

9R Limited

And its subsidiaries

Registration Number: 199307300M

Condensed Interim Financial Statements

For the Six Months and Full Year Ended 31 December 2023

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

	Note	Group			Group		
		6 Months Ended		%	Financial Year Ended		%
		31.12.23	31.12.22		31.12.23	31.12.22	
		Unaudited S\$'000	Unaudited S\$'000	Change	Unaudited S\$'000	Audited S\$'000	Change
Revenue	4	2,445	2,131	15	6,576	2,975	121
Cost of sales		(837)	(1,073)	(22)	(3,481)	(1,708)	104
Gross profit		1,608	1,058	52	3,095	1,267	144
Other income		773	309	150	977	313	212
Administrative expenses		(1,787)	(1,905)	(6)	(3,221)	(2,938)	10
Marketing and distribution		(42)	(60)	(30)	(79)	(60)	32
Other operating expenses		(1,793)	(238)	653	(2,622)	(247)	962
Expected credit loss on financial assets and contract assets		(2,438)	(22)	NM	(2,438)	(22)	NM
Impairment loss on goodwill		(1,002)	-	100	(1,002)	-	100
Results from operating activities		(4,681)	(858)	446	(5,290)	(1,687)	214
Finance income		34	-	100	34	-	100
Finance costs		(44)	(57)	(23)	(83)	(59)	41
Net finance costs		(10)	(57)	(82)	(49)	(59)	(17)
Loss before tax from continuing operations	6	(4,691)	(915)	413	(5,339)	(1,746)	206
Income tax credit / (expenses)	7	79	(219)	NM	(12)	(228)	(95)
Loss for the period / year from continuing operations		(4,612)	(1,134)	307	(5,351)	(1,974)	171
<u>Discontinued Operations</u>							
Profit / (loss) from discontinued operations, net of tax		-	(366)	(100)	-	150	(100)
Loss for the period / year		(4,612)	(1,500)	207	(5,351)	(1,824)	193
Other comprehensive income / (loss), net of tax							
<i>Items that are or may be reclassified subsequently to profit or loss</i>							
Foreign currency translation		(15)	561	NM	156	(66)	NM
Other comprehensive income / (loss), net of tax		(15)	561	NM	156	(66)	NM
Total comprehensive loss for the period / year		(4,627)	(939)	393	(5,195)	(1,890)	175

**Loss for the period / year
attributable to:**

Continuing operations, net of

Owners of the Company	(4,612)	(1,134)	307	(5,351)	(1,974)	171
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Discontinued operation, net of

Owners of the Company	-	(334)	(100)	-	183	(100)
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Non-controlling interests	-	(32)	(100)	-	(33)	(100)
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	-	(366)	(100)	-	150	(100)
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Loss for the period / year	<u>(4,612)</u>	<u>(1,500)</u>	207	<u>(5,351)</u>	<u>(1,824)</u>	193
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**Total comprehensive loss for the
period / year attributable to:**

Owners of the Company	(4,627)	(907)	410	(5,195)	(1,858)	180
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Non-controlling interests	-	(32)	(100)	-	(32)	(100)
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	<u>(4,627)</u>	<u>(939)</u>	393	<u>(5,195)</u>	<u>(1,890)</u>	175
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**Losses per share attributable to
owners of the Company (cents)**

Basic losses per share from continuing operations	(0.46)	(0.17)		(0.53)	(0.30)	
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Basic losses per share from discontinued operations	-	(0.05)		-	0.03	
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Total basic losses per share	<u>9</u>	<u>(0.46)</u>	<u>(0.22)</u>	<u>(0.53)</u>	<u>(0.27)</u>	
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Diluted losses per share from continuing operations	(0.36)	(0.14)		(0.42)	(0.25)	
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Diluted losses per share from discontinued operations	-	(0.04)		-	0.02	
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Total diluted losses per share	<u>9</u>	<u>(0.36)</u>	<u>(0.18)</u>	<u>(0.42)</u>	<u>(0.23)</u>	
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NM – not meaningful

B. Condensed Interim Statement of Financial Position

	Note	Group		Company	
		31.12.23	31.12.22	31.12.23	31.12.22
		Unaudited S\$'000	Audited S\$'000	Unaudited S\$'000	Audited S\$'000
Non-current assets					
Plant and equipment	11	3,736	1,663	-	-
Right-of-use assets		5,000	2,844	-	-
Intangible assets	12	2,586	3,588	-	-
Trade receivables		-	109	-	-
Contract assets		35	-	-	-
Investment in subsidiaries		-	-	7,959	330
Deferred tax assets		56	1	-	-
		<u>11,413</u>	<u>8,205</u>	<u>7,959</u>	<u>330</u>
Current assets					
Inventories		1,185	964	-	-
Trade receivables		176	556	-	-
Contract assets		85	16	-	-
Prepayments		73	11	16	5
Other receivables and deposits		1,362	2,386	15	93
Assets classified as held-for-sale	13	-	43	-	-
Amount due from subsidiaries		-	-	508	5,441
Income tax receivables		205	87	-	-
Cash and cash equivalents		3,941	11,841	2,991	11,524
		<u>7,027</u>	<u>15,904</u>	<u>3,530</u>	<u>17,063</u>
Total assets		<u>18,440</u>	<u>24,109</u>	<u>11,489</u>	<u>17,393</u>
Current liabilities					
Trade payables		284	273	-	-
Provision for restoration cost		127	64	-	-
Provision for warranty		2	7	-	-
Contract liabilities		94	115	-	-
Lease liabilities		494	417	-	-
Loans and borrowings	14	7	-	-	-
Other payable and accruals		1,601	4,260	315	405
		<u>2,609</u>	<u>5,136</u>	<u>315</u>	<u>405</u>
Non-current liabilities					
Loans and borrowings	14	46	172	-	172
Lease liabilities		4,524	2,444	-	-
Deferred tax liabilities		93	172	-	-
		<u>4,663</u>	<u>2,788</u>	<u>-</u>	<u>172</u>
Total liabilities		<u>7,272</u>	<u>7,924</u>	<u>315</u>	<u>577</u>
Equity					
Share capital	15	124,095	123,898	124,095	123,898
Treasury shares		(528)	(528)	(528)	(528)
Reserves		(112,399)	(107,185)	(112,393)	(106,554)
Total equity		<u>11,168</u>	<u>16,185</u>	<u>11,174</u>	<u>16,816</u>
Total equity and liabilities		<u>18,440</u>	<u>24,109</u>	<u>11,489</u>	<u>17,393</u>

C. Condensed Interim Statement of Changes in Equity

	Share capital	Treasury Shares	Other Reserve	Accumulated Losses	Total	Non- controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
Balance as at 1 January 2022	104,811	(528)	(208)	(106,363)	(2,288)	(100)	(2,388)
Loss for the year	-	-	-	(1,791)	(1,791)	(33)	(1,824)
Other comprehensive loss, net of tax	-	-	(66)	-	(66)	-	(66)
Total comprehensive loss for the year	-	-	(66)	(1,791)	(1,857)	(33)	(1,890)
Disposal of subsidiaries	-	-	-	-	-	133	133
Issuance of new shares	19,087	-	1,244	-	20,331	-	20,331
Balance as at 31 December 2022	123,898	(528)	970	(108,154)	16,186	-	16,186
Loss for the year	-	-	-	(5,351)	(5,351)	-	(5,351)
Other comprehensive income, net of tax	-	-	156	-	156	-	156
Total comprehensive loss for the year	-	-	156	(5,351)	(5,195)	-	(5,195)
Issuance of new shares	197	-	(20)	-	177	-	177
Balance as at 31 December 2023	124,095	(528)	1,106	(113,505)	11,168	-	11,168

C. Condensed Interim Statement of Changes in Equity (con'd)

<u>Company</u>	Share capital S\$'000	Treasury Shares S\$'000	Other Reserve S\$'000	Accumulated Losses S\$'000	Total equity S\$'000
Balance as at 1 January 2022	104,811	(528)	19,549	(125,912)	(2,080)
Loss for the year	-	-	-	(1,258)	(1,258)
Other comprehensive loss, net of tax	-	-	(177)	-	(177)
Total comprehensive loss for the year	-	-	(177)	(1,258)	(1,435)
Issuance of new shares	19,087	-	1,244	-	20,331
Balance as at 31 December 2022	123,898	(528)	20,616	(127,170)	16,816
Loss for the year	-	-	-	(5,819)	(5,819)
Total comprehensive loss for the year	-	-	-	(5,819)	(5,819)
Issuance of new shares	197	-	(20)	-	177
Balance as at 31 December 2023	124,095	(528)	20,596	(132,989)	11,174

D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	Financial Year Ended	
	31.12.23	31.12.22
	Unaudited	Audited
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax from continuing operations	(5,339)	(1,746)
Profit before tax from discontinued operation	-	150
Total loss before tax	(5,339)	(1,596)
Adjustments for:		
Depreciation of plant and equipment	582	109
Depreciation of right-of-use assets	461	42
Expected credit loss on trade receivables and contract assets	2,438	22
Fair value adjustment arising from contingent considerations in relation to acquisition of subsidiary	-	223
Finance cost	83	59
Impairment loss on goodwill	1,002	-
Impairment loss on plant and equipment and right-of-use assets	153	-
Inventories written off	-	44
Plant and equipment written off	13	27
Provision for slow moving inventories	870	-
Provision / (reversal) of warranty	(4)	7
Rights-of-use written off	-	6
Gain on disposal of subsidiaries	-	(2,252)
Write-back of other creditors and accruals	-	(235)
Unrealised loss on foreign exchange	244	- *
	503	(3,544)
Changes in:		
- inventories	(1,091)	(662)
- trade and other receivables	(992)	(2,526)
- contract assets	(126)	162
- trade and other payables	(2,684)	1,614
- contract liabilities	(21)	434
Cash used in operations	(4,411)	(4,522)
Tax paid	(258)	(93)
Net cash used in operating activities	(4,669)	(4,615)

Cash flows from investing activities

Acquisition of plant and equipment	(2,815)	(6)
Proceeds from disposal of assets held-for-sale	43	-
Proceeds from disposal of plant and equipment	41	-
Acquisition of subsidiary, net of cash	-	(548)
Net cash outflow from disposal of subsidiary companies	-	(196)
Net cash used in investing activities	(2,731)	(750)

Cash flows from financing activities

Proceeds from issuance of shares	48	16,193
Proceeds from loans and borrowings	-	1,362
Payment of loans and borrowings	(47)	(1,453)
Payment of lease liabilities	(407)	(208)
Interest paid	(83)	(59)
Net cash (used in) / generated from financing activities	(489)	15,835
Net (decrease) / increase in cash and cash equivalents	(7,889)	10,470
Net effect of exchange rate changes in the balance of cash held in foreign currencies	(11)	-
Cash and cash equivalents as at 1 January	11,841	1,371
Cash and cash equivalents as at 31 December	3,941	11,841

Note:

* Less than S\$1,000

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Domicile and activities

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

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

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

The condensed interim financial statements of the Group as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

2. Basis of preparation

The condensed interim consolidated financial statements for the financial year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim consolidated financial statements for the period ended 30 June 2023.

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

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

2.1 New and amended standards adopted by the Group

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

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

The group adopted the amendment to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments required the disclosure of “material” instead of “significant” accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users’ understanding of the financial statements. Accordingly, management reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

2.2 Use of estimates and judgements

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

The critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2022 other than provision for slow moving inventories.

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

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Segment and revenue information

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

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

Supply chain management	Distribution of artificial intelligence-powered robotics products and health and wellness products
Lifestyle retail business	Provision of interactive lifestyle entertainment and food and beverage services
Others	Investment holdings; ownership and charter of assets
Offshore and marine (discontinued operations)	Sale of offshore and marine goods, project revenue

4.1 Reportable segments

1 January 2023 to 31 December 2023	Supply chain management	Lifestyle retail business	Others	Total reportable segment	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	2,487	4,215	-	6,702	(126)	6,576
Loss from operations	(7,176)	(1,865)	(15,470)	(24,511)	13,330	(11,181)
Depreciation of plant and equipment	38	541	3	582	-	582
Depreciation of right-of-use assets	36	425	-	461	-	461
Finance costs	94	80	158	332	(249)	83
Impairment loss on plant and equipment and right-of-use assets	153	-	-	153	-	153
Expected credit loss on financial assets and contract assets, net	2,157	364	7,098	9,619	(7,181)	2,438
Impairment loss of goodwill	-	-	-	-	1,002	1,002
Plant and equipment written off	13	-	-	13	-	13
Provision for slow moving inventories	870	-	-	870	-	870
Provision for warranty	-	(4)	-	(4)	-	(4)
Unrealised loss on foreign exchange	-	244	-	244	-	244
Loss before income tax	(3,815)	(215)	(8,211)	(12,241)	6,902	(5,339)
Income tax expenses	7	(4)	(15)	(12)	-	(12)
Net loss for the financial year	(3,808)	(219)	(8,226)	(12,253)	6,902	(5,351)
Reportable segment assets	1,418	10,182	19,964	31,564	(13,124)	18,440
Reportable segment liabilities	(4,792)	(9,086)	(3,240)	(17,118)	9,846	(7,272)

1 January 2022 to 31 December 2022	Offshore and marine (discontinued)	Supply chain management	Lifestyle retail business	Others	Total reportable segment	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	-	1,847	1,128	-	2,975	-	2,975
Profit/(loss) from operations	2,389	(57)	(495)	(1,448)	389	-	389
Depreciation of plant and equipment	13	1	94	1	109	-	109
Depreciation of right- of-used assets	-	27	15	-	42	-	42
Impairment losses on financial assets and contract assets, net	-	16	6	-	22	-	22
Plant and equipment written off	-	-	24	3	27	-	27
Fair value adjustment arising from contingent considerations in relation to acquisition of a subsidiary	-	-	223	-	223	-	223
Right-of-use assets written off	-	-	6	-	6	-	6
Inventories written off	-	-	44	-	44	-	44
Gain on disposal of subsidiary	(2,252)	-	-	-	(2,252)	-	(2,252)
Finance cost	-	57	2	-	59	-	59
Provision for warranty	-	7	-	-	7	-	7
Write-back of other creditors and accrual	-	-	-	(235)	(235)	-	(235)
Other income	-	-	-	(37)	(37)	-	(37)
Profit/ (loss) before income tax	150	51	(81)	(1,716)	(1,596)	-	(1,596)
Income tax expenses	-	(25)	(203)	-	(228)	-	(228)
Net profit/ (loss) for the financial year	150	26	(284)	(1,716)	(1,824)	-	(1,824)
Reportable segment assets	-	2,009	11,503	17,727	31,239	(7,130)	24,109
Reportable segment liabilities	-	(1,602)	(10,358)	(1,210)	(13,170)	5,246	(7,924)

4.2 Disaggregation of revenue

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

	Group		
	Supply chain management	Lifestyle retail business	Total
	S\$'000	S\$'000	S\$'000
1 January 2023 to 31 December 2023			
Geographical location			
Malaysia	816	4,216	5,032
Singapore	1,544	-	1,544
	2,360	4,216	6,576
Timing of recognition			
At a point in time	2,344	4,216	6,560
Over time	16	-	16
	2,360	4,216	6,576

	Group		
	Supply chain management	Lifestyle retail business	Total
	S\$'000	S\$'000	S\$'000
1 January 2022 to 31 December 2022			
Geographical location			
Malaysia	1,847	1,128	2,975
Timing of recognition			
At a point in time	1,691	1,128	2,819
Over time	156	-	156
	1,847	1,128	2,975

4.3 Revenue breakdown

	Group		
	Latest financial year	Previous financial year	Increase/ (Decrease)
	31.12.2023	31.12.2022	%
Continuing operations			
(a) Sales reported for first half year	4,131	844	389
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(739)	(840)	(12)
(c) Sales reported for second half year	2,445	2,131	15
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(4,612)	(1,134)	(307)

5. Financial Assets & Financial Liabilities

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

	Group		Company	
	31.12.23	31.12.22	31.12.23	31.12.22
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets:				
Amortised cost				
Trade receivables	176	665	-	-
Other receivables and deposits *	1,291	1,929	-	93
Amounts due from subsidiaries	-	-	508	5,441
Cash and cash equivalents	3,941	11,841	2,991	11,523
	<u>5,408</u>	<u>14,435</u>	<u>3,499</u>	<u>17,057</u>
Financial liabilities:				
Amortised cost				
Trade payables	284	273	-	-
Other payables and accruals **	1,601	4,213	315	405
Loans and borrowings	53	172	-	172
Lease liabilities	5,018	2,861	-	-
	<u>6,956</u>	<u>7,519</u>	<u>315</u>	<u>577</u>

* Exclude advances to employees, advances to suppliers and GST receivables.

** Exclude service tax payables and GST payables.

6. Loss before tax from continuing operations

Significant items

The following items have been included in arriving at loss before tax for the financial year ended:

	Group		Group	
	6 Months Ended		Financial Year Ended	
	31.12.23	31.12.22	31.12.23	31.12.22
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of plant and equipment	314	109	582	109
Depreciation of right-of-use assets	242	34	461	42
Expected credit loss on trade receivables and contract assets	2,438	22	2,438	22
Fair value adjustment arising from contingent considerations in relation to acquisition of a subsidiary	-	223	-	223
Impairment loss on goodwill	1,002	-	1,002	-
Impairment loss on plant and equipment	135	-	135	-
Impairment loss on right-of-use assets	18	-	18	-
Input tax not claimable	92	-	92	-
Inventories written off	-	44	-	44
Provision for slow moving inventories	870	-	870	-
Provision / (reversal) for warranty	(4)	7	(4)	7
Right-of-use written off	-	6	-	6
Audit fee	133	158	133	158
Non audit fee	-	12	-	12
Directors' fees	92	146	167	146
Staff costs	524	400	1,059	801

7. Income tax expenses / (credit)

The Group calculates the income tax expenses / (credit) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses / (credit) in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	6 Months Ended		Financial Year Ended	
	31.12.23	31.12.22	31.12.23	31.12.22
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expenses / (credit):				
- Current financial year	267	74	267	83
- Overprovision in prior financial years	(220)	(68)	(129)	(68)
	<u>47</u>	<u>6</u>	<u>138</u>	<u>15</u>
Deferred tax expenses:				
- Current financial year	(126)	170	(126)	170
- Overprovision of deferred tax assets in prior financial years	-	43	-	43
	<u>(126)</u>	<u>213</u>	<u>(126)</u>	<u>213</u>
Income tax expenses / (credit)	<u>(79)</u>	<u>219</u>	<u>12</u>	<u>228</u>

8. Dividends

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

9. Loss per share

(i) Basic loss per share

	Group		Group	
	6 Months Ended		Financial Year Ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Loss attributable to equity holders of the Company (S\$'000)				
- continuing operations	(4,612)	(1,134)	(5,351)	(1,974)
- discontinued operations	-	(334)	-	183
	(4,612)	(1,468)	(5,351)	(1,791)
Weighted average number of ordinary shares ('000) ⁽¹⁾	1,008,548	667,999	1,008,548	667,999
Basic loss per share ("EPS") (S\$ cents) ⁽¹⁾				
- continuing operations	(0.46)	(0.17)	(0.53)	(0.30)
- discontinued operations	-	(0.05)	-	0.03
	(0.46)	(0.22)	(0.53)	(0.27)

(ii) Diluted loss per share

	Group		Group	
	6 Months Ended		Financial Year Ended	
	31.12.23	31.12.22	31.12.23	31.12.22
Loss attributable to equity holders of the Company (S\$'000)				
- continuing operations	(4,612)	(1,134)	(5,351)	(1,974)
- discontinued operations	-	(334)	-	183
	(4,612)	(1,468)	(5,351)	(1,791)
Weighted average number of ordinary shares ('000) ⁽¹⁾	1,008,548	667,999	1,008,548	667,999
Potential ordinary shares issuable on outstanding warrants ('000) ⁽²⁾	263,767	136,656	263,767	136,656
Weighted average number of ordinary shares for the purpose of diluted loss per share ('000) ⁽²⁾	1,272,315	804,655	1,272,315	804,655
Diluted loss per share ("EPS") (S\$ cents) ⁽²⁾				
- continuing operations	(0.36)	(0.14)	(0.42)	(0.25)
- discontinued operations	-	(0.04)	-	0.02
	(0.36)	(0.18)	(0.42)	(0.23)

Notes:

- 1) EPS have been computed based on the weighted average share capital of 1,008,547,800 shares (excluding 159,230 treasury shares) and 667,999,043 shares (excluding 159,230 treasury shares) for the respective years ended 31 December 2023 and 31 December 2022.
- 2) The diluted loss per share for financial year ended 31 December 2023 is calculated based on the weighted average number of ordinary shares of 1,008,547,800 shares and the weighted average number of potential issuance of ordinary shares assuming full conversion of 263,766,908 (31 December 2022: 136,656,013) outstanding warrants.

10. Net asset value

	Group		Company	
	31.12.23	31.12.22	31.12.23	31.12.22
Net asset value (S\$'000)	11,168	16,185	11,174	16,816
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,010,731	1,006,329	1,010,731	1,006,329
Net asset value per ordinary share (S\$ cents)	<u>1.10</u>	<u>1.61</u>	<u>1.11</u>	<u>1.67</u>

11. Plant and equipment

During the financial year ended 31 December 2023, the Group acquired plant and equipment amounting to S\$2,870,064 (31 December 2022: S\$5,685) which S\$63,801 was acquired under a hire purchase arrangement. There was disposal of plant and equipment amounting to S\$78,244 at cost (31 December 2022: S\$83,060) and plant and equipment written off S\$29,816 at cost (31 December 2022: S\$800,009) during the financial year.

12. Intangible asset

	Group	
	31.12.23	31.12.22
	S\$'000	S\$'000
Cost	3,588	3,588
Impairment loss	(1,002)	-
Carrying amount	<u>2,586</u>	<u>3,588</u>

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

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

Impairment loss on goodwill of S\$ 1,001,914 arising from the acquisition of Compact Sensation Sdn. Bhd. is mainly due to uncertainty in forecasted revenue as revenue generated has peaked in previous financial years, causing annual growth rate to be forecasted at a lower rate.

13. Assets classified as held-for-sale

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

During the financial year ended 2022, the management had plans to dispose certain equipment after the acquisition of CSSB. The management assessed that the disposal of these equipment as highly probable in accordance to *SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations* and accordingly, classified these equipment as assets held-for-sale. As at 31 December 2023, these equipment have been sold to a third party.

14. Loans and borrowings

	Group	
	31.12.23 S\$'000	31.12.22 S\$'000
<u>Loans from shareholders</u>		
Amount repayable after one year	-	172
<u>Hire purchase payables</u>		
Amount repayable within one year	7	-
Amount repayable after one year	46	-
	53	-

The loans and borrowings are unsecured, interest free and it represent advance from certain shareholders. The loans have been fully settled on 22 June 2023 partially by cash and the balance being offset against the exercise price of the warrants for the allotment of 3,213,550 new ordinary shares during the year.

The hire purchase payables are secured by guarantee by the Chief Executive Officer of the group. The facilities bear interest rates ranging from 3.08% - 3.50% (2022: Nil) per annum.

15. Share capital and treasury shares

	Group and Company			
	31.12.23	31.12.22	31.12.23	31.12.22
	Number of shares		Amount	
		S\$'000	S\$'000	
As at 1 January	1,006,487,845	549,518,904	123,898	104,811
Add:				
Issuance of new shares	4,402,150	413,468,897	197	16,043
Issuance of new shares to vendor	-	43,500,044	-	3,044
End of financial year	1,010,889,995	1,006,487,845	124,095	123,898

On 22 June 2023, 3,213,550 new ordinary shares were allotted and issued due to exercise of warrants at S\$0.04 per Warrant for each new share amounting to S\$128,542. Subsequently, on 18 July 2023, 100,000 new ordinary shares were allotted and issued due to exercise of warrants at S\$0.04 per Warrant for each new share amounting to S\$4,000. On 26 July 2023, 1,088,600 new ordinary shares were allotted and issued due to exercise of warrants at S\$0.04 per Warrant for each new share amounting to S\$43,544.

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

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

	Group and Company			
	31.12.23	31.12.22	31.12.23	31.12.22
	Number of shares		Amount	
		S\$'000	S\$'000	
Total number of issued shares	1,010,889,995	1,006,487,845	124,095	123,898
Number of treasury shares	(159,230)	(159,230)	(528)	(528)
Net number of issued shares	1,010,730,765	1,006,328,615	123,567	123,370

Warrants

	Group and Company	
	31.12.23	31.12.22
At 1 January	268,169,058	-
Issuance of new warrants	-	280,173,408
Exercise of warrants	(4,402,150)	(12,004,350)
No. of shares that may be issued upon conversion of all outstanding convertibles in relation to the warrants of the Company	263,766,908	268,169,058
% against the total number of issued share (excluding treasury shares)	26.10%	26.65%

Treasury Shares

	Group			
	31.12.23	31.12.22	31.12.23	31.12.22
	Unaudited	Audited	Unaudited	Audited
	No. of ordinary shares		S\$'000	S\$'000
Treasury Shares	159,230	159,230	528	528

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

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

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

16. Subsequent events

On 6 February 2024, the Company through its subsidiary, 9R Leisure Sdn. Bhd. completed its proposed acquisition of 7 target companies from Body Power Sdn. Bhd. Following completion, the target companies have become indirect wholly owned subsidiaries of the Company. Pursuant to the completion, the Company has allotted and issued 69,165,000 new ordinary shares in the capital of the Company to Body Power Sdn. Bhd. at an issue price of S\$0.06 for each consideration share.

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

1. Review

The condensed interim consolidated statement of financial position of the Group as at 31 December 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

1.1 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern)

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

Not applicable.

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

Not applicable.

2. Review of the performance of the Group

Consolidated Statement of Comprehensive Income

The Group recorded revenue of S\$6.58 million for the year ended 31 December 2023 as compared to S\$2.98 million for the year ended 31 December 2022. The increase was due to contribution from the retail lifestyle segment which commenced in 4th quarter 2022. Cost of sales increased from S\$1.71 million to S\$3.48 million in tandem with the increase in revenue. This resulted in an increase of gross profit from S\$1.27 million to S\$3.10 million.

The Group's operating losses increased in FY2023 due to recognition of expected credit loss on trade receivables and contracts assets of S\$2.44 million, impairment loss of goodwill, plant and equipment, and right-of-use assets of S\$1.16 million and provision for slow moving inventories of S\$0.87 million. The expected credit loss on trade receivables and contracts assets was recognised due to long outstanding balance from customer, which the management is of view that the recoverability may be remote. Impairment loss of goodwill of S\$1.00 million arising from the acquisition of Compact Sensation Sdn. Bhd. is mainly due to uncertainty in forecasted revenue, as revenue generated has peaked in previous financial years, causing annual growth rate to be forecasted at a lower rate.

As a result of the above, the Group recorded a loss from continuing operations of S\$5.35 million in FY2023 as compared to S\$1.97 million in FY2022.

Consolidated Statement of Financial Position

Non-current assets

The Group's non-current assets increased by S\$3.21 million from S\$8.20 million as at 31 December 2022 to S\$11.41 million as at 31 December 2023, mainly due to acquisition of plant and equipment and right-of-use assets and S\$5.34 million for a new karaoke outlet at The Exchange TRX mall in Kuala Lumpur, Malaysia. This was offset by depreciation charges of S\$1.04 million. The intangible assets have decreased from S\$3.59 million to S\$2.59 million due to impairment of goodwill of S\$1.00 million as there has been a change in estimate, such as forecasted profit after tax for the financial year ended 31 December 2023 and cash flow projection based on financial budgets covering a five-year period.

Current assets

The Group's current assets decreased by S\$8.87 million from S\$15.90 million as at 31 December 2022 to S\$7.03 million as at 31 December 2023, primarily due to the decrease in trade receivables, other receivables and deposits, and cash and cash equivalents. The decrease in trade receivables of S\$0.38 million was mainly due to recognition of expected credit loss during the year. The decrease in other receivable was mainly due to payment received from other debtors. This was offset by increase in deposits relating to deposits paid of S\$0.88 million for the acquisition of seven (7) companies of Body Power Sdn. Bhd.. The decrease in cash and cash equivalents of S\$7.90 million is mainly due to settlement of outstanding balance for acquisition of lifestyle retail business, acquisition of plant and equipment and funding of operating expenditures.

Current liabilities

The Group's current liabilities decreased by S\$2.53 million from S\$5.14 million as at 31 December 2022 to S\$2.61 million as at 31 December 2023, primarily due to the decrease in other payables and accruals of S\$2.66 million after settlement of balance consideration for the acquisition of Compact Sensation Sdn. Bhd. and reversal of contingent considerations for the acquisition of Compact Sensation Sdn. Bhd., as the target of profit after tax of S\$0.72 million in financial year 2023 was not achieved. This was offset by the increased in suppliers' debt related to the capital expenditures for a new karaoke outlet at The Exchange TRX mall in Kuala Lumpur, Malaysia in 4th quarter 2023.

Non-current liabilities

The Group's non-current liabilities increased by S\$1.87 million from S\$2.79 million as at 31 December 2022 to S\$4.66 million as at 31 December 2023, primarily due to the increase in lease liabilities. The increase in lease liabilities was mainly due to the acquisition of right-of-use assets for a new karaoke outlet at The Exchange TRX mall in Kuala Lumpur, Malaysia operated in 4th quarter 2023.

Equity

Total equity decreased by S\$5.02 million due to current year losses of S\$5.35 million, offset by increase in share capital of S\$0.20 million due to exercise of warrants.

The Group has a positive working capital of S\$4.42 million as at 31 December 2023.

Consolidated Statement of Cash Flows

The Group's net cash used in operating activities is at S\$4.67 million for the year ended 31 December 2023. The net cash outflow from operations was mainly due to changes in working capital.

Net cash used in investing activities amounted to S\$2.73 million which was mainly for the acquisition of plant and equipment, which amounted to S\$2.81 million, and offset by proceeds from disposal of assets held-for-sale of S\$0.04 million and proceeds from disposal of plant and equipment of S\$0.04 million.

Net cash outflow from financing activities amounted to S\$0.46 million mainly due to repayment of loans and borrowings, lease liabilities and finance cost. This was offset by issuance of new shares of S\$0.05 million.

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

In the second half of 2023, the Group through its wholly-owned subsidiary, Diverse Supply Chain (SG) Pte Ltd has imported the artificial intelligent-powered robotics products into Singapore. However, as of the report date, there have been no reported sales from this segment.

For retail lifestyle business, a new karaoke outlet at The Exchange TRX mall in Kuala Lumpur, Malaysia had commenced its operation in the 4th quarter of 2023.

The operations of our business is consistent with the prospect statement as disclosed in the Group's half yearly results for the six months ended 30 June 2023 announcement.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Malaysia's Ministry of Finance expects the country's economy to grow by 4% to 5% in 2024, up from 3.7% last year ⁽¹⁾. This is expected to be driven by economic reforms put in place by the federal government. Resilient domestic expenditure and an improvement in external demand will also underpin this year's economic growth, according to Bank Negara ⁽²⁾. Household spending, in particular, will be supported by continued employment and wage growth, says the central bank.

For the supply chain management segment, the exclusive distribution cooperation agreement entered into between the Group's wholly-owned subsidiary, Diverse Supply Chain Sdn. Bhd., and the artificial intelligent-powered robotics products supplier in the People's Republic of China has expired on 30 June 2023 and lapsed as no further renewal or extension of contract after negotiations. The loss of exclusive distributorship does not affect the Group's supply chain business as the selling of these robotics products was allowed to continue.

On the other hand, with the recent acquisition of seven (7) karaoke outlets, the Group now has a total of nine (9) such establishments in Malaysia operating under its lifestyle and entertainment business segment. Having a larger portfolio of outlets will enable the Group to better optimise its resources, achieve economies of scale and sharpen its competitive edge. The return of international tourists following the federal government's recent move to allow citizens of China and India to enter Malaysia visa-free for 30 days also bodes well for the lifestyle and entertainment business.

Notwithstanding the pickup in economic conditions, the Group is mindful that discretionary spending among consumers in Malaysia will still be subjected to factors beyond its control. These include recent efforts by the government to raise revenues through various tax changes such as the expansion of service tax and the introduction of the High Value Goods Tax. Continued weakness of the ringgit may also curb consumer spending. Against this backdrop, the Group will be prudent with its expenditures while seeking to deliver satisfactory results without comprising service quality.

1. <https://www.mof.gov.my/portal/en/news/press-release/2023-economic-growth-normalised-supported-by-recovery-in-economic-activities-and-labour-market-conditions>
2. https://www.bnm.gov.my/-/qb23q4_en_pr

5. Use of proceeds

Proceeds from exercise of warrants

As at 31 December 2023, 16,406,500 warrants have been exercised by the warrant holders raising net proceeds of S\$656,260 which were fully utilised for general corporate and working capital as follows:

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

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

Proceeds From Private Placement (Completed in November 2022)

On 25 November 2022, the Group announced the completion of proposed placement pursuant to which 250,390,700 placement shares were allotted and issued. Further details on this placement can be found in the Company's SGXNet announcement dated 10 November 2022. The Company has raised net proceeds of S\$12,199,535 after deducting placement expenses. As at 15 February 2024, the net proceeds from the placement that were utilised are as follows:

Use of net proceeds	Fund allocation	Amount allocation S\$	Amount utilised as at 5 February 2024 S\$	Balance S\$
General corporate and working capital requirements	30%	3,659,861	855,716	2,804,145
Proposed diversification of the Group's business	70%	8,539,674	8,462,509	77,165
Total	100%	12,199,535	9,318,225	2,881,310

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

Summary of expenses	General corporate and working capital S\$
Payment of professional fees	649,594
Payment of administrative expenses	206,122
Total	855,716

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

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

6. Dividend

(a) Current Financial Period Reported On:

Any dividend declared for the current financial period reported on?

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

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

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

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

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

Not applicable.

(d) Date payable:

Not applicable.

(e) Record date:

Not applicable.

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

No dividend has been declared or recommended for the financial year reported on due to the loss-making financial position of the Company as at 31 December 2023.

6.2 A breakdown of total dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

7. Interested person transactions ("IPT")

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

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

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

On 3 December 2023⁽¹⁾, the Company announced that its wholly-owned subsidiary, 9R Leisure Sdn. Bhd. ("**9RL**") entered into a sale and purchase agreement to acquire 100% equity interest in seven (7) companies from Body Power Sdn. Bhd., for an aggregate consideration of S\$5.74 million. Please refer to the circular dated 14 December 2023 for further information.

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

(1) <https://links.sgx.com/FileOpen/20231203%209R%20-%20Entry%20into%20SPA.ashx?App=Announcement&FileID=779865>

G. Additional information required for full year announcement

10. 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 of the issuer pursuant to Rule 704(10), in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries, is a relative of a director or chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

MR ONG SWEE SIN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
29 February 2024

This announcement has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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