as at 31 August 2023	174,707	42,137	(4,430)	212,414
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 financial assets, at FVOCI	-	2,243	(2,243)	-
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 disposal of financial assets, at FVOCI	-	(2,571)	2,571	-
Balance as at 31 August 2022	174,366	48,374	(1,627)	221,113

Condensed interim consolidated statements of cash flows

	Group		Group	
	Six months ended		Twelve months ended	
	31-08-2023	31-08-2022	31-08-2023	31-08-2022
	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from operating activities				
Net profit	10,447	9,594	19,656	14,196
Adjustments for				
- Income tax expense	263	392	590	721
- Depreciation of property, plant and equipment	74	61	133	125
- Gain on disposal of investment properties	(130)	(200)	(4,456)	(800)
- Fair value loss/(gain) on financial assets, at FVPL	696	(153)	1,305	5
- Fair value loss/(gain) on investment properties	1,025	(190)	1,025	(190)
- Fair value loss/(gain) on property, plant and equipment	1,226	(576)	1,226	(576)
- (Gain)/loss on disposal of financial assets, at FVPL	(662)	153	(758)	6
- Finance expense	1,713	597	3,080	883
- Unrealised currency translation differences	74	2,555	(2,523)	3,147
	14,726	12,233	19,278	17,517
Changes in working capital				
- Trade and other receivables	(252)	107	(396)	231
- Inventories	1,098	694	541	993
- Other current assets	529	(1,143)	1,232	(1,165)
- Trade and other payables	(1,422)	3,198	(2,712)	3,047
Net cash generated from operations	14,679	15,089	17,943	20,623
Interest paid	(1,713)	(597)	(3,080)	(883)
Income taxes paid	(382)	(359)	(747)	(770)
Net cash provided by operating activities	12,584	14,133	14,116	18,970
Cash flows from investing activities				
- Proceeds from disposal of financial assets, at FVOCI	20,434	11,764	39,001	20,676
- Redemption of financial assets at FVOCI, by issuers	631	15,997	13,491	16,101
- Proceeds from disposal of financial assets, at FVPL	7,766	-	8,991	985
- Proceeds from disposal of investment properties	3,780	4,500	57,566	14,700
- Purchase of financial assets, at FVOCI	(44,034)	(27,789)	(74,669)	(60,759)
- Purchase of financial assets, at FVPL	(12,452)	-	(28,070)	-
- Additions to property, plant and equipment	(3,390)	-	(3,390)	-
Net cash (used in)/provided by investing activities	(27,265)	4,472	12,920	(8,297)
Cash flows from financing activities				
- Proceeds from issue of shares	279	-	341	-
- Proceeds from bank borrowings	200,264	100,919	218,046	139,330
- Repayment of bank borrowings	(176,817)	(119,044)	(237,031)	(144,763)
- Cash dividend paid to equity holders of the Company	(9,264)	-	(9,264)	(4,443)
Net cash provided by/(used in) financing activities	14,462	(18,125)	(27,908)	(9,876)
Net (decrease)/increase in cash and cash equivalents	(219)	480	(872)	797
Cash and bank balances				
Beginning of financial year	492	665	1,145	348
End of financial year	273	1,145	273	1,145

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 and full year ended 31 August 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. Holding of bonds and equity securities
- e. Trading of bonds and equity securities

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 August 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 Committee (“AS Committee”). 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 (“SFRS”) and Interpretations of Financial Reporting Standards (“INT FRS”) 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 14);
- (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 15); and
- (v) the valuation of 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
Wearing Apparel	Gold & Jewellery	Investment Dealing	Property Rental	Wearing apparel	
2023	2023	2023	2023	2023	2023
\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000

2023

The Group

Revenue

- external parties	462	18,938	18,294	2,747	1,465	41,906
Segment result	(930)	3,196	18,876	4,192	103	25,437

Expenses

Administrative and other operating expenses						(2,111)
Finance expenses						(3,080)
Profit before income tax						20,246
Income tax expense						(590)
Net profit						19,656

Net profit includes:

Depreciation	5	18	-	-	110	133
--------------	---	----	---	---	-----	-----

Segment assets

Segment assets includes:						
Purchases of financial assets, at FVOCI	-	-	102,739	-	-	102,739
Additions to property, plant and equipment	2,933	457	-	-	-	3,390
Segment liabilities	138	263	91,529	692	121	92,743

4. Segment and revenue information (continued)

	Singapore				Malaysia	Consolidated 2022 \$ '000
	Wearing Apparel 2022 \$ '000	Gold & Jewellery 2022 \$ '000	Investment Dealing 2022 \$ '000	Property Rental 2022 \$ '000	Wearing apparel 2022 \$ '000	
2022						
<u>The Group</u>						
Revenue						
- external parties	773	23,207	13,506	4,314	1,315	43,115
Segment result	(858)	3,854	9,684	5,069	85	17,834
Expenses						
Administrative and other operating exp						(2,034)
Finance expenses						(883)
Profit before income tax						14,917
Income tax expense						(721)
Net profit						14,196
Net profit includes:						
Depreciation	5	2	-	-	118	125
Segment assets	395	15,782	239,075	127,889	19,340	402,481
Segment assets includes:						
Purchases of financial assets, at FVOCI	-	-	60,759	-	-	60,759
Segment liabilities	239	321	113,032	3,403	130	117,125

(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:

	2023 \$ '000	2022 \$ '000
Segment assets for reportable segments	377,901	402,481
Unallocated:		
Income tax receivables	68	79
Deferred income tax assets	31	31
	378,000	402,591

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

	2023	2022
	\$ '000	\$ '000
Segment liabilities for reportable segments	92,743	117,125
Unallocated:		
Directors' fees and bonus	1,313	1,238
Loan to director	90	124
Income tax provision	361	663
Deferred income tax liabilities	208	57
	94,715	119,207

(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		Non-current assets	
	2023	2022	2023	2022
	\$ '000	\$ '000	\$ '000	\$ '000
Singapore	40,441	41,800	320,599	307,245
Malaysia	1,465	1,315	16,010	18,710
	41,906	43,115	336,609	325,955

A breakdown of sales

	31/08/2023	31/08/2022	increase/ (decrease)
	\$ '000	\$ '000	%
	Group	Group	Group
Sales reported for first half year	14,833	16,115	(7.95)
Operating profit after tax reported for first half year	9,209	4,602	100.15
Sales reported for second half year	27,073	27,000	0.27
Operating profit after tax reported for second half year	10,447	9,594	8.89

5. Financial assets and financial liabilities

Financial instruments by category

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

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost	872	2,574	176,307	170,897
Financial assets, at FVOCI	250,662	238,010	29,326	31,044
Financial assets, at FVPL	18,642	109	-	-
Financial liabilities at amortised cost	93,935	118,486	13,391	12,115

6. Profit before taxation

6.1. Significant items

	<u>Six months ended</u>		<u>Twelve months ended</u>	
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
	\$'000	\$'000	\$'000	\$'000
<u>Group Income</u>				
Dividend/coupon income	14,915	10,460	18,295	13,506
Fair value (loss)/gain on investment properties	(1,025)	190	(1,025)	190
Fair value (loss)/gain on property, plant and equipment	(1,226)	576	(1,226)	576
Fair value (loss)/gain on financial assets, at FVPL	(696)	153	(1,305)	(5)
Gain/(loss) on disposal of financial assets, at FVPL	662	(153)	758	(6)
Gain on disposal of investment properties	130	200	4,456	800
Currency exchange (loss)/gain – net	(178)	(2,624)	2,419	(3,213)
<u>Expenses</u>				
Director's remuneration	1,270	1,185	1,827	1,816
Director's CPF	12	12	25	24
Director's Fees	90	81	161	140
Interest on borrowings	1,713	597	3,080	883

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 31 August 2023 and 31 August 2022, arising from sales of goods and services, are unsecured and receivable within 12 months from the balance sheet date,

6. Profit before taxation (continued)

6.2. Related party transactions (continued)

	Six months ended		Twelve months ended	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Group				
Directors' remuneration:				
Salaries, bonus and fees	1,360	1,266	1,988	1,956
Employer's contribution to defined contribution plans	12	12	25	24
	<u>1,372</u>	<u>1,278</u>	<u>2,013</u>	<u>1,980</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:

	Six months ended		Twelve months ended	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Group				
Current income tax expense	106	300	433	629
Deferred tax relating to origination of temporary differences	157	92	157	92
Income tax expense recognised in profit or loss	<u>263</u>	<u>392</u>	<u>590</u>	<u>721</u>

8. Dividends

The Group and Company	
31 Aug 2023	31 Aug 2022
\$'000	\$'000

Ordinary dividends paid:

One-tier tax-exempt cash of 1 cent per share in respect of financial year ended 31 August 2022	9,264	-
One-tier tax-exempt cash of 5.5 cents per share in respect of financial year ended 31 August 2021	-	4,443
One-tier tax-exempt scrip dividend of 5.5 cents per share in respect of financial year ended 31 August 2021	-	36,912
	<u>9,264</u>	<u>41,355</u>

9. Net Asset Value

	Group	Group	Company	Company
	31-08-2023	31-08-2022	31-08-2023	31-08-2022
Net asset value per share	30.53 cents	30.59 cents	22.89 cents	23.87 cents

10. Financial assets, at Fair value through profit or loss

Financial assets, at Fair value through profit or loss comprise the following:

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Listed equity securities				
- Singapore	6,117	109	-	-
- Hong Kong	11,781	-	-	-
- Australia	744	-	-	-
	<u>18,642</u>	<u>109</u>	<u>-</u>	<u>-</u>

(a) The financial assets, at FVPL assets are pledged as security for bank borrowings.

11. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade receivables:				
- subsidiary corporations	-	-	-	-
- non-related parties	453	76	-	-
	<u>453</u>	<u>76</u>	<u>-</u>	<u>-</u>
Other receivables - non-related Parties	79	70	3	8
α	<u>532</u>	<u>146</u>	<u>3</u>	<u>8</u>

12. Properties held-for-sale

During the current financial year, the Group's subsidiary corporations and prospective buyers entered into options to purchase the subsidiary corporations' investment properties with option price totalling \$7,450,000. As at 31 August 2023, the sale of the properties has not been completed and the holding company & subsidiary corporations have not recognised the sale and corresponding gain or loss, if any. The investment properties (Note 14) with fair value of \$5,990,000 were transferred to and presented as properties held-for-sale.

One of the properties' sale was subsequently completed on 19 September 2023.

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

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

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Quoted equity securities (Level1)				
- Singapore	81,769	98,062	29,326	31,044
- Hong Kong	164,136	130,377	-	-
- Australia	727	6,115	-	-
	<u>246,632</u>	<u>234,554</u>	<u>29,326</u>	<u>31,044</u>
Unquoted equity investments (Level 2)	4,030	3,456	-	-
	<u>250,662</u>	<u>238,010</u>	<u>29,326</u>	<u>31,044</u>

(a) The financial assets, at FVOCI assets are pledged as security for bank borrowings.

13. Financial assets, at Fair value through other comprehensive income (continued)

(b) During the financial year ended 31 August 2023, the Group made a gain upon cash acquisition and disposal of listed equity securities. These investments had a fair value of \$52,147,293 (2022: \$33,627,426) at the date of disposal, and the cumulative gain on disposal amounted to \$5,424,197 (2022: \$6,658,768), net of tax. The cumulative gain on disposal was reclassified from fair value reserve to retained profits.

14. Property, plant and equipment

During the full year ended 31 August 2023, the Group acquired assets amounting to \$3,389,751 (31 August 2022: \$NIL)

15. Investment properties

	Freehold properties	Leasehold properties	Total
	\$'000	\$'000	\$'000
<u>The Group</u>			
2023			
Beginning of financial year	21,500	47,685	69,185
Disposal	-	(3,650)	(3,650)
Transfer to property held for sale	(5,990)	-	(5,990)
Transfer to property, plant and equipment	(4,510)	-	(4,510)
Transferred back from property held for sale	-	8,000	8,000
Fair value loss	-	(1,025)	(1025)
End of financial year	<u>11,000</u>	<u>51,010</u>	<u>62,010</u>
2022			
Beginning of financial year	45,740	85,015	130,755
Disposal	-	(4,300)	(4,300)
Transfer to property held for sale	(24,220)	(33,240)	(57,460)
Fair value loss	(20)	210	190
End of financial year	<u>21,500</u>	<u>47,685</u>	<u>69,185</u>

15.1 Valuation

As at 31 August 2023 and 31 August 2022, the investment properties of the Group 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.

16. Trade payables

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade payables				
-subsidiary corporations	-	-	195	20
- non-related parties	189	306	-	58
Rental deposits	541	967	-	150
Rental received in advance	36	49	-	-
Customers' deposits	2	6	-	-
Others	39	45	-	-
	<u>807</u>	<u>1,373</u>	<u>195</u>	<u>228</u>

17. Other payables

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accruals for operating expenses	310	272	140	133
Directors' bonus and fees payable	1,312	1,238	836	1,236
Amount due to a director	90	124	90	124
Security deposits	17	25	-	9
Other payables				
– non-related parties	79	2,423	-	804
	<u>1,808</u>	<u>4,082</u>	<u>1,066</u>	<u>2,306</u>

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

18. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Amount payable within one year on demand				
<i>Secured</i>				
Bank borrowings	<u>91,531</u>	<u>113,032</u>	<u>12,131</u>	<u>9,581</u>

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>	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Less than 12 months	<u>91,531</u>	<u>113,032</u>	<u>12,131</u>	<u>9,581</u>

The bank borrowings of the Group and the Company are secured over financial assets, at FVPL and financial assets, at FVOCI for FY 2023 as well as FY 2022.

19. Share capital

	<u>No. of ordinary shares</u>		<u>Amount</u>	
	2023	2022	2023	2022
			\$'000	\$'000
<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 issue	1,364,076	-	341	-
At end of financial year	<u>927,795,798</u>	<u>926,431,722</u>	<u>174,707</u>	<u>174,366</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 \$341,019 in the share capital for the current year ended 31 August 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.

19. Share capital (continued)

As at 31 August 2022, there were 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, were exercisable with effect from 6 February 2023 and expired on 8 March 2023.

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

	31-08-2023	31-08-2022
Warrants	-	2,265,814,014

20. 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 31 August 2023 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 full year ended 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>31-08-2023</u>	<u>As at</u> <u>31-08-2022</u>
Total number of issued shares	927,795,798	926,431,722
Less: Treasury shares	-	-
<hr/>		
Total number of issued shares excluding treasury shares	927,795,798	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 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 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, FY 2023 refers to the financial year ended 31 August 2023. FY 2022 refers to the financial year ended 31 August 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 net profit increased by \$5.46 million from \$14.20 million in FY 2022 to \$19.66 million in FY 2023.

Revenue decreased by \$1.21 million or 2.80% from \$43.12 million in FY 2022 to \$41.91 million in FY 2023.

Adjusted EBITDA increased by \$1.27 million from \$17.57 million in FY 2022 to \$18.84 million in FY 2023.

In addition, there was a realised profit of \$5.42 million in FY 2023 upon cash acquisition and disposal of few equity instruments held by the group and classified as financial assets, at fair value through other comprehensive income and this gain was taken directly to equity through retained earnings.

REVENUE

Revenue has decreased by \$1.21 million or 2.80% from \$43.12 million in FY 2022 to \$41.91 million in FY 2023.

Different business segments contributed to the increase as illustrated below:

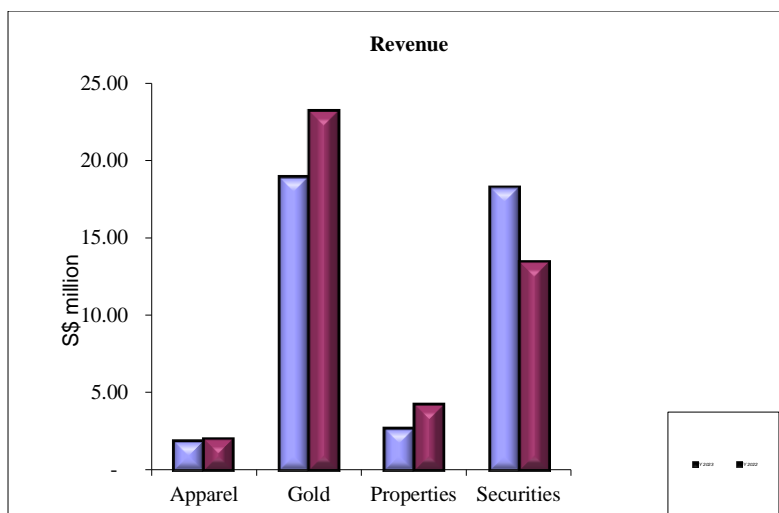
Revenue	FY 2023	FY 2022	Variance	
	\$ million	\$ million	\$ million	%
Apparel	1.93	2.09	(0.16)	(7.66)
Gold	18.94	23.21	(4.27)	(18.40)
Properties	2.75	4.31	(1.56)	(36.19)
Securities	18.29	13.51	4.78	35.38

The revenue from apparel business decreased by \$0.16 million or 7.66% from 2.09 million in FY 2022 to \$1.93million in FY 2023. Of the \$1.93 million in FY 2023, Malaysia apparel business contributed \$1.47 million. The revenue from this segment witnessed increased sales in Malaysia due to better sales in festive period of Hari Raya in current year as compared to prior year. In contrast, revenue from this segment declined in Singapore primarily because the outlet here was shut down post Hari Raya, and there was a significant reduction in sales prices to clear out existing stock.

Revenue from gold business decreased by \$4.27 million from \$23.21 million in FY 2022 to \$18.94 million in FY 2023 due to high retail price of gold and general market conditions.

The revenue generated from property rentals decreased by \$1.56 million, falling to \$2.75 million in FY 2023 from \$4.31 million in FY 2022. In the current FY 2023, the reduction in rental revenue is a consequence of the rental income no longer being received from the sale of 9 investment properties since FY 2022 as well as lower rentals received on some lease renewals.

The securities business witnessed significant increase in revenue of \$4.78 million from \$13.51 million in FY 2022 to \$18.29 million in FY 2023. This was primarily attributed to a higher level of dividends received from quoted securities as the Group expanded its investments in these securities.



OTHER INCOME - NET

During FY 2023, the Group reported other income totaling \$4.26 million, a substantial improvement compared to the \$1.53 million loss in FY 2022. This was primarily because the Group recorded a gain of \$2.42 million from unrealized foreign exchange differences, mainly associated with borrowings denominated in foreign currencies as compared to a loss of \$3.21 million from unrealized foreign exchange differences in FY 2022. In addition, the Group realised gain of \$4.46 million on disposal of investment properties in FY 2023, a significant increase compared to the \$0.80 million gain in FY 2022. The above gains in FY 2023 partially offset by loss of \$1.31 million on fair valuation of financial assets, at fair value through profit or loss in FY 2023 as well as loss of \$2.25 million on fair valuation of investment properties.

PROFIT

The Group net profit increased by \$5.46 million from \$14.20 million in FY 2022 to \$19.66 million in FY 2023

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

	FY 2023	FY 2022	Variance	
	\$ million	\$ million	\$ million	%
Apparel	(0.83)	(0.77)	(0.06)	7.79
Gold	3.20	3.85	(0.65)	(16.88)
Properties	4.19	5.07	(0.88)	(17.36)
Securities	18.87	9.68	9.19	94.94

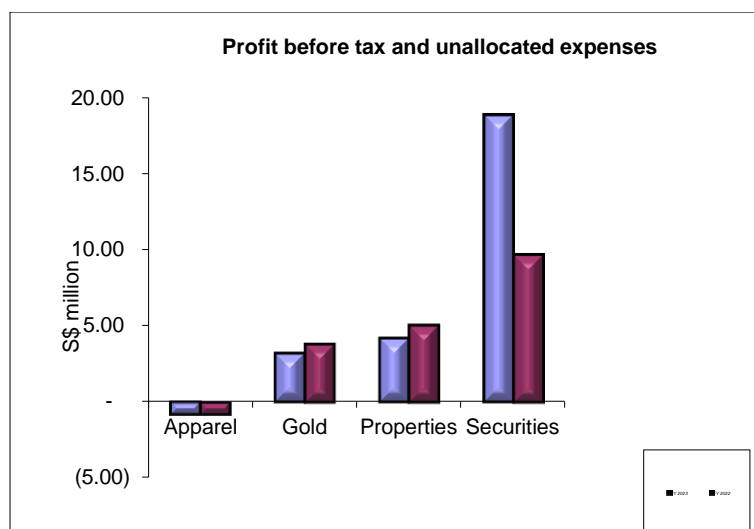
The loss from apparel business increased by \$0.06 million from \$0.77 million in FY 2022 to \$0.83 million in FY 2023 mainly because of significant reduction in sales price in order to clear the existing stock in Singapore, as the outlet was being closed.

The gold business contributed \$3.20 million in FY 2023 which was lower by \$0.65 million from the \$3.85 million generated in FY 2022. This decline can be primarily attributed to reduced revenue during the current period, resulting from the high retail price of gold and prevailing market conditions.

The profit from the properties segment decreased by \$0.88 million, dropping from \$5.07 million in FY 2022 to \$4.19 million in FY 2023. Apart from reduced rental income in the current year due to the disposal of 9 investment properties, the contribution from this business segment also declined because of unrealized loss on fair valuation of properties amounting to \$2.25 million, in contrast to an unrealized gain of \$0.77 million on property revaluation in

prior FY 2022. However, this decline was substantially offset by a gain on disposal of properties totaling \$4.46 million in current FY 2023, compared to \$0.80 million in FY 2022.

Securities segment recorded a gain of \$18.87 million in FY 2023 as compared to \$9.68 million in FY 2022. This significant improvement can be primarily attributed to the higher dividend income in the current year. In addition, there was a gain of \$2.42 million from unrealised foreign exchange differences on borrowings for purchasing securities in FY 2023 as compared to loss of \$3.21 from unrealised foreign exchange differences million in FY 2022.



The income tax expense decreased by \$ 0.13 million from \$0.72 million in FY 2022 to \$0.59 million in FY 2023 mainly because of group relief claimed.

Interest expenses increased from \$0.88 million in FY 2022 to \$3.08 million in FY 2023 due to increased bank rates of borrowing in the current year.

ADJUSTED EBITDA

Adjusted EBITDA increased by \$1.27 million from \$17.57 million in FY 2022 to \$18.84 million in FY 2023.

The details of Adjusted EBITDA calculation are as below:

<u>Adjusted EBITDA*</u>	<u>FY 2023</u>	<u>FY 2022</u>
	<u>\$ '000</u>	<u>\$ '000</u>
Net Profit	19,656	14,196
<u>Add/(Less):</u>		
Interest expenses	3,080	883
Tax expense	590	721
Depreciation	133	125
Fair value losses/(gains) on properties	2,251	(766)
Gain on divestment of investment property	(4,456)	(800)
Exchange differences	(2,419)	3,213
	18,835	17,572

*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 \$14.12 million in FY 2023.

Proceeds from redemption and disposal of financial assets, at fair value through other comprehensive income including capital distribution yielded \$52.49 million. Additionally, proceeds from disposal of financial assets, at fair value through profit or loss generated \$8.99 million. An amount of \$57.56 million was generated on disposal of investment properties. Further, the Group had drawn down an amount of \$218.04 million from banks during the year and an amount of \$0.34 million was generated from issue of shares pursuant to exercise of warrants.

Of the above, an amount of \$74.67 million was used for investing in financial assets, at fair value through other comprehensive income and \$28.07 million was used for acquiring quoted securities classified as financial assets, at fair value through profit or loss. The Group also purchased property, plant and equipment amounting to \$3.39 million. Cash dividend paid to equity holders of the Company amounted to \$9.26 million and an amount of \$237.03 million was utilized to repay bank borrowings.

Cash and cash equivalents at the end of the period i.e. 31 August 2023 was \$0.27 million while it was \$1.15 million at the beginning of the period i.e. 31 August 2022. Thus, there was a decrease of \$0.88 million through the year.

FINANCIAL POSITION AS AT 31 AUGUST 2023

Investment properties of the group in Singapore totalled \$62.01 million. In addition, \$16.01 million worth of property owned by the group in Malaysia was classified as Property, plant and equipment because it was self-occupied. Also, two properties valued at \$7.44 million owned by the Group in Singapore are also classified as Property, plant and equipment. Further, investment property carrying value of \$5.99 million were classified as Property held-for-sale. Thus the total value of the properties was \$91.45 million.

As at 31 August 2023, financial assets, at fair value through other comprehensive income comprised of quoted securities valued at \$246.63 million and investment in a fund valued at \$4.03 million. Financial assets, at fair value through profit or loss comprised of equities valued at \$18.64 million. There was a decrease of \$9.53 million in the market value of financial assets, at fair value through other comprehensive income as at 31 August 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 \$1.31 million during the current financial year which was taken to the income statement.

Inventories at financial year ended 31 August 2023 totalled \$15.80 million of which \$15.28 million was gold stock.

WORKING CAPITAL

The Group had a negative working capital of \$53.12 million as at 31 August 2023 as compared to \$42.51 million as at 31 August 2022. This was because the group utilised short-term borrowing facilities in order to benefit from lower interest rates.

BANK BORROWINGS

As at 31 August 2023, the Group has short-term borrowings of \$91.53 million as compared to \$113.03 million as at prior year ended 31 August 2022. The gearing ratio of the Group improved to 0.32 as at 31 August 2023 from 0.39 as at 31 August 2022.

SHARE CAPITAL

Share capital stood at \$174.71 million as at 31 August 2023 as compared to \$174.37 million as at 31 August 2022. This increase was due to shares issued pursuant to exercise of warrants. There were 927.70 million shares in float as at 31 August 2023 as compared to 926.43 million as at 31 August 2022. Total shareholders' equity stood at \$283.29 million and NTA per share was 30.53 cents as at 31 August 2023.

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

The full year results are in line with disclosures made in the previous announcement 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

While the world economy is impacted by the ongoing risk of Israel - Hamas conflict potentially expanding into a broader Middle East war and increasing tensions in Ukraine along with geopolitical rivalries among major global powers, there is a positive note for Singapore. The consumer-driven and tourism sectors in the region are poised to gain from the post-pandemic recovery.

After over 30 years of running our apparel business in Singapore, we recently shut down our outlet due to a mandatory mall-wide renovation that forced all tenants to relocate. In Malaysia, our apparel business will continue to remain profitable despite facing stiff competition and the growing trend of online shopping, impacting our operations.

Our gold business will maintain its profitability and will continue to operate from premises owned by the company in City Plaza.

The Group's rental income has been declining and is expected to further decrease due to the sale of several investment properties since the previous year.

We expect dividend income to decrease as we need to adhere to SGX Listing rule 1020 and downsize our existing investment portfolio.

The performance of the financial instruments sector will continue to be influenced by market forces, interest rates, and government stimulus.

15. If a decision regarding dividend has been made

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

Name of Dividend: First and Final

Dividend type: Cash

Dividend Amount per share (in cents): 0.55 cents per ordinary share as final dividend

Tax Rate: Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

Name of Dividend: First and Final

Dividend type: Cash or scrip

Dividend Amount per share (in cents): 1 cent per ordinary share as final dividend

Tax Rate: Tax exempt

- (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)*

One-tier tax exempt

- (d) *The date the dividend is payable*

To be announced at a later date

- (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*

To be announced at a later date

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

Not Applicable

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. **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.

PART II - Additional Information Required for Full Year Announcement

19. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Please refer to note 4 on pages 7 to 9

20. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to note 12 for details

21. **A breakdown of sales as follows:-**

	31/08/2023	31/08/2022	increase/ (decrease)
	\$ '000	\$ '000	%
	Group	Group	Group
Sales reported for first half year	14,833	16,115	(7.95)
Operating profit after tax reported for first half year	9,209	4,602	100.15
Sales reported for second half year	27,073	27,000	0.27
Operating profit after tax reported for second half year	10,447	9,594	8.89

22. A breakdown of the total annual dividend (in dollar value) for issuer's latest full year and its previous full year as follows:-

	31-08-2023	31-08-2022
Ordinary - cash	9,264,317	4,442,810
Ordinary - scrip	-	36,912,055
Preference	-	-
Total	9,264,317	41,354,865

23. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder or the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and positions held, if any, during the year
Mdm Aisamar Binte Kadil Mydin Syed Marikiah	76	Sister of Mr.Mohamed Salleh, CEO and substantial shareholder	Director in subsidiary – First Lady Apparels (Malaysia) Sdn Bhd. The position was first held in 2001.	Nil
Mr.Azhar Bin Abul Hasan	49	Nephew of Mr.Mohamed Salleh, CEO and substantial shareholder	Director in subsidiary – First Lady Apparels (Malaysia) Sdn Bhd. The position was first held in 2001.	Nil
Mr.Mohamed Amal Bin Mohamed Salleh Maricar	36	Son of Mr.Mohamed Salleh, CEO and substantial shareholder	Executive Director in subsidiary – First Lady Apparels (Malaysia) Sdn Bhd. Assisting the CEO in the Malaysian operations. The position was first held in 2010. Also assisting the CEO with the financial instruments portfolio in Singapore.	Nil

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 October 2023