

OIO HOLDINGS LIMITED

Company Registration No. 201726076W

Unaudited Condensed Interim Financial Statements

For the Second Quarter and Six Months Ended 30 June 2023

Background

OIO Holdings Limited (the “**Company**”) was incorporated in Singapore on 13 September 2017 under the Companies Act (Chapter 50) of Singapore as a company limited by shares under the name of “DLF Holdings Pte Ltd”. The Company was converted into a public company and changed its name to “DLF Holdings Limited” on 19 June 2018. The Company, and its subsidiaries (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) completed on 20 October 2017. On 25 July 2018, the Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Following the approval at the Extraordinary General Meeting dated 26 June 2020, the Company has changed its name to “OIO Holdings Limited” on 2 July 2020 and diversified its business activities to include blockchain related business.

Pursuant to Rule 705(2C) of the SGX-ST Listing Manual (“**Catalist Rules**”), the Company is required by the SGX-ST to announce its quarterly financial statements in view of the material uncertainty related to going concern issued by the Company’s auditors in the latest audited financial statements for the financial year ended 31 December 2022.

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INFORMATION REQUIRED FOR THE ANNOUNCEMENT OF SECOND QUARTER AND HALF YEAR RESULTS

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

	Note	Group					
		3 months ended			6 months ended		
		30 June			30 June		
		2Q 2023	2Q 2022	Change	1H 2023	1H 2022	Change
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)			
		S\$	S\$	%	S\$	S\$	%
Revenue	4	435,404	1,626,814	(73.2)	916,870	2,919,293	(68.6)
Cost of sales		(56,339)	(155,470)	(63.8)	(111,019)	(551,369)	(79.9)
Gross profit		379,065	1,471,344	(74.2)	805,851	2,367,924	(66.0)
Other operating income, net		(368,972)	70,655	N.M	211,103	391,366	(46.1)
Selling and distribution expenses		-	(472,705)	N.M	(17,432)	(825,486)	(97.9)
Administrative expenses		(753,785)	(1,089,157)	(30.8)	(1,464,198)	(2,049,728)	(28.6)
Other operating expenses		(82,833)	(3,182,451)	(97.4)	(82,833)	(3,335,751)	(97.5)
Result from operation		(826,525)	(3,202,314)	(74.2)	(547,509)	(3,451,675)	(84.1)
Finance costs	6.2	(18,227)	-	N.M	(36,390)	-	N.M
Loss before taxation	6	(844,752)	(3,202,314)	(73.6)	(583,899)	(3,451,675)	(83.1)
Income tax expense	7	-	-	N.M	-	-	N.M
Loss for the financial period		(844,752)	(3,202,314)	(73.6)	(583,899)	(3,451,675)	(83.1)
Other comprehensive income							
<u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u>							
Currency translation differences on consolidation of entities (net)		40,355	252,300	(84.0)	19,496	252,564	(92.3)
Total other comprehensive loss for the period		(804,397)	(2,950,014)	(72.7)	(564,403)	(3,199,111)	(82.4)
Loss attributable to:							
Owners of the Company		(844,752)	(3,201,854)	(73.6)	(583,899)	(3,454,754)	(83.1)
Non-Controlling interests ("NCI") ⁽¹⁾		-	(460)	N.M	-	3,079	N.M
		(844,752)	(3,202,314)	(73.6)	(583,899)	(3,451,675)	(83.1)
Total comprehensive loss attributable to:							
Owners of the Company		(804,397)	(2,949,554)	(72.7)	(564,403)	(3,202,190)	(82.4)
Non-Controlling interests ("NCI") ⁽¹⁾		-	(460)	N.M	-	3,079	N.M
		(804,397)	(2,950,014)	(72.7)	(564,403)	(3,199,111)	(82.4)

N.M denotes not meaningful

⁽¹⁾ Relates to DLF Prosper Venture Pte Ltd which was fully dissolved on 14 May 2023.

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B. Condensed Interim Statements of Financial Position

Note	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
ASSETS				
Non-current assets				
Subsidiaries	8	-	2,973,205	1,670,960
Intangible assets	9	4,585,039	569	470,229
Plant and equipment	10	12,424	11,068	14,611
Right-of-use assets	11	60,177	60,177	85,965
Total non-current assets		4,657,640	3,045,019	2,241,765
Current assets				
Trade and other receivables		28,477	133,206	719,036
Cash and bank balances		660,622	568,401	2,684,738
Total current assets		689,099	701,607	3,403,774
Total assets		5,346,739	3,746,626	5,645,539
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital	18.1	23,830,385	23,830,385	23,830,385
Reserves		(2,077,490)	128,702	72,702
Accumulated losses		(24,906,064)	(25,827,148)	(26,323,995)
Total equity attributable to owners of the Company		(3,153,169)	(1,868,061)	(2,420,908)
Non-controlling interests		(55,098)	-	-
Total equity		(3,208,267)	(1,868,061)	(2,420,908)
LIABILITIES				
Non-current liabilities				
Trade and other payables	13	1,993,890	-	-
Contract liabilities	14	-	-	-
Provision	15	207,484	-	-
Lease liabilities	12	8,950	8,950	35,477
Loans from shareholder	16	3,111,400	3,111,400	3,089,200
Convertible notes	17	2,055,245	2,055,245	1,996,756
Total non-current liabilities		7,376,969	5,175,595	5,121,433
Current liabilities				
Trade and other payables	13	820,823	386,537	2,893,464
Contract liabilities	14	206,659	-	-
Lease liabilities	12	52,555	52,555	51,550
Current tax liabilities		98,000	-	-
Total current liabilities		1,178,037	439,092	2,945,014
Total liabilities		8,555,006	5,614,687	8,066,447
Total equity and liabilities		5,346,739	3,746,626	5,645,539

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C. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group			
		3 months ended		6 months ended	
		30 June		30 June	
		2Q 2023	2Q 2022	1H 2023	1H 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		S\$	S\$	S\$	S\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax		(844,752)	(3,202,314)	(583,899)	(3,451,675)
Adjustments for:					
Amortisation of software development	6.1	119,774	81,461	229,271	151,938
Crypto assets received as revenue		(204,673)	(788,571)	(407,750)	(1,617,011)
Crypto asset payments for expenses		750	178,765	122,445	286,472
Depreciation of plant and equipment	6.1	2,010	1,524	4,259	2,781
Depreciation of right-of-use assets	6.1	12,894	-	25,788	-
Gain on liquidation of subsidiary ⁽¹⁾	6.1	-	-	-	(292,784)
Impairment loss/ (Reversal of impairment loss) on crypto assets	6.1	368,428	3,167,336	(199,091)	3,270,020
Interest on finance lease liabilities	6.1	675	-	1,478	-
Interest on convertible notes	6.1	17,552	-	34,912	-
Loss on disposal of crypto assets	6.1	23,818	1,159	4,740	51,776
Reversal of impairment loss on other receivables	6.1	-	-	-	(20,000)
Operating loss before working capital changes		(503,524)	(560,640)	(767,847)	(1,618,483)
Change in contract liabilities		(81,413)	(32,355)	(195,383)	(283,457)
Change in trade and other receivables		69,319	(63,202)	174,218	(94,496)
Change in trade and other payables		(592,437)	(339,741)	(1,516,216)	(792,140)
Net cash used in operations		(1,108,055)	(995,938)	(2,305,228)	(2,788,576)
Income tax paid		-	(33,900)	-	(67,800)
Net cash used in operating activities		(1,108,055)	(1,029,838)	(2,305,228)	(2,856,376)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of software development costs		(207,660)	(214,530)	(406,710)	(417,540)
Liquidation of subsidiary ⁽¹⁾		-	-	-	(6,272)
Proceeds from disposal of crypto assets ⁽²⁾		288,453	273,940	590,024	953,790
Purchase of crypto assets		-	(152,328)	-	(152,328)
Purchase of plant and equipment	6.1	-	(1,771)	-	(7,085)
Repayment of loan from non-controlling interest's holding company		-	-	-	20,000
Net cash generated from/ (used in) investing activities		80,793	(94,689)	183,314	390,565
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(12,825)	-	(25,522)	-
Interest paid on finance lease liabilities		(675)	-	(1,478)	-
Repayment of loan from shareholder		-	-	-	(300,000)
Net cash used in financing activities		(13,500)	-	(27,000)	(300,000)

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C. Condensed Interim Consolidated Statement of Cash Flows (Cont'd)

	Group			
	3 months ended		6 months ended	
	30 June		30 June	
	2Q 2023	2Q 2022	1H 2023	1H 2022
Note	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$	(Unaudited) S\$
Net decrease in cash and cash equivalents	(1,040,762)	(1,124,527)	(2,148,914)	(2,765,811)
Cash and cash equivalents at beginning of financial period	1,596,986	4,186,040	2,742,503	5,835,041
Effects of exchange rate changes on cash and cash equivalents	104,398	37,283	67,033	29,566
Cash and cash equivalents at end of financial period	660,622	3,098,796	660,622	3,098,796

⁽¹⁾ On 21 February 2022, the Company applied for creditors' voluntary liquidation for Acmes-Kings Corporation Pte. Ltd. This subsidiary is consolidated until the date it ceases to be a subsidiary of the Group. There was a deconsolidation gain of S\$292,784 recorded at Group level in FY2022. The subsidiary was fully dissolved on 26 March 2023.

⁽²⁾ In May 2023, the Executive Chairman of the Company entered into a deed of indemnity to indemnify the Group against any possible loss from disposal of Internet of Services Token ("IOST") cryptocurrency into fiat money. The amount of IOST cryptocurrency converted was approximately S\$231,065 (US\$173,212 @ USD/SGD average P&L rate of 1.334 for May 2023).

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D. Condensed Interim Statements of Changes in Equity

	Share capital	Other reserves	Share-based payment reserve	Foreign currency reserve	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>1H 2023 (Unaudited)</u>								
Balance as at 1 January 2023	23,830,385	(2,724,770)	72,702	499,082	(24,322,165)	(2,644,766)	(55,098)	(2,699,864)
Loss for the period	-	-	-	-	(583,899)	(583,899)	-	(583,899)
Foreign currency translation differences	-	-	-	19,496	-	19,496	-	19,496
Total comprehensive profit/(loss) for the period	-	-	-	19,496	(583,899)	(564,403)	-	(564,403)
<u>Transactions with owners, recognised directly in equity</u>								
Recognition of share-based payments	-	-	56,000	-	-	56,000	-	56,000
Balance as at 30 June 2023	23,830,385	(2,724,770)	128,702	518,578	(24,906,064)	(3,153,169)	(55,098)	(3,208,267)
<u>1H 2022 (Unaudited)</u>								
Balance as at 1 January 2022	23,830,385	(2,888,997)	-	332,224	(11,763,202)	9,510,410	(57,788)	9,452,622
(Loss)/ profit for the period	-	-	-	-	(3,454,754)	(3,454,754)	3,079	(3,451,675)
Foreign currency translation differences	-	-	-	252,564	-	252,564	-	252,564
Total comprehensive profit/(loss) for the period	-	-	-	252,564	(3,454,754)	(3,202,190)	3,079	(3,199,111)
<u>Transactions with owners, recognised directly in equity</u>								
Recognition of share-based payments	-	-	72,702	-	-	72,702	-	72,702
Balance as at 30 June 2022	23,830,385	(2,888,997)	72,702	584,788	(15,217,956)	6,380,922	(54,709)	6,326,213

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D. Condensed Interim Statements of Changes in Equity (Cont'd)

	Share capital	Other reserves	Share-based payment reserve	Foreign currency reserve	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>2Q 2023 (Unaudited)</u>								
Balance as at 1 April 2023	23,830,385	(2,724,770)	128,702	478,223	(24,061,312)	(2,348,772)	(55,098)	(2,403,870)
Loss for the period	-	-	-	-	(844,752)	(844,752)	-	(844,752)
Foreign currency translation differences	-	-	-	40,355	-	40,355	-	40,355
Total comprehensive profit/(loss) for the period	-	-	-	40,355	(844,752)	(804,397)	-	(804,397)
<u>Transactions with owners, recognised directly in equity</u>								
Recognition of share-based payments	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	23,830,385	(2,724,770)	128,702	518,578	(24,906,064)	(3,153,169)	(55,098)	(3,208,267)
<u>2Q 2022 (Unaudited)</u>								
Balance as at 1 April 2022	23,830,385	(2,888,997)	-	332,488	(12,016,102)	9,257,774	(54,249)	9,203,525
Loss for the period	-	-	-	-	(3,201,854)	(3,201,854)	(460)	(3,202,314)
Foreign currency translation differences	-	-	-	252,300	-	252,300	-	252,300
Total comprehensive profit/(loss) for the period	-	-	-	252,300	(3,201,854)	(2,949,554)	(460)	(2,950,014)
<u>Transactions with owners, recognised directly in equity</u>								
Recognition of share-based payments	-	-	72,702	-	-	72,702	-	72,702
Balance as at 30 June 2022	23,830,385	(2,888,997)	72,702	584,788	(15,217,956)	6,380,922	(54,709)	6,326,213

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D. Condensed Interim Statements of Changes in Equity (Cont'd)

Company	Share capital S\$	Other reserves S\$	Share-based payment reserve S\$	Accumulated losses S\$	Total equity S\$
1H 2023 (Unaudited)					
Balance as at 1 January 2023	23,830,385	-	72,702	(26,323,995)	(2,420,908)
Profit for the period	-	-	-	496,847	496,847
Total comprehensive profit for the period	-	-	-	496,847	496,847
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	56,000	-	56,000
Balance as at 30 June 2023	23,830,385	-	128,702	(25,827,148)	(1,868,061)
1H 2022 (Unaudited)					
Balance as at 1 January 2022	23,830,385	-	-	(15,879,228)	7,951,157
Loss for the period	-	-	-	(841,820)	(841,820)
Total comprehensive loss for the period	-	-	-	(841,820)	(841,820)
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	72,702	-	72,702
Balance as at 30 June 2022	23,830,385	-	72,702	(16,721,048)	7,182,039
2Q 2023 (Unaudited)					
Balance as at 1 April 2023	23,830,385	-	128,702	(26,444,920)	(2,485,833)
Profit for the period	-	-	-	617,772	617,772
Total comprehensive profit for the period	-	-	-	617,772	617,772
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	-	-	-
Balance as at 30 June 2023	23,830,385	-	128,702	(25,827,148)	(1,868,061)
2Q 2022 (Unaudited)					
Balance as at 1 April 2022	23,830,385	-	-	(16,271,925)	7,558,460
Loss for the period	-	-	-	(449,123)	(449,123)
Total comprehensive loss for the period	-	-	-	(449,123)	(449,123)
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	72,702	-	72,702
Balance as at 30 June 2022	23,830,385	-	72,702	(16,721,048)	7,182,039

E. Notes to The Condensed Interim Consolidated Financial Statements

1. Corporate information

The Company is incorporated as a private company and domiciled in the Republic of Singapore. The Company was listed on 25 July 2018 in the Catalist Board of the SGX-ST. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Group are:-

- (a) Blockchain technology services which comprise:
 - (i) Staking¹ services relate to provision of digital wallets and staking services to retail customers as well as research and development services to enterprise customers in relation to their staking and decentralized finance businesses, which are conducted by Moonstake Pte Ltd and Moonstake Limited acquired by the Group on 31 May 2021. Moonstake Pte Ltd and its subsidiary shall collectively be referred to as the “MS Group”;
 - (ii) Blockchain agency and consulting services relate to sales agency services to blockchain companies in respect of their blockchain-related products and services, software development outsource agency services to blockchain companies in respect of their software development projects, consultancy services to blockchain companies in respect of the strategy, sales and marketing, technology and operation of their blockchain-related businesses, products and services and commercialisation of blockchain-related products, which are conducted by OIO Singapore Pte Ltd;
- (b) Mechanical and electrical engineering services segment² relates to provision of solutions and services in fire protection systems, plumbing and sanitary systems, and heating, ventilation and air-conditioning systems; and
- (c) Management services segment² relates to provision of contract work management and fulfilment services.

¹ Staking is a technical feature of blockchain technologies which utilises Proof of Stake (“**PoS**”) as a validation mechanism by rewarding token holders who had staked their tokens for the validation process. A staking pool aggregates digital assets from multiple token holders to increase the token holders’ likelihood of receiving the blockchain validation rewards under the PoS system. The MS Group provides a proprietary software platform, including a user-friendly web wallet and mobile wallet services, in order to provide a full range of staking functions, and to serve a larger pool of tokens for holders to stake the cryptocurrencies they hold.

Proof of Stake produces and validates new blocks in blockchains through the process of staking, allowing new blocks to be produced without relying on specialised mining hardware. While mining requires a significant investment in hardware, under staking, holders participate in generating a block by delegating the cryptocurrencies they already hold.

² Following the announcements on 12 August 2022, 24 March 2023 and 11 May 2023, the Company has fully disposed or dissolved all its entities under the mechanical and electrical engineering services, and management services business segments with effect from 14 May 2023.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 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 consolidated 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 and the Company have adopted the new and revised SFRS(I)s, and Interpretations of SFRS(I) ("**SFRS(I) INTs**") that are effective for the annual period beginning on 1 January 2023. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the financial statements of the Group and the Company.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the 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 December 2022.

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.

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:

- Note 4.1 – Determination of operating segments
- Note 7 – Income tax

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2.2 Use of judgement and estimates (Cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Notes 4.2 and 4.3 – Revenue recognition
- Notes 8, 9 and 10 – Impairment of non-financial assets (Subsidiaries, Intangible assets, Plant and equipment)
- Note 15 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

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

The Group is organised into the following main business segments in 1H 2023:-

- Segment 1: Mechanical and electrical engineering services;
- Segment 2: Management services;
- Segment 3: Blockchain technology services; and
- Segment 4: Unallocated.

These operating segments are reported in a manner consistent with the internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

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4.1 Reportable segments

Group	Mechanical and electrical engineering services ⁽¹⁾	Management services ⁽¹⁾	Blockchain technology services ⁽²⁾	Unallocated	Total
1H 2023 (Unaudited)	S\$	S\$	S\$	S\$	S\$
Revenue	-	-	916,870	-	916,870
Segment results	-	-	31,059	(578,568)	(547,509)
Profit/ (Loss) before tax	-	-	31,059	(614,958)	(583,899)
Segment assets	-	-	4,690,848	655,891	5,346,739
Segment liabilities	-	-	3,005,092	5,549,914	8,555,006
<i>Other information</i>					
Interest expenses on lease liabilities	-	-	-	(1,478)	(1,478)
Interest expenses on convertible notes	-	-	-	(34,912)	(34,912)
Realised foreign exchange loss, net	-	-	(27,851)	(2,026)	(29,877)
Unrealised foreign exchange loss, net	-	-	(2,844)	(45,371)	(48,215)
Amortisation of software development	-	-	(229,271)	-	(229,271)
Purchase of plant and equipment	-	-	-	-	-
Depreciation of right-of-use assets	-	-	-	(25,788)	(25,788)
Depreciation of plant and equipment	-	-	(716)	(3,543)	(4,259)
Reversal of impairment loss on other receivables	-	-	-	-	-
(Impairment loss)/ Reversal of impairment loss on crypto assets	-	-	(85,276)	284,367	199,091
Loss on disposal of crypto assets	-	-	(4,385)	(355)	(4,740)
Gain on liquidation of subsidiary	-	-	-	-	-
Government grants	-	-	6,976	3,131	10,107

(1) Following the announcements on 12 August 2022, 24 March 2023 and 11 May 2023, the Company has fully disposed or dissolved all its entities under the mechanical and electrical engineering services, and management services business segments.

(2) This segment includes blockchain agency and consulting services and staking services.

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4.1 Reportable segments (Cont'd)

The Group is organised into the following main business segments in 1H 2022:-

- Segment 1: Mechanical and electrical engineering services;
- Segment 2: Management services;
- Segment 3: Blockchain technology services; and
- Segment 4: Unallocated.

Group	Mechanical and electrical engineering services⁽¹⁾	Management services⁽¹⁾	Blockchain technology services⁽²⁾	Unallocated	Total
1H 2022 (Unaudited)	S\$	S\$	S\$	S\$	S\$
Revenue	67,640	-	2,851,653	-	2,919,293
Segment results	164,341	15,396	(2,789,592)	(841,820)	(3,451,675)
Profit/ (Loss) before tax	164,341	15,396	(2,789,592)	(841,820)	(3,451,675)
Segment assets	165,425	-	12,195,854	2,524,349	14,885,628
Segment liabilities	503,809	5,006	3,893,065	4,157,535	8,559,415
<i>Other information</i>					
Interest expenses on lease liabilities	-	-	-	-	-
Interest expenses on convertible notes	-	-	-	-	-
Realised foreign exchange (loss)/ gain, net	-	-	(1,634)	69	(1,565)
Unrealised foreign exchange (loss)/ gain, net	-	-	(13,900)	1,510	(12,390)
Amortisation of software development	-	-	(151,938)	-	(151,938)
Purchase of plant and equipment	-	-	(1,771)	(5,314)	(7,085)
Depreciation of right-of-use assets	-	-	-	-	-
Depreciation of plant and equipment	(186)	-	(667)	(1,928)	(2,781)
Reversal of impairment loss on other receivables	-	20,000	-	-	20,000
Impairment loss on crypto assets	-	-	(3,270,020)	-	(3,270,020)
Loss on disposal of crypto assets	-	-	(51,776)	-	(51,776)
Gain on liquidation of subsidiary	292,784	-	-	-	292,784
Government grants	2,500	-	62,204	13,810	78,514

⁽¹⁾ Following the announcements on 12 August 2022, 24 March 2023 and 11 May 2023, the Company has fully disposed or dissolved all its entities under the mechanical and electrical engineering services, and management services business segments.

⁽²⁾ This segment includes blockchain agency and consulting services.

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4.1 Reportable segments (Cont'd)

The Group is organised into the following main business segments in 2Q 2023:-

- Segment 1: Mechanical and electrical engineering services;
- Segment 2: Management services;
- Segment 3: Blockchain technology services; and
- Segment 4: Unallocated.

Group	Mechanical and electrical engineering services ⁽¹⁾	Management services ⁽¹⁾	Blockchain technology services ⁽²⁾	Unallocated	Total
2Q 2023 (Unaudited)	S\$	S\$	S\$	S\$	S\$
Revenue	-	-	435,404	-	435,404
Segment results	-	-	(362,960)	(463,565)	(826,525)
Loss before tax	-	-	(362,960)	(481,792)	(844,752)
Segment assets	-	-	4,690,848	655,891	5,346,739
Segment liabilities	-	-	3,005,092	5,549,914	8,555,006
<i>Other information</i>					
Interest expenses on lease liabilities	-	-	-	(675)	(675)
Interest expenses on convertible notes	-	-	-	(17,552)	(17,552)
Realised foreign exchange loss, net	-	-	(814)	(1,750)	(2,564)
Unrealised foreign exchange loss, net	-	-	(8,092)	(61,461)	(69,553)
Amortisation of software development	-	-	(119,774)	-	(119,774)
Purchase of plant and equipment	-	-	-	-	-
Depreciation of right-of-use assets	-	-	-	(12,894)	(12,894)
Depreciation of plant and equipment	-	-	(358)	(1,652)	(2,010)
Reversal of impairment loss on other receivables	-	-	-	-	-
Impairment loss on crypto assets	-	-	(368,234)	(194)	(368,428)
Loss on disposal of crypto assets	-	-	(23,463)	(355)	(23,818)
Gain on liquidation of subsidiary	-	-	-	-	-
Government grants	-	-	10,000	951	10,951

⁽¹⁾ Following the announcements on 12 August 2022, 24 March 2023 and 11 May 2023, the Company has fully disposed or dissolved all its entities under the mechanical and electrical engineering services, and management services business segments.

⁽²⁾ This segment includes blockchain agency and consulting services.

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4.1 Reportable segments (Cont'd)

The Group is organised into the following main business segments in 2Q 2022:-

- Segment 1: Mechanical and electrical engineering services;
- Segment 2: Management services;
- Segment 3: Blockchain technology services; and
- Segment 4: Unallocated.

Group	Mechanical and electrical engineering services⁽¹⁾	Management services⁽¹⁾	Blockchain technology services⁽²⁾	Unallocated	Total
2Q 2022 (Unaudited)	S\$	S\$	S\$	S\$	S\$
Revenue	43,150	-	1,583,664	-	1,626,814
Segment results	(24,624)	(2,300)	(2,726,266)	(449,124)	(3,202,314)
Loss before tax	(24,624)	(2,300)	(2,726,266)	(449,124)	(3,202,314)
Segment assets	165,425	-	12,195,854	2,524,349	14,885,628
Segment liabilities	503,809	5,006	3,893,065	4,157,535	8,559,415
<i>Other information</i>					
Interest expenses on lease liabilities	-	-	-	-	-
Interest expenses on convertible notes	-	-	-	-	-
Realised foreign exchange gain, net	-	-	169	5,040	5,209
Unrealised foreign exchange loss, net	-	-	(7,814)	(14,213)	(22,027)
Amortisation of software development	-	-	(81,461)	-	(81,461)
Purchase of plant and equipment	-	-	-	(1,771)	(1,771)
Depreciation of right-of-use assets	-	-	-	-	-
Depreciation of plant and equipment	(55)	-	(358)	(1,111)	(1,524)
Reversal of impairment loss on other receivables	-	-	-	-	-
Impairment loss on crypto assets	-	-	(3,167,336)	-	(3,167,336)
Loss on disposal of crypto assets	-	-	(1,159)	-	(1,159)
Gain on liquidation of subsidiary	-	-	-	-	-
Government grants	1,000	-	59,954	12,497	73,451

⁽¹⁾ Following the announcements on 12 August 2022, 24 March 2023 and 11 May 2023, the Company has fully disposed or dissolved all its entities under the mechanical and electrical engineering services, and management services business segments.

⁽²⁾ This segment includes blockchain agency and consulting services.

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4.2 Disaggregation of Revenue

	Group			
	3 months ended 30 June		6 months ended 30 June	
	2Q 2023	2Q 2022	1H 2023	1H 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
The Group	S\$	S\$	S\$	S\$
Staking services				
- Digital wallets and staking services	209,075	405,216	417,101	1,253,334
- Research and development services	144,916	1,084,623	336,656	1,345,589
- Agency service fee	81,413	83,299	162,662	165,771
Total staking services	435,404	1,573,138	916,419	2,764,694
Project revenue	-	43,150	-	67,640
Blockchain agency and consulting services	-	10,526	451	86,959
	435,404	1,626,814	916,870	2,919,293
Timing of revenue recognition				
At a point in time				
- Staking services	209,075	1,083,290	449,371	2,172,039
- Blockchain agency and consulting services	-	-	-	67,736
	209,075	1,083,290	449,371	2,239,775
Over time				
- Staking services	226,329	489,848	467,048	592,655
- Project revenue	-	43,150	-	67,640
- Blockchain agency and consulting services	-	10,526	451	19,223
	226,329	543,524	467,499	679,518
	435,404	1,626,814	916,870	2,919,293
Geographical segments				
Singapore	81,413	1,221,597	195,383	1,598,222
Others	353,991	405,217	721,487	1,321,071
	435,404	1,626,814	916,870	2,919,293

4.3 Revenue

The accounting policies on revenue recognition for the Group are:-

(i) Mechanical and electrical engineering project revenue

The Group provides maintenance, replacement and repairing engineering services to customers through fixed-price contracts for big projects or purchase orders for small projects. Revenue is recognised when the promised service has been transferred to the customer.

With regard to projects for which performance obligations are satisfied over time, the Group recognises revenue as the project progresses using the percentage-of-completion method. The percentage of completion is estimated by reference to the stage of completion based on the value of the contract sum as certified by third party quantity surveyors and the estimated total project value to complete. Significant judgement is required in determining the estimated total contract value which include contracts awarded, estimation of variation works, if any, and the experience of qualified project managers.

Following the announcements on 12 August 2022, 24 March 2023 and 11 May 2023, the Company has fully disposed or dissolved all its entities under the mechanical and electrical engineering services, and management services business segments with effect from 14 May 2023.

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4.3 Revenue (Cont'd)

(ii) Blockchain agency and consulting services⁽¹⁾

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

(ii) Staking services⁽²⁾

For digital wallets and staking services, revenue is recognised at the point when the block creation or validation is complete and the rewards are available for transfer. Revenue is measured based on the number of tokens received and the fair value of the token at the date of recognition.

For research and development services, revenue is recognised when services are rendered and accepted by customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

For agency service fee collected in advance, revenue is recognised to the profit and loss over the remaining period of the agency service agreement.

(1) Conducted by OIO Singapore Pte Ltd.

(2) Conducted by Moonstake Pte Ltd and Moonstake Limited.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and Company as at 30 June 2023 and 31 December 2022:-

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Financial assets at amortised costs				
Trade and other receivables*	19,370	139,104	119,750	695,810
Cash and bank balances	660,622	2,742,503	568,401	2,684,738
	<u>679,992</u>	<u>2,881,607</u>	<u>688,151</u>	<u>3,380,548</u>
Financial liabilities at amortised costs				
Trade and other payables**	684,610	2,241,445	386,537	2,893,464
Lease liabilities	61,505	87,027	61,505	87,027
Loans from shareholder	3,111,400	3,089,200	3,111,400	3,089,200
Convertible notes	2,055,245	1,996,756	2,055,245	1,996,756
	<u>5,912,760</u>	<u>7,414,428</u>	<u>5,614,687</u>	<u>8,066,447</u>

* Excluded loan and advance payment in crypto assets to third party entities, prepayments and goods and services tax receivable.

** Excluded advances in crypto assets received from a third party, interest free loan from the Executive Chairman in crypto assets and goods and services tax payable.

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6. Loss before taxation

6.1 Significant items

Loss before taxation for the financial period is stated after (charging)/ crediting the following:-

	Note	Group			
		3 months ended		6 months ended	
		30 June		30 June	
		2Q 2023	2Q 2022	1H 2023	1H 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		S\$	S\$	S\$	S\$
Amortisation of software development	9	(119,774)	(81,461)	(229,271)	(151,938)
Depreciation on plant and equipment		(2,010)	(1,524)	(4,259)	(2,781)
Depreciation on right-of-use assets	11	(12,894)	-	(25,788)	-
Realised foreign exchange (loss)/ gain, net		(2,564)	5,209	(29,877)	(1,565)
Unrealised foreign exchange loss, net		(69,553)	(22,027)	(48,215)	(12,390)
Gain on liquidation of subsidiary ⁽¹⁾		-	-	-	292,784
Government grants received		10,951	73,451	10,107	78,514
(Impairment loss)/ Reversal of impairment loss on crypto assets	9	(368,428)	(3,167,336)	199,091	(3,270,020)
Interest expenses on lease liabilities		(675)	-	(1,478)	-
Interest expenses on convertible notes		(17,552)	-	(34,912)	-
Loss on disposal of crypto assets		(23,818)	(1,159)	(4,740)	(51,776)
Reversal of impairment loss on other receivables		-	-	-	20,000
Purchase of plant and equipment		-	(1,771)	-	(7,085)

⁽¹⁾ On 21 February 2022, the Company applied for creditors' voluntary liquidation for Acmes-Kings Corporation Pte. Ltd. This subsidiary is consolidated until the date it ceases to be a subsidiary of the Group. There was a deconsolidation gain of S\$292,784 recorded at Group level in FY2022. The subsidiary was fully dissolved on 26 March 2023.

6.2 Finance costs

The interest expenses on leases liabilities incurred in 2Q 2023 and 1H 2023 were S\$675 and S\$1,478 respectively (2Q 2022: S\$Nil, 1H 2022: S\$Nil). The interest expenses on convertible notes incurred in 2Q 2023 and 1H 2023 were S\$17,552 and S\$34,912 respectively (2Q 2022: S\$Nil, 1H 2022: S\$Nil).

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6.3 Related party transactions

There were transactions with the following related party during the financial period ended 30 June 2023.

	Group			
	3 months ended		6 months ended	
	30 June		30 June	
	2Q 2023	2Q 2022	1H 2023	1H 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$	S\$	S\$	S\$
<u>Transactions with related party</u> ⁽¹⁾				
Professional and consulting fee	24,089	32,957	48,130	57,539

⁽¹⁾ Related party is the entity which has common controlling shareholder as the Company.

7. Taxation

The Group calculates the income tax expense incurred during the financial period 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:-

	Group			
	3 months ended		6 months ended	
	30 June		30 June	
	2Q 2023	2Q 2022	1H 2023	1H 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	S\$	S\$	S\$	S\$
Income tax expense	-	-	-	-

There were no income tax expenses incurred for the six months ended 30 June 2023 (1H 2022: S\$Nil).

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8. Subsidiaries

	Company	
	30 June 2023 (Unaudited) S\$	31 December 2022 (Audited) S\$
<u>Unquoted equity investments, at cost</u>		
At 1 January	9,325,853	10,572,766
Additions ⁽¹⁾	1,302,245	-
At 30 June	10,628,098	10,572,766
Disposal of subsidiary ⁽²⁾	-	(194,485)
Liquidation of subsidiaries ^{(3) (4)}	-	(1,052,428)
At 30 June and 31 December	-	9,325,853
<u>Accumulated impairment</u>		
At 1 January	(7,654,893)	(1,246,913)
Additions	-	-
At 30 June	(7,654,893)	(1,246,913)
Reversal of impairment loss due to disposal of subsidiary ⁽²⁾	-	194,485
Reversal of impairment loss due to liquidation of subsidiaries ^{(3) (4)}	-	1,052,428
Impairment of investment in subsidiaries ⁽⁵⁾	-	(7,654,893)
At 30 June and 31 December	(7,654,893)	(7,654,893)
	2,973,205	1,670,960

⁽¹⁾ In January 2023, the Company increased its investment in Moonstake Pte Ltd by S\$1,302,245 (US\$968,500 at SGD/USD rate of 1.3446 as at 6 January 2023).

⁽²⁾ On 12 August 2022, the Company has fully disposed its shares in DLF Engineering Pte Ltd. This subsidiary was consolidated until 12 August 2022 where it ceased to be a subsidiary of the Group.

⁽³⁾ On 21 February 2022, the Company applied for creditors' voluntary liquidation for Acmes-Kings Corporation Pte Ltd. The subsidiary was consolidated until the date it ceased to be a subsidiary of the Company. The subsidiary was fully dissolved on 26 March 2023.

⁽⁴⁾ On 27 October 2022, the Company applied for creditors' voluntary liquidation for DLF Pte Ltd and DLF Prosper Venture Pte Ltd. These subsidiaries were consolidated until the date they ceased to be subsidiaries of the Company. These subsidiaries were fully dissolved on 14 May 2023.

⁽⁵⁾ In FY2022, the Company carried out an impairment assessment of its investments in subsidiaries. Based on this assessment, the Company recognised an impairment loss of S\$7,654,893 (FY2021:S\$Nil) for its subsidiaries from the Blockchain Technology Services segment that were making losses due to weakened cryptocurrency market in FY2022, resulting in lower revenue from digital wallet and staking services, as well as research and development services.

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9. Intangible assets

Note	Group			
	Goodwill on Acquisition	Crypto Assets ⁽⁴⁾	Software Development	Total
	S\$	S\$	S\$	S\$
Cost				
At 1 January 2022	7,138,481	6,323,284	1,270,082	14,731,847
Additions	-	2,368,317	806,760	3,175,077
Disposal	-	(3,199,282)	-	(3,199,282)
Repayment of loan by third party ⁽¹⁾	-	56,971	-	56,971
Partial repayment of advances to third party ⁽²⁾	-	(34,040)	-	(34,040)
Loan from Executive Chairman ⁽³⁾	-	134,461	-	134,461
Advance payment from customers	-	38,113	-	38,113
Currency translation differences	(37,496)	14,174	(6,670)	(29,992)
At 1 January 2023	7,100,985	5,701,998	2,070,172	14,873,155
Additions	-	407,750	406,710	814,460
Disposal	-	(717,209)	-	(717,209)
Repayment of advances from customers	-	(9,876)	-	(9,876)
Currency translation differences	58,620	43,357	17,089	119,066
At 30 June 2023	7,159,605	5,426,020	2,493,971	15,079,596
Accumulated Amortisation				
At 1 January 2022	-	-	(311,845)	(311,845)
Additions	-	-	(349,593)	(349,593)
Currency translation differences	-	-	11,149	11,149
At 1 January 2023	-	-	(650,289)	(650,289)
Additions	6.1	-	(229,271)	(229,271)
Currency translation differences	-	-	(8,548)	(8,548)
At 30 June 2023	-	-	(888,108)	(888,108)
Accumulated Impairment				
At 1 January 2022	-	(869,905)	-	(869,905)
Additions	(5,428,037)	(3,604,538)	-	(9,032,575)
Currency translation differences	109,177	60,783	-	169,960
At 1 January 2023	(5,318,860)	(4,413,660)	-	(9,732,520)
Reversal	6.1	199,091	-	199,091
Currency translation differences	(43,908)	(29,112)	-	(73,020)
At 30 June 2023	(5,362,768)	(4,243,681)	-	(9,606,449)
Carrying Amount				
At 30 June 2023	1,796,837	1,182,339	1,605,863	4,585,039
At 31 December 2022	1,782,125	1,288,338	1,419,883	4,490,346

⁽¹⁾ Relates to a short-term loan in crypto assets extended to a third party in 2021. The loan bears interest at 1% per annum and was fully repaid in 2022.

⁽²⁾ Relates to partial repayment of advances in crypto assets received from a third party. The advances are non-interest bearing. On 30 December 2022, the Group entered into an agreement with the third party to extend the repayment date of the advances in crypto assets to after 31 December 2024.

⁽³⁾ Loan from Executive Chairman is in crypto assets and is interest free and repayable on demand.

⁽⁴⁾ Include crypto assets held by the Group and the Company.

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9.1 Goodwill on Acquisition

The Group recognised a goodwill of S\$7,159,605 ⁽¹⁾ following the acquisition of new subsidiaries, Moonstake Pte Ltd and Moonstake Limited, on 31 May 2021. Please refer to Notes to the Financial Statements 7(a) in the Annual Report for FY2022 for further details of the acquisition.

Following the weakened cryptocurrency market in 2022, which has resulted in lower forecasted revenue from digital wallet and staking services, as well as research and development services, management has assessed the recoverable amount of the Cash-Generating Unit ("CGU") (i.e. Blockchain Technology Services) as at 31 December 2022. As the recoverable amount of the CGU of S\$1,782,125 ⁽²⁾ as at 31 December 2022 was determined to be lower than its carrying amount, an impairment loss of S\$5,428,037 ⁽³⁾ was recognised in FY2022. Please refer to Notes to the Financial Statements 4(ii) in the Annual Report for FY2022 for further details of the goodwill impairment.

(1) US\$5,281,114 @ USD/SGD closing rate of 1.3557 as at 30 June 2023

(2) US\$1,325,395 @ USD/SGD closing rate of 1.3446 as at 31 December 2022

(3) US\$3,955,719 @ USD/SGD average P&L rate of 1.3722 for December 2022

9.2 Crypto Assets

The crypto assets held by the Group and the Company are accounted for as intangible assets with indefinite useful lives, and are initially measured at cost. Crypto assets accounted for as intangible assets are not amortised, but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the infinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the crypto asset at the time its fair value is being measured at the end of each reporting period. Impairment expense is reflected in other operating expenses in the consolidated profit or loss statement. Crypto assets that suffered an impairment loss are reviewed for possible reversal of the impairment loss at the end of each reporting period when its carrying amount is lower than its fair value. The fair value of the crypto assets is measured at the end of each reporting period using quoted price of the crypto assets and comparing this fair value to the carrying amount as at the last reporting period. The Group and the Company assign costs to transactions on a first-in, first-out basis.

9.3 Software Development

Software development relates to software development costs capitalised for MS Group's staking pool protocol and blockchain nodes setup and implementation, staking services management system and digital wallet solutions.

Software development is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 5 years. The remaining useful life of the software development as at 31 December 2022 is between 2.5 years to 5 years.

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10. Plant and equipment

During the financial period ended 30 June 2023, the Group acquired assets amounting to S\$Nil (30 June 2022: S\$7,085). There is no asset written off during the financial period ended 30 June 2023 (30 June 2022: S\$Nil).

11. Right-of-use assets

	<u>Group and Company</u> <u>Office premises</u> S\$
Cost	
At 1 January 2022	94,847
Additions	103,157
Lease maturity	(94,847)
At 31 December 2022	103,157
Additions	-
At 30 June 2023	103,157
Accumulated Amortisation	
At 1 January 2022	94,847
Additions	17,192
Lease maturity	(94,847)
At 31 December 2022	17,192
Additions	25,788
At 30 June 2023	42,980
Accumulated Impairment	
At 1 January 2022, 31 December 2022 and 30 June 2023	-
Carrying Amount	
At 30 June 2023	60,177
At 31 December 2022	85,965

In FY2022, the Group entered into 2-year lease to rent an office premise in LTC Building D along 16 Arumugam Road. This lease has resulted in an addition to the right-of-use assets and the lease liabilities respectively (Note 12).

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12. Lease liabilities

	Group and Company	
	30 June 2023	31 December 2022
	(Unaudited) S\$	(Audited) S\$
Undiscounted lease payments due:		
- Year 1	54,000	54,000
- Year 2	9,000	36,000
	<u>63,000</u>	<u>90,000</u>
Less: Unearned interest cost	(1,495)	(2,973)
Lease liabilities	<u>61,505</u>	<u>87,027</u>
Presented as:		
- Non-current	8,950	35,477
- Current	52,555	51,550
	<u>61,505</u>	<u>87,027</u>

Interest expense on lease liabilities of S\$1,478 (30 June 2022: S\$Nil) is recognised in the profit and loss.

13. Trade and other payables

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Current				
Trade payables	107,967	150,000	-	150,000
Other payables	224,513	463,637	25,231	51,242
Amount due to director (non-trade)	109,096	245,050	30,000	99,372
Amount due to subsidiaries (non-trade)	-	-	156,142	2,012,595
Loan from Executive Chairman in crypto assets ⁽¹⁾	135,571	134,461	-	-
Accrued expenses	243,035	1,382,758	175,164	580,255
Goods and services tax payables	641	-	-	-
	<u>820,823</u>	<u>2,375,906</u>	<u>386,537</u>	<u>2,893,464</u>
Non-current				
Advances in crypto assets ⁽²⁾	1,993,890	1,977,565	-	-
Total	<u>2,814,713</u>	<u>4,353,471</u>	<u>386,537</u>	<u>2,893,464</u>

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13. Trade and other payables (Cont'd)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	30 June 2023 (Unaudited) S\$	31 December 2022 (Audited) S\$	30 June 2023 (Unaudited) S\$	31 December 2022 (Audited) S\$
Singapore dollar	232,773	1,063,111	386,537	2,893,464
United States dollar	2,581,940	3,290,360	-	-
	<u>2,814,713</u>	<u>4,353,471</u>	<u>386,537</u>	<u>2,893,464</u>

(1) Loan from Executive Chairman in crypto assets is interest-free and repayable on demand.

(2) Included in non-current liability as at 30 June 2023 are advances in crypto assets received from a third party of S\$1,993,890 (31 December 2022: S\$1,977,565). The advances are non-interest bearing. On 30 December 2022, the Group entered into an agreement with the third party to extend the repayment date of the advances in crypto assets to after 31 December 2024.

14. Contract liabilities

	Group	
	30 June 2023 (Unaudited) S\$	31 December 2022 (Audited) S\$
Deferred Revenue ⁽¹⁾		
At 1 January	368,560	699,419
Recognise as revenue - non-refundable agency fee	(162,662)	(335,753)
Currency translation differences	761	4,894
At 30 June 2023 and 31 December 2022 ⁽²⁾	<u>206,659</u>	<u>368,560</u>
Advances from customer ⁽³⁾		
At 1 January	32,721	221,337
Addition	-	47,032
Recognised as revenue	(32,721)	(236,077)
Currency translation differences	-	429
At 30 June 2023 and 31 December 2022	<u>-</u>	<u>32,721</u>
Total	<u>206,659</u>	<u>401,281</u>
Analysed as		
- Current	206,659	359,908
- Non-current	-	41,373
	<u>206,659</u>	<u>401,281</u>

(1) Agency service fee collected in advance. The Group recognises the contract liabilities to profit or loss over the remaining period of the agreement.

(2) Includes agency service fee collected in advance of S\$206,659 (31 December 2022: S\$368,560) to be recognised to profit or loss over the remaining period of the agreement.

(3) Amounts received in advance for consulting services.

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15. Provision

In 2020, a lender (the “**Lender**”) extended loans totalling approximately S\$1.6 million to Moonstake Pte Ltd and Moonstake Limited (the “**Original Loans**”). The provision for contingent liability of approximately S\$0.2 million relates to contingent liability arose from the Deed of Novation entered into by Moonstake Pte Ltd, Moonstake Limited, the Lender and a third party as part of the conditions precedent to be fulfilled, with terms and conditions being satisfactory to the Company prior to the completion of the acquisition of Moonstake Pte Ltd.

The entry into the Deed of Novation is to transfer fully the loan liabilities of approximately S\$1.6 million to a third party with a consideration to share 2.2% of Moonstake Limited’s revenue with the transferee for the period from 1 September 2020 to 31 December 2026. The Lender continued to have loan receivables which had the same principal amounts with the Original Loans from the third party. The revenue sharing obligations are recognised as the provision for contingent liability.

16. Aggregate amount of group’s and company’s borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

Amount repayable after one year

As at 30 June 2023 (Unaudited)		As at 31 December 2022 (Audited)	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	3,111,400	-	3,089,200

Loans and borrowings

On 31 December 2019, 28 February 2020 and 7 April 2021, the Company entered into interest free loan agreements of S\$200,000, S\$500,000 and US\$2,000,000 (S\$2,711,400 ⁽¹⁾) respectively with the Company’s controlling shareholder, North Ventures Pte Ltd (“**NVPL**”).

On 24 March 2022, the Company entered into an agreement with NVPL to extend the repayment date of the interest free loans of (i) S\$400,000 and (ii) US\$2,000,000 (S\$2,711,400 ⁽¹⁾) respectively to after 15 April 2023, with a condition that the Company partially repays S\$300,000 loan principal before the end of March 2022. On 25 March 2022, the Company completed the partial repayment of S\$300,000 loan principal to NVPL.

On 29 June 2023, the Company entered into an agreement with NVPL to further extend the repayment date of the interest free loans of (i) S\$400,000 and (ii) US\$2,000,000 (S\$2,711,400 ⁽¹⁾) respectively to after 31 July 2024.

⁽¹⁾ US\$2,000,000 @ USD/SGD closing rate of 1.3557 as at 30 June 2023

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17. Convertible Notes

On 30 December 2022, the Company issued convertible notes with a principal amount of US\$1,490,000 to xWin Asset Management Japan LLC. The convertible notes will mature on 29 December 2024.

Interest on the convertible notes will accrue at the rate of 3.50% per annum, and is payable in cash on (a) the first anniversary of its issue date, (b) the date the convertible notes are redeemed as a result of a declaration by the holder that the notes have become due and payable prior to their maturity because an event of default has occurred and is not cured or waived, and (c) the maturity date if the convertible notes are not converted in accordance with their terms. In all other cases, accrued and unpaid interest will be converted into ordinary shares in the Company in accordance with the terms and conditions of the notes.

The Company may mandate the conversion of the principal amount of the convertible notes together with accrued unpaid interest into conversion shares if at any time the volume weighted average price of the shares for three consecutive trading days is at least 361.27% of the minimum conversion price of S\$0.06922 per share. Upon such mandatory conversion, the principal amount of the convertible notes together with accrued unpaid interest will convert into conversion shares at a price equal to 93.5% of the volume weighted average price of the shares on the Catalist on the last trading day of such three consecutive trading days.

In addition, the principal amount of the convertible notes together with accrued unpaid interest will also automatically convert into conversion shares on the maturity date at the higher of (a) the minimum conversion price and (b) the price equal to 93.5% of the volume weighted average price of the shares on the Catalist on the maturity date.

The initial minimum conversion price is S\$0.06922 per share, with an agreed fixed exchange rate of US\$1.00 = S\$1.35 applicable on conversion of the convertible notes. The minimum conversion price will be subject to customary anti-dilution adjustments.

The proceeds received from the issue of the convertible notes are classified entirely as liability, as follows:

	Group and Company	
	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	S\$	S\$
Liability component at the reporting date	2,055,245	1,996,756

The Group engaged Cushman & Wakefield VHS Pte Ltd (“**C&W**”) to perform the valuation of its convertible notes for FY2022 in accordance with SFRS(I) 13 Fair Value Measurement. Based on the valuation report dated 31 March 2023 issued by management expert, C&W, the Group and the Company recognised a fair value less transaction cost of \$1,996,756 on initial recognition.

Accounting policy for convertible notes

The Group’s convertible notes (“**notes**”) are classified as financial liabilities as the group has a contractual obligation to either settle the accrued interest in cash or deliver a variable number of its own equity instruments. Whilst the terms of the convertible notes contain a conversion feature (i.e. potential settlement in cash or shares), the number of shares required to be issued on redemption is based on the carrying value of the notes at maturity/redemption.

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17. Convertible Notes (Cont'd)

Accounting policy for convertible notes (Cont'd)

Therefore, as either cash or a variable number of shares will be issued to extinguish a fixed liability amount, the conversion feature does not contain a derivative as the value of the conversion feature does not vary in response to a change in the Group's share price over the term of the notes. As a result, the entire balance of the convertible notes is classified as a debt instrument and initially recognised at fair value of the consideration received, net of transaction costs.

Subsequent to initial recognition, the convertible notes are measured at amortised cost using the effective interest method with the increase in the liability due the passage of time recognised as a finance cost in profit or loss. Interest expense is calculated by applying the effective interest rate of 3.50% determined based on the relative series and passage of time to maturity/redemption of the note.

18. Share Capital

18.1 Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Group and the Company			
	30 June 2023		31 December 2022	
	(Unaudited)		(Audited)	
	No. of shares	Amount	No. of shares	Amount
	S\$		S\$	
Issued and paid-up share capital				
At beginning of financial period	187,222,569	23,830,385	186,849,739	23,830,385
Issuance of new ordinary shares ⁽¹⁾	-	-	372,830	-
Issuance of new ordinary shares ^{(2) (3)}	138,272	-	-	-
At end of financial period	<u>187,360,841</u>	<u>23,830,385</u>	<u>187,222,569</u>	<u>23,830,385</u>

⁽¹⁾ On 1 April 2022 and 7 April 2022, the Company issued and allotted 186,415 ordinary shares and 186,415 ordinary shares respectively under the Performance Share Plan.

⁽²⁾ On 3 January 2023, the Company issued and allotted 49,383 ordinary shares under the Performance Share Plan.

⁽³⁾ On 31 March 2023, the Company issued and allotted 88,889 ordinary shares under the Performance Share Plan.

Save as disclosed, the Company did not have any treasury shares or subsidiary holdings as at 30 June 2023 and 31 December 2022.

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Outstanding Convertible Notes Due on 29 December 2024

The Company had on 30 December 2022 issued US\$1,490,000 3.5% per annum convertible notes due in December 2024 at an initial minimum conversion price of S\$0.0692 per share.

Based on the initial minimum conversion price of S\$0.0692 per share and assuming the convertible notes are fully converted, the number of new ordinary shares to be issued would be approximately 29,067,919 shares as at 30 June 2023 (31 December 2022: approximately 29,067,919 shares).

18.2 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.

	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Total number of issued shares	187,360,841	187,222,569

The Company did not have any treasury shares as at 30 June 2023 and 31 December 2022.

18.3 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. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

18.4 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. There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

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

	Group			
	3 months ended 30 June		6 months ended 30 June	
	2Q 2023	2Q 2022	1H 2023	1H 2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Group (S\$)	(844,752)	(3,201,854)	(583,899)	(3,454,754)
Weighted average number of ordinary shares in issue	187,360,841	187,191,841	187,269,192	182,986,656
Basic loss per share (cents)	(0.45)	(1.71)	(0.31)	(1.89)
Weighted average number of ordinary shares (diluted) in issue	187,360,841	187,191,841	187,269,192	182,986,656
Diluted loss per share (cents)	(0.45)	(1.71)	(0.31)	(1.89)

Diluted earnings per share is the same as basic earnings per share due to the absence of any dilutive financial instruments for the financial period ended 30 June 2023 and 30 June 2022 respectively.

20. Net Asset Value

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:-

- Current period reported on; and
- Immediately preceding financial year.

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net liability value (S\$)	(3,208,267)	(2,699,864)	(1,868,061)	(2,420,908)
Number of ordinary shares in issue	187,360,841	187,222,569	187,360,841	187,222,569
Net liability value per ordinary share (cents)	(1.71)	(1.44)	(1.00)	(1.29)

21. Subsequent Events

On 14 August 2023, the Company had entered into a S\$1.1 million interest free and unsecured loan agreement with a controlling shareholder of the Company, who is also the Chief Executive Officer of the Company's wholly-owned subsidiary, Moonstake Pte Ltd ("**Lender**") for general corporate and working capital purposes. The funds will be disbursed to the Company on no later than 31 August 2023 and repayable within 7 days after 30 November 2024, unless the Lender agrees in writing to grant the Company further extension of the credit term and to postpone the maturity date.

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F. Other Information required by Appendix 7C of the Catalist Rules

22. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

23. **Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 23A. **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.**
(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable as the audit opinion for FY2022 was issued based on material uncertainty relating to going concern.

24. **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:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Review for the performance of the Group for the financial period ended 30 June 2023 ("1H 2023") and 30 June 2022 ("1H 2022")

CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial Performance – 1H 2023 vs 1H 2022

Revenue

The overall revenue decreased by approximately S\$2.0 million or 68.6% to approximately S\$0.92 million in 1H 2023, from approximately S\$2.92 million in 1H 2022. The revenue from staking services registered was lower by approximately S\$1.85 million from approximately S\$2.77 million in 1H 2022 to approximately S\$0.92 million in 1H 2023, mainly attributable to (i) lower digital wallets and staking services by approximately S\$0.84 million as a result of lower market prices of crypto assets due to weakened cryptocurrency market in 1H 2023 compared to 1H 2022, and (ii) lower research and development services by approximately S\$1.01 million, from approximately S\$1.35 million in 1H 2022 to approximately S\$0.34 million in 1H 2023 is mainly due to the lower revenue from B2B projects. In addition, revenue from blockchain agency and consulting services also decreased by approximately S\$0.1 million in 1H 2023 as compared to 1H 2022. Project revenue decreased by approximately S\$0.1 million in 1H 2023 as compared to 1H 2022 following the disposal and dissolution of the mechanical and electrical services business segment in 2022.

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Gross profit and gross profit margin (GPM)

The overall gross profit was approximately S\$0.8 million in 1H 2023, which decreased by approximately S\$1.6 million from approximately S\$2.4 million in 1H 2022. The overall GPM increased from 81.1% in 1H 2022 to 87.9% in 1H 2023. The margin expansion was partly due to the absence of the operation of mechanical and electrical services business segment, which reported a gross loss in 1H 2022.

The overall gross profit generated in 1H 2023 was contributed by the blockchain technology services, of which the GPM was approximately 87.9% in 1H 2023. The cost of sales incurred by this business segment was mainly the cost of outsourcing consulting services and commission expenses paid.

Other operating income

Other operating income decreased by approximately S\$0.2 million from approximately S\$0.4 million in 1H 2022 to approximately S\$0.2 million in 1H 2023. This was primarily attributable to the absence of gain on liquidation of subsidiary in 1H 2023 (1H 2022: S\$0.3 million), lower government grants received of S\$0.01 million (1H 2022: S\$0.08 million) and absence of reversal of impairment for other receivables (1H 2022: S\$0.02 million). The decrease was partially mitigated by a reversal of impairment loss on crypto assets of approximately S\$0.2 million (1H 2022: impairment loss of approximately S\$3.27 million) due to improved crypto asset prices during the financial period ended 30 June 2023 as compared to that of 31 December 2022.

Operating Expenses

Selling and distribution expenses were approximately S\$0.02 million in 1H 2023, decreased by approximately S\$0.81 million as compared to 1H 2022. The selling and distribution expenses in 1H 2023 mainly comprised marketing consultancy and advertising services of approximately S\$0.02 million. The decrease in selling and distribution expenses was mainly due to lower headcount as a result of cost saving measures adopted by the Group, and lower marketing expenses incurred.

Administrative expenses were approximately S\$1.5 million in 1H 2023, which decreased by approximately S\$0.6 million from approximately S\$2.1 million in 1H 2022. The decrease in the administrative expenses was mainly attributable to (i) lower staff costs by approximately S\$0.08 million due to lower headcount in 1H 2023 as compared to 1H 2022 due to cost cutting measures as well as the cessation of mechanical and electrical engineering services business segment, (ii) lower professional fees by approximately S\$0.09 million and (iii) lower outsourcing fees incurred for product development by approximately S\$0.42 million.

Other operating expenses were approximately S\$0.08 million in 1H 2023, which decreased by approximately S\$3.25 million from approximately S\$3.33 million in 1H 2022. The decrease in the other operating expenses in 1H 2023 mainly attributable to (i) net foreign exchange loss of approximately S\$0.08 million (1H 2022: S\$0.01 million) and loss on disposal of crypto assets of approximately S\$0.005 million (1H 2022: S\$0.05 million). In 1H 2022, there was an impairment loss on crypto assets of S\$3.27 million (1H 2023: reversal of impairment loss for crypto assets of S\$0.2 million).

Finance costs

The finance costs incurred were S\$1,478 in 1H 2023 (1H 2022: S\$Nil) for a new office lease commencing in September 2022 and accrued interest for the convertible notes issued on 30 December 2022 of S\$34,912 in 1H 2023 (1H 2022: S\$Nil).

Income tax expenses

No income tax expenses were incurred in both 1H 2023 and 1H 2022.

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Total comprehensive loss for the period

The resulting comprehensive loss for the six months under review decreased by approximately S\$2.6 million to a loss of approximately S\$0.6 million in 1H 2023 from a loss of approximately S\$3.2 million in 1H 2022.

Financial Performance – 2Q 2023 vs 2Q 2022

Revenue

The overall revenue decreased by approximately S\$1.2 million or 73.2% to approximately S\$0.4 million in 2Q 2023, from approximately S\$1.6 million in 2Q 2022. The revenue from staking services registered was lower by approximately S\$1.2 million from approximately S\$1.6 million in 2Q 2022 to approximately S\$0.4 million in 2Q 2023, mainly attributable to (i) lower digital wallets and staking services by approximately S\$0.2 million as a result of lower market prices of crypto assets due to weakened cryptocurrency market in 2Q 2023 compared to 2Q 2022 and (ii) lower research and development services by approximately S\$1.0 million from S\$1.1 million in 2Q 2022 to S\$0.1 million in 2Q 2023, mainly due to the lower revenue from B2B projects.

Gross profit and gross profit margin (GPM)

The overall gross profit was approximately S\$0.4 million in 2Q 2023, which decreased by S\$1.1 million from approximately S\$1.5 million in 2Q 2022. The overall GPM decreased from 90.4% in 2Q 2022 to 87.1% in 2Q 2023. The margin erosion was mainly due to the lower revenue registered for staking services.

The overall gross profit generated in 2Q 2023 was contributed by the blockchain technology services, of which the GPM was approximately 87.1% in 2Q 2023. The cost of sales incurred by this business segment was mainly the cost of outsourcing consulting services and commission expenses paid.

Other operating income

Other operating income decreased by approximately S\$0.44 million, from approximately S\$0.07 million in 2Q 2022 to approximately loss of S\$0.37 million in 2Q 2023. This was primarily attributable to an impairment loss on crypto assets of approximately S\$0.37 million following lower crypto asset prices as at 30 June 2023 as compared to that of 31 March 2023, as well as lower government grants received by approximately S\$0.06 million in 2Q 2023.

Operating Expenses

No selling and distribution expenses were incurred in 2Q 2023, compared to approximately S\$0.47 million recorded in 2Q 2022. The decrease in selling and distribution expenses was mainly due to lower headcount as a result of cost saving measures adopted by the Group, and no marketing expenses incurred.

Administrative expenses were approximately S\$0.75 million in 2Q 2023, which decreased by approximately S\$0.34 million from approximately S\$1.09 million in 2Q 2022. The decrease in the administrative expenses was mainly attributable to (i) lower staff costs by approximately S\$0.06 million due to lower headcount, (ii) lower professional fees by approximately S\$0.03 million, and (iii) lower outsourcing fees incurred for product development by approximately S\$0.24 million in 2Q 2023 compared to 2Q 2022.

Other operating expenses were approximately S\$0.08 million in 2Q 2023, which decreased by approximately S\$3.10 million from approximately S\$3.18 million in 2Q 2022. The decrease in the other operating expenses was mainly attributable to net foreign exchange loss of approximately S\$0.08 million (2Q 2022: S\$0.01 million). In 2Q 2022, there was an impairment loss on crypto assets of S\$3.17 million (2Q 2023: impairment loss for crypto assets of S\$0.37 million).

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Finance costs

The finance costs incurred were S\$675 in 2Q 2023 (2Q 2022: S\$Nil) for a new office lease commencing in September 2022 and accrued interest for the convertible notes issued on 30 December 2022 of S\$17,552 in 2Q 2023 (2Q 2022: S\$Nil).

Income tax expenses

No income tax expenses were incurred in both 2Q 2023 and 2Q 2022.

Total comprehensive loss for the period

The total comprehensive loss for the three months under review contracted by approximately S\$2.2 million to a loss of approximately S\$0.8 million in 2Q 2023 from a loss of approximately S\$3.0 million in 2Q 2022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets increased by approximately S\$0.1 million to approximately S\$4.6 million as at 30 June 2023 from approximately S\$4.5 million as at 31 December 2022. The increase in intangible assets was mainly due to a net increase in software development of approximately S\$0.2 million following the capitalisation of additional costs, offset by a net decrease in the fair value of crypto assets of approximately S\$0.1 million.

Current assets decreased by approximately S\$2.3 million to approximately S\$0.7 million as at 30 June 2023 from approximately S\$3.0 million as at 31 December 2022. The decrease was mainly due to a reduction in cash and bank balances of approximately S\$2.1 million following the payment made for business operations in 1H 2023, and lower trade and other receivables by approximately S\$0.2 million mainly due to prepayment expensed off in the current financial period.

Non-current liabilities increased by approximately S\$0.03 million to approximately S\$7.38 million as at 30 June 2023 from approximately S\$7.35 million as at 31 December 2022. The increase was mainly due to (i) foreign exchange translation differences that have resulted in higher advances in crypto assets from third party of approximately S\$0.02 million, (ii) foreign exchange translation differences that have resulted in higher loans from shareholder by approximately S\$0.02 million, and (iii) higher foreign exchange translation differences as well as interest accrual on financial derivatives of approximately S\$0.02 million and S\$0.04 million respectively. The increase was partially mitigated by (i) lower contract liabilities by approximately S\$0.04 million following the fulfilment of contract obligations, and (ii) lower lease liabilities by approximately S\$0.03 million following the payment for lease liabilities.

Current liabilities decreased by approximately S\$1.7 million to approximately S\$1.2 million as at 30 June 2023 from approximately S\$2.9 million as at 31 December 2022. The decrease was primarily due to (i) reduction in trade and other payables by approximately S\$1.6 million following the repayment of trade payables and other payables and (ii) decrease in contract liabilities of approximately S\$0.1 million following the fulfilment of contract obligation.

As a result, the Group recorded a negative working capital of approximately S\$0.5 million as at 30 June 2023 as compared to a positive working capital of approximately S\$0.1 million as at 31 December 2022.

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The shareholders' equity decreased by approximately S\$0.5 million from a deficit of approximately S\$2.7 million as at 31 December 2022 to a deficit of approximately S\$3.2 million as at 30 June 2023. This was primarily attributable to the total comprehensive loss recorded for the current financial period of approximately S\$0.6 million. The shareholders' equity is in a negative position as a result of significant impairment made to the Group's intangible assets in FY 2022.

Notwithstanding the negative net working capital position and deficit in shareholders' equity, the Board is of the view that the Group will be able to operate as a going concern based on the factors set out below:

- (a) The current liabilities include items which would not lead to the actual cash payment by the company including agency service fee collected in advance of S\$206,659 to be recognised to profit or loss over the remaining period of the agreement (included in contract liabilities);
- (b) The crypto-currencies of S\$1,182,339 which can be converted to fiat currencies easily are included in the intangible assets in the non-current assets;
- (c) The convertible notes (as detailed in Note 17 of the notes to the Condensed Interim Consolidated Financial Statements) will be converted into equity at the earlier of (i) any time of which the volume weighted average price of the shares for three consecutive trading days is at least 361.27% of the minimum conversion price of S\$0.06922 per share, or (ii) on the maturity date of 29 December 2024;
- (d) As announced on 14 August 2023, the Company had entered into a S\$1.1 million interest free loan agreement with a controlling shareholder of the Company, who is also the Chief Executive Officer of the Company's wholly-owned subsidiary, Moonstake Pte Ltd, for general corporate and working capital purposes. The funds will be disbursed to the Company on no later than 31 August 2023 and repayable within 7 days after 30 November 2024, unless the Lender agrees in writing to grant the Company further extension of the credit term and to postpone the maturity date;
- (e) Based on the expected cashflow forecast, including those from our blockchain business, the Group has sufficient cash and crypto assets resources to fulfil its current obligations as and when they fall due;
- (f) A controlling shareholder of the Company (mentioned in (d) above) has agreed to provide continuing financial support to the Group and the Company for at least twelve (12) months from the FY2022 auditor's report dated 12 April 2023 to enable the Group and the Company to meet their obligations as and when they fall due; and
- (g) The Group will continue to explore suitable corporate funds raising exercise(s) to facilitate investment to support business growth, including potential acquisition of income generating assets, and liabilities repayment as and when they fall due.

The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the aforementioned steps and continue to operate as a going concern and confirmed that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

CONSOLIDATED STATEMENT OF CASH FLOWS

1H 2023 vs 1H 2022

The Group's net cash outflow in operating activities was approximately S\$2.3 million in 1H 2023. This consisted of cash used in operating activities before changes in working capital of approximately S\$0.8 million, and net working capital outflow of approximately S\$1.5 million. It was noted that Moonstake Group received a part of its revenue in crypto of approximately S\$0.4 million during 1H 2023 which was accounted under intangible assets as at 30 June 2023 and not treated as cash and cash equivalents for accounting purposes.

A net cash inflow of approximately S\$0.2 million was recorded in investing activities in 1H 2023, primarily due to the conversion of crypto assets into fiat money of approximately S\$0.6 million, offset by payment of software development costs of approximately S\$0.4 million.

A net cash outflow of approximately S\$0.03 million was recorded in financing activities in 1H 2023. This was mainly due to payment of lease liabilities of approximately S\$0.03 million.

2Q 2023 vs 2Q 2022

The Group's net cash outflow in operating activities was approximately S\$1.1 million in 2Q 2023. This consisted of cash used in operating activities before changes in working capital of approximately S\$0.5 million, and net working capital outflow of approximately S\$0.6 million. It was noted that Moonstake Group received a part of its revenue in crypto of approximately S\$0.2 million during 2Q 2023 which was accounted under intangible assets as at 30 June 2023 and not treated as cash and cash equivalents for accounting purposes.

A net cash inflow of approximately S\$0.1 million was recorded in investing activities in 2Q 2023, primarily due to the conversion of crypto assets into fiat money of approximately S\$0.3 million, offset by payment of software development costs of approximately S\$0.2 million.

A net cash outflow of approximately S\$0.01 million was recorded in financing activities in 2Q 2023. This was mainly due to payment of lease liabilities of approximately S\$0.01 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

The weakened cryptocurrency prices experienced in 2022, coupled with the collapse of several major cryptocurrency firms in the past quarters, have resulted in reduced investors' appetite for cryptocurrency and in-turn impacted the revenue from the staking business of the Group. As a result of these controversies, clearer regulation of digital assets across the industry is widely expected to be implemented in near terms. In addition, following the completion of the long anticipated Ethereum Merge in September 2022 and latest Shanghai Upgrade in April 2023 which enables the processing of withdrawal requests, the transaction speed, energy efficiency, and liquidity of Ether have improved. These will entice more app developers to participate and create better use cases, which bodes well for all industry players in the ecosystem including our Company.

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According to the latest data by Dune Analytics, investors have deposited approximately 23.9 million of ETH to Ethereum's staking network, roughly 20% of all tokens as of 12 July 2023. This came after the Shanghai Upgrade in April this year, which now allows validators to withdraw staked coins, hence improving its liquidity.

The increase in regulatory scrutiny on centralized exchanges like Binance and Coinbase has slowed the influx of fresh demand for staking services since early June 2023. Though, the landmark legal victory by Ripple against the US Securities and Exchange Commission (SEC) in mid-July 2023 could potentially reverse such concerns going forward.

As the industry goes through this transition, market volatility is expected to stay on the high side. Nevertheless, the fundamentals of cryptocurrency and blockchain have not changed, and it is expected that they will continue to grow in relevance. The management is confident about the fundamentals of the blockchain technology and believes in the long-term growth potential of the Group's staking business. The Group will continue to ramp-up its business development efforts to focus on sourcing projects deal with positive cash flows and to further develop a suite of products. The Group does not hold or acquire crypto assets for speculative purposes and is adopting a prudent risk management approach to mitigate the market price risk of crypto assets.

In December 2022, the Group raised US\$1,490,000 from the issuance of convertible notes to an investor. Utilising a part of the proceeds from these fund-raising exercises, the Group continues to work on various initiatives in the fast-moving blockchain and digital asset sectors for our long-term growth. In addition, the Group will continue to explore various additional funding options depending on the market conditions as well as the nature of the growth investment in the blockchain technology business.

27. If a decision regarding dividend has been made:

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

Nil.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period

Not applicable.

(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 the shareholders, this must be stated).

Not applicable

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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28. 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 period ended 30 June 2023 in view of the loss incurred during the financial period and to conserve cash for the Group's business operations and growth.

29. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), 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.

The Group does not have a general mandate from shareholders for IPT pursuant to Rule 920(1)(a)(ii) of the Catalist Rules.

30. Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A.

On 6 January 2023, the Company increased its investment in its wholly owned subsidiary, Moonstake Pte Ltd, by S\$1,302,245 (US\$968,500 at SGD/USD rate of 1.3446 as at 6 January 2023) to fund its operational expenditure.

On 15 March 2023, a wholly-owned subsidiary in Vietnam, OIO Solution Vietnam Company Limited ("**OIO Vietnam**") was incorporated by the Company for US\$298,000. The principal activities of OIO Vietnam are mainly (i) computer programming, (ii) computer consultancy and system administration, (iii) data processing, hosting and related activities, (iv) management advisory services, and (v) other information technology and computer service activities. As at the date of the announcement, OIO Vietnam has not commenced its business operation, and the capital injection to OIO Vietnam has not been made by the Company. OIO Vietnam did not have any impact on the net tangible assets per share and earnings per share of the Company and the Group for 1H 2023.

On 26 March 2023, Acmes-Kings Corporation Pte Ltd was fully dissolved and ceased to be a subsidiary of the Company. The foregoing did not have any material impact on the net tangible assets per share and earnings per share of the Company and the Group as at 30 June 2023.

On 14 May 2023, DLF Pte Ltd and DLF Prosper Venture Pte Ltd were fully dissolved and ceased to be subsidiaries of the Company. The foregoing did not have any material impact on the net tangible assets per share and earnings per share of the Company and the Group as at 30 June 2023.

31. Negative Confirmation by the Board Pursuant to Rule 705(5)

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited interim condensed financial statements of the Group for the second quarter and six months ended 30 June 2023 to be false or misleading in any material aspect.

Yusaku Mishima
Executive Chairman

Foo Kia Juah
Lead Independent Non-Executive Director

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32. Use of Proceeds

Use of Proceeds from Issuance of Convertible Notes in FY2022

On 30 December 2022, the Company announced that it had entered into subscription agreements with an investor (the “**Subscriber**”) for the issuance by the Company to the Subscribers of 3.50% convertible notes up to an aggregate principal amount of US\$1,490,000 (“**Proposed Subscription**”). After deducting the estimated expenses of US\$11,852 in relation to the Proposed Subscription, the net proceeds received was US\$1,478,148 (the “**Net Proceeds**”).

As at the date of this report, the Net Proceeds have been utilised as follows:-

Purposes	Allocation of Net Proceeds Received (US\$)	Amount Utilised (US\$)	Balance (US\$)
Financing the Group’s business expansion (including organic expansion and mergers and acquisitions)	295,630	-	295,630
Working capital and general corporate purposes (including the repayment of the Group’s liabilities)	1,182,518	(1,174,736)	7,782
Total	1,478,148	(1,174,736)	303,412

A breakdown on the Net Proceeds utilised for working capital and general corporate purposes is as follows:-

Purposes	US\$
Repayment of the Company’s liabilities including emoluments and professional fee	955,298
Payment of monthly personnel costs and professional fees	219,438
Total	1,174,736

The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company’s announcement dated 30 December 2022.

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33. **Confirmation that the issue 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 Listing Manual.**

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 Listing Manual.

BY ORDER OF THE BOARD

Yusaku Mishima

Executive Chairman

14 August 2023

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.