ANACLE SYSTEMS LIMITED

安科系統有限公司*

(Incorporated in the Republic of Singapore with limited liability)

Stock code: 8353

2024/25 INTERIM REPORT

For the six months ended
30 November 2024

** for identification purpose only*

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid- sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This document, for which the directors (the "Directors") of Anacle Systems Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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DEFINITIONS

“Audit Committee”	the audit committee under the Board
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Company”	Anacle Systems Limited 安科系統有限公司*, a company incorporated in Singapore with limited liability, the issued Shares of which are listed on the GEM (Stock code: 8353)
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries or, where the context so requires, all of its subsidiaries
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM
“Listing Date”	16 December 2016 on which date dealings in the Shares commenced on GEM
“Ordinary Share(s)”	the ordinary share(s) of nil par value in the share capital of the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period” or "2Q 2025"	the six months ended 30 November 2024
"2Q 2024"	the six months ended 30 November 2023
“Required Standard of Dealings”	the required standard of dealings in securities pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Ordinary Share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S$” or “Singapore dollars”	the lawful currency of Singapore
“TESSERACT”	an advanced Internet of Things, smart metering and controlling platform for Starlight which handles big data in the software

In this document, the terms “associate”, “close associate”, “connected person”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the respective meanings ascribed thereto under the GEM Listing Rules, unless the context otherwise requires.

* *for identification purpose only*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Lau E Choon Alex (*Chief Executive Officer*)
Mr. Ong Swee Heng (*Chief Operating Officer*)

Non-Executive Directors
Mr. Lee Suan Hiang (*Chairman*)
Prof. Wong Poh Kam
Dr. Chong Yoke Sin

Independent Non-Executive Directors
Mr. Alwi Bin Abdul Hafiz
Mr. Chua Leong Chuan Jeffrey
Mr. Mok Wai Seng

BOARD COMMITTEES

Audit Committee
Mr. Mok Wai Seng (*Chairman*)
Dr. Chong Yoke Sin
Mr. Chua Leong Chuan Jeffrey

Remuneration Committee
Mr. Alwi Bin Abdul Hafiz (*Chairman*)
Prof. Wong Poh Kam
Mr. Chua Leong Chuan Jeffrey

Nomination Committee
Mr. Lee Suan Hiang (*Chairman*)
Mr. Alwi Bin Abdul Hafiz
Mr. Mok Wai Seng

COMPLIANCE OFFICER
Mr. Ong Swee Heng

JOINT COMPANY SECRETARIES
Ms. Tsang Oi Yin
Ms. Sylvia Sundari Poerwaka

AUTHORISED REPRESENTATIVES
Mr. Lau E Choon Alex
Mr. Ong Swee Heng

INDEPENDENT AUDITOR
BDO Limited

HONG KONG SHARE REGISTRAR
Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

HEADQUARTERS, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE
3 Fusionopolis Way
#14-21 Symbiosis
Singapore 138633

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE
Suite 2903, 29/F, China Resources Building
26 Harbour Road
Wanchai, Hong Kong

PRINCIPAL BANKER
DBS Bank Ltd
12 Marina Bay Boulevard, Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

COMPANY WEBSITE
www.anacle.com

GEM STOCK CODE
8353

FINANCIAL HIGHLIGHTS

	Six months ended	
	30 November 2024 (unaudited) S$	30 November 2023 (unaudited) S$
Revenue	14,504,936	11,216,739
Gross profit	6,951,444	5,427,297
Profit/(loss) before tax	90,285	(446,161)

▲ 29.3%

REVENUE INCREASE

Total revenue increased by 29.3% or S$3,288,197 during the Reporting Period. This was due to improving market conditions resulting in revenue increases from all product segments.

▲ 28.1%

GROSS PROFIT

Gross profit for Simplicity® and Starlight® increased by S$1,409,018 and S$115,129 respectively due primarily to higher revenue earned for both segments.

▲ S$536,446

PROFIT BEFORE TAX

Profit before tax was due primarily to increased gross profit and decreased sales & marketing expenses and partially offset by increase in general and administration expenses from our offices in Australia and Japan as well as additional project bonus to reward the team for well executed projects.

DIVIDEND

The Board has not declared the payment of a dividend for the six months ended 30 November 2024 (30 November 2023: S$Nil).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months ended 30 November 2024 (unaudited) S$	Three months ended 30 November 2023 (unaudited) S$	Six Months ended 30 November 2024 (unaudited) S$	Six Months ended 30 November 2023 (unaudited) S$
Revenue	5c	**7,369,451**	**5,735,434**	**14,504,936**	**11,216,739**
Cost of sales		(3,987,121)	(2,867,122)	(7,553,492)	(5,789,442)
Gross profit		**3,382,330**	**2,868,312**	**6,951,444**	**5,427,297**
Other revenue	6	64,171	154,573	158,386	229,292
Other (losses) and gains	7	30,689	109,340	(24,362)	106,955
Marketing and other operating expenses		(744,184)	(653,535)	(1,425,499)	(1,509,860)
Administrative expenses		(2,204,931)	(1,677,821)	(3,990,940)	(3,132,764)
Research and development costs		(746,625)	(877,143)	(1,522,672)	(1,513,483)
Finance costs	8	(26,313)	(32,677)	(56,072)	(53,598)
Profit/(loss) before income tax	9	**(244,863)**	**(108,951)**	**90,285**	**(446,161)**
Income tax (expense)/credit	10	(720)	-	(432)	10,707
Profit/(loss) for the period		**(245,583)**	**(108,951)**	**89,853**	**(435,454)**
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange difference arising from translation of foreign operations		8,083	(8,733)	797	(13,962)
Total comprehensive income for the period		**(237,500)**	**(117,684)**	**90,650**	**(449,416)**
Profit/(loss) for the period attributable to:					
Owners of the Company		(246,308)	(108,655)	89,853	(435,043)
Non-controlling interests		725	(296)	-	(411)
		(245,583)	**(108,951)**	**89,853**	**(435,454)**
Total comprehensive income for the period attributable to:					
Owners of the Company		(238,225)	(117,388)	90,650	(449,005)
Non-controlling interests		725	(296)	-	(411)
		(237,500)	**(117,684)**	**90,650**	**(449,416)**
		Singapore cents	Singapore cents	Singapore cents	Singapore cents
Earnings/(loss) per share attributable to owners of the Company					
- Basic	12	**(0.06)**	**(0.03)**	**0.02**	**(0.11)**
- Diluted	12	**(0.06)**	**(0.03)**	**0.02**	**(0.11)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 November 2024 (unaudited) S$	As at 31 May 2024 (audited) S$
Non-current assets			
Property, plant and equipment	13	758,756	892,223
Right-of-use assets	26	1,890,186	2,459,732
Intangible assets	14	-	-
Staff loans	15	1,168,644	1,200,609
Deferred tax assets	28	36,930	38,500
Total non-current assets		**3,854,516**	**4,591,064**
Current assets			
Trade receivables	18	6,042,891	3,822,999
Contract assets	19	3,850,599	4,213,479
Other receivables, deposits and prepayments	20	1,079,309	804,391
Staff loans	15	63,645	88,535
Inventories	21	436,335	487,663
Bank balances and cash		8,260,365	11,721,559
Total current assets		**19,733,144**	**21,138,626**
Current liabilities			
Trade payables	22	363,907	263,238
Contract liabilities	23	1,222,420	2,823,805
Other payables and accruals	24	1,646,612	1,977,596
Amount due to a director		9,255	9,325
Provision for warranty	25	3,900	3,900
Lease liabilities	27	1,217,302	1,185,319
Income tax payable		-	39,889
Total current liabilities		**4,463,396**	**6,303,072**
Net current assets		**15,269,748**	**14,835,554**
Total assets less current liabilities		**19,124,264**	**19,426,618**
Non-current liabilities			
Provision for reinstatement cost		80,000	80,000
Lease liabilities	27	829,348	1,443,551
Total non-current liabilities		**909,348**	**1,523,551**
NET ASSETS		**18,214,916**	**17,903,067**
Capital and reserves			
Share capital	29	21,095,353	21,095,353
Reserves		(2,823,766)	(3,135,615)
Equity attributable to owners of the Company		18,271,587	17,959,738
Non-controlling interests		(56,671)	(56,671)
TOTAL EQUITY		**18,214,916**	**17,903,067**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Ordinary share capital S$	Share premium S$	Share-based compensation reserve S$	Exchange fluctuation reserve S$	Accumulated losses S$	Non-controlling interests S$	Total S$
At 31 May 2024 (audited)	**21,095,353**	**(1,376,024)**	**320,775**	**2,795**	**(2,083,161)**	**(56,671)**	**17,903,067**
Profit for the period	-	-	-	-	89,853	-	89,853
Other comprehensive income	-	-	-	797	-	-	797
Total comprehensive income	-	-	-	797	89,853	-	90,650
Recognition of share-based payment expenses	-	-	221,199	-	-	-	221,199
As at 30 November 2024 (unaudited)	**21,095,353**	**(1,376,024)**	**541,974**	**3,592**	**(1,993,308)**	**(56,671)**	**18,214,916**
At 31 May 2023 (audited)	**20,988,202**	**(1,376,024)**	**133,754**	**7,945**	**(2,810,383)**	**(54,534)**	**16,888,960**
Loss for the period	-	-	-	-	(435,043)	(411)	(435,454)
Other comprehensive income	-	-	-	(13,962)	-	-	(13,962)
Total comprehensive income	-	-	-	(13,962)	(435,043)	(411)	(449,416)
Recognition of share-based payment expenses	-	-	27,852	-	-	-	27,852
As at 30 November 2023 (unaudited)	**20,988,202**	**(1,376,024)**	**161,606**	**(6,017)**	**(3,245,426)**	**(54,945)**	**16,467,396**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 November 2024 (unaudited) S$	Six months ended 30 November 2023 (unaudited) S$
Net cash used in operating activities	(2,984,452)	(1,839,322)
Net cash generated from investing activities	166,131	193
Net cash used in financing activities	(640,557)	(608,742)
Net decrease in cash and cash equivalents	(3,458,878)	(2,447,871)
Cash and cash equivalents at beginning of period	11,721,559	11,853,222
Effect of foreign exchange rate changes	(2,316)	(17,103)
Cash and cash equivalents at end of period	**8,260,365**	**9,388,248**
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**8,260,365**	**9,388,248**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as a limited private company in Singapore on 21 February 2006. On 25 November 2016, the Company was converted into a "public company limited by shares" under the Singapore Companies Act and the Company was renamed from Anacle Systems Pte. Ltd. to Anacle Systems Limited with immediate effect. The address of the Company's registered office and principal place of business is 3 Fusionopolis Way, #14-21 Symbiosis, Singapore 138633.

The principal activities of the Group are software development, provision of enterprise application software solutions and energy management solutions, and provision of support and maintenance services.

The unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of changes in equity of the Group for the six months ended 30 November 2024 (the "**2024/25 Interim Financial Statements**") were approved for issue by the Board on 9 January 2025.

2. BASIS OF PREPARATION

The 2024/25 Interim Financial Statements have been prepared in accordance with all applicable IFRSs, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. The 2024/25 Interim Financial Statements have been prepared in accordance with applicable disclosure requirements of the GEM Listing Rules. These financial statements are unaudited but have been reviewed by the Company's audit committee (the "**Audit Committee**").

The 2024/25 Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended 31 May 2024 ("**2024 Financial Statements**").

The 2024/25 Interim Financial Statements have been prepared under the historical cost basis and are presented in Singapore Dollar ("**S$**"), which is the same as the functional currency of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

(b) Subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Computers	3 years
Furniture and fixtures	3 years
Plant and equipment	10 years
Leasehold improvements	Over the lease term

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right of use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the Group's incremental borrowing rate. The payments less lease incentive for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments and generally be included in the Group's lease liabilities

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

(e) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component using the practical expedient in IFRS 15.

Contract revenue from the Group's projects of provision of enterprise application software solutions and energy management solution

The Group generates revenue from projects of provision of enterprise application software solutions and energy management solutions including customer-specified enhancements to the existing implemented solutions. The transaction price for the services are charged at a fixed contracted price. Invoices are issued according to contractual terms and are usually payable within 90 days.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Revenue recognition (Continued)

Contract revenue from the Group's projects of provision of enterprise application software solutions and energy management solution (Continued)

Revenue from projects are recognised by reference to the stage of completion when this can be measured reliably. The stage of completion is determined by reference to the work done at the end of reporting period as a percentage of total estimated work. Foreseeable losses from contracts are fully provided for when they are identified. The revenue is recognised over time as the Group's activities create or enhance an asset under the customer's control.

Contract balances relating to system integration contracts in progress were presented in the statement of financial position under "contact assets" or "contract liabilities" respectively. Details please refer to note 3(f).

Revenue from maintenance service

Maintenance service includes technical support and software assurance. Revenue from maintenance services is recognised over time as the benefits are received and consumed simultaneously by the customer. Maintenance revenue is recognised based on time elapsed and rateably over the contract duration. Under the standardised agreement, the performance obligation is to stand ready to provide technical support and unspecified software updates on a when-and-if-available basis. Invoices for maintenance services are issued on a monthly basis and are usually payable within 30 days. No significant financial component existed.

Subscription revenue

Subscription revenue is recognised over time as the benefits are received and consumed simultaneously by the customer. Subscriptions contracts are structured as fee-per-account with a minimum number of base accounts. There is no variable consideration in the Group's standard subscription contracts. Subscription revenue is recognised by the number of accounts.

Rental income

Rental income from leasing of hardware is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(g) Income taxes

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non- assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if, (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Singapore dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange fluctuation reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange fluctuation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange fluctuation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes mandatory contributions to the Central Provident Fund in Singapore, a defined contribution scheme with individualised accounts fully-funded by both workers and employers.

(j) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share-based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred government grants and consequently are effectively recognised in profit or loss over the useful life of the asset.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(m) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

(i) Revenue recognition of contract revenue from projects of provision of enterprise application software solutions and energy management solutions

The Group recognises revenue from provision of enterprise application software solutions and energy management solutions over time by measuring the progress towards complete satisfaction of the relevant performance obligation. The progress is determined based on the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation by reference to the proportion of the actual costs incurred relative to the total expected contract costs, that best depict the Group's performance in creating or enhancing an asset under the customer's control. Notwithstanding that the management reviews and revises the estimates of total cost incurred and expected to be incurred for each individual project as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources of estimation uncertainty that have significant risks of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year are as follows:

(i) Share-based compensation arrangement

The Group has granted share options to its employees and other qualifying participants. The directors have adopted the Black-Scholes pricing model to determine the total fair value of the options granted, which is to be expensed over the respective vesting periods. Significant estimates and judgment on key parameters, such as risk-free rate, dividend yield and expected volatility, are required to be made by directors based on historical experience and other relevant factors in applying the Black-Scholes pricing model. Changes in these estimates and judgments could materially affect the fair value of these options granted.

The fair value of share options granted to employees and other qualifying participants determined using the Black-Scholes pricing model was approximately S$983,600 (equivalent to approximately HK$5,644,000).

(ii) Recoverability of contract assets for contracted enterprise application software solutions and energy management solutions services

The Group works on projects of provision of enterprise application software solutions and energy management solutions to customers before the customers pay consideration or before payments are due, contract assets are recognised for the earned considerations that are conditional. Contract assets are stated at cost less impairment. In assessing the recoverability of the contract assets, the Group regularly reviews and, where appropriate, adjusts the financial budget of each construction work based on work progress and latest available information (including correspondence with contract customers), and estimates the amount of foreseeable losses or attributable profits of each construction contract. When it is probable that total contract costs will exceed total contract revenue which indicates an impairment, the expected loss is recognised as an expense immediately. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.

The recoverability assessment of contract assets involves significant estimations and judgements made by management when management prepares financial budgets of each construction work.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision- maker that are used to make strategy decisions.

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

- Simplicity is a package of enterprise application software solutions which provides specific solutions for enterprise asset management, shared resources management, tenancy management, financial management, supply chain management, customer relationship management and billing management; and

- Starlight is a one-stop cloud-based energy management solutions which provides all-time access to the energy profiles of buildings, including information such as energy consumption, power quality, energy analytics and carbon footprint profiles.

Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

(a) Business segments

	Simplicity		Starlight		Total	
	Six months ended 30 November					
	2024 (unaudited) S$	2023 (unaudited) S$	2024 (unaudited) S$	2023 (unaudited) S$	2024 (unaudited) S$	2023 (unaudited) S$
Revenue from external customers	13,646,874	10,546,151	858,062	670,588	14,504,936	11,216,739
Gross profit	6,501,959	5,092,941	449,485	334,356	6,951,444	5,427,297
Reportable segment profit/(loss)	3,649,133	2,879,573	72,659	(103,080)	3,721,792	2,776,493
Professional fees	1,787,876	1,047,498	121,725	108,543	1,909,601	1,156,041
Staff costs	6,898,758	5,815,537	531,166	541,654	7,429,924	6,357,191
Depreciation and amortisation	31,313	38,456	50,682	28,900	81,995	67,356
Reversal of provision for obsolete inventories	-	-	(103)	-	(103)	-
Reversal of provision for expected credit loss – trade receivables and contract assets	-	(132,633)	-	855	-	(131,778)

	As at					
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Reportable segment assets	10,320,576	8,520,173	1,074,105	1,009,211	11,394,681	9,529,384
Additions to non-current assets	1,606	73,445	39,942	166,107	41,548	239,552
Reportable segment liabilities	1,888,399	3,334,370	212,714	139,349	2,101,113	3,473,719

5. SEGMENT REPORTING (Continued)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	Three months ended 30 November		Six months ended 30 November	
	2024 (unaudited) S$	2023 (unaudited) S$	2024 (unaudited) S$	2023 (unaudited) S$
Profit/(loss) before income tax				
Reportable segment profit	1,604,303	1,412,082	3,721,792	2,776,493
Other revenue	64,171	154,240	158,386	228,959
Other losses	30,313	(19,526)	(42,171)	(24,823)
Finance costs	(25,034)	(32,677)	(53,211)	(53,598)
Unallocated expenses:				
- Staff costs	(1,263,618)	(984,236)	(2,293,208)	(1,910,170)
- Share-based payments	(93,991)	(27,852)	(221,199)	(27,852)
- Rental expenses	(1,545)	(1,230)	(2,775)	(2,461)
- Legal and professional fee	(49,922)	(68,539)	(144,256)	(111,532)
- Depreciation	(56,333)	(56,503)	(112,537)	(112,365)
- Depreciation of rights-of-use assets	(272,481)	(281,291)	(545,137)	(557,358)
- Others	(180,726)	(203,419)	(375,399)	(651,454)
Consolidated profit/(loss) before income tax	**(244,863)**	**(108,951)**	**90,285**	**(446,161)**

	As at 30 November 2024 (unaudited) S$	As at 31 May 2024 (audited) S$
Assets		
Reportable segment assets	11,394,681	9,529,384
Bank balances and cash	8,260,365	11,721,559
Right-of-use assets	1,865,040	2,418,557
Property, plant and equipment	446,059	503,058
Unallocated corporate assets	1,621,515	1,557,132
Consolidated total assets	**23,587,660**	**25,729,690**

	As at 30 November 2024 (unaudited) S$	As at 31 May 2024 (audited) S$
Liabilities		
Reportable segment liabilities	2,101,113	3,473,719
Other payables and accruals	1,174,678	1,650,897
Lease liabilities	2,016,953	2,582,118
Unallocated corporate liabilities	80,000	119,889
Consolidated total liabilities	**5,372,744**	**7,826,623**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING (Continued)

(c) Disaggregation of revenue

In the following table, revenue is disaggregated by timing of recognition and primary geographical market:

	Simplicity		Starlight		Total	
	Six months ended 30 November					
	2024	2023	2024	2023	2024	2023
	S$	S$	S$	S$	S$	S$
Timing of revenue recognition						
Transferred over time						
- Project revenue	7,252,009	5,045,413	564,504	399,021	7,816,513	5,444,434
- Maintenance services	4,432,107	3,536,992	93,405	130,633	4,525,512	3,667,625
- Subscription	1,959,758	1,963,746	-	-	1,959,758	1,963,746
Recognised at a point in time						
- Sale of equipment	3,000	-	47,144	19,022	50,144	19,022
Other sources						
- Lease of equipment	-	-	153,009	121,912	153,009	121,912
	13,646,874	**10,546,151**	**858,062**	**670,588**	**14,504,936**	**11,216,739**
Primary geographical market						
Singapore	12,860,987	9,821,552	742,736	668,832	13,603,723	10,490,384
Thailand	710,100	592,858	-	-	710,100	592,858
Malaysia	17,834	6,965	22,456	-	40,290	6,965
PRC	24,852	47,533	-	-	24,852	47,533
Others	33,101	77,243	92,870	1,756	125,971	78,999
	13,646,874	**10,546,151**	**858,062**	**670,588**	**14,504,936**	**11,216,739**

The following table provides an analysis of the Group's non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets")

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Specified non-current assets		
Singapore	2,483,590	3,144,715
India	165,352	207,240
	2,648,942	3,351,955

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT REPORTING (Continued)

(d) Information about major customers

Revenue from the Group's major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Six months ended	
	30 November 2024 (unaudited) S$	30 November 2023 (unaudited) S$
Customer A	3,852,080	2,305,152
Customer B	-	1,552,785
Customer C	-	1,240,425

6. OTHER REVENUE

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
Government grants	2,069	71,380	5,348	83,912
Bank interest income	55,586	68,485	139,315	130,444
Staff loan interest income	5,673	12,889	11,509	12,889
Others	843	1,819	2,214	2,047
	64,171	154,573	158,386	229,292

7. OTHER (LOSSES) AND GAINS

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
Net exchange losses	30,687	(19,526)	(24,465)	(24,823)
Reversal of provision for inventory obsolescence	2	-	103	-
Reversal of provision for expected credit loss, net:				
- Trade receivables and contract assets	-	128,866	-	131,778
	30,689	109,340	(24,362)	106,955

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. FINANCE COSTS

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
Interest on lease liabilities	(26,313)	(32,677)	(56,072)	(53,598)

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
Staff costs (including directors' emoluments)				
Salaries and allowances	4,599,396	3,875,383	8,709,360	7,439,700
Share-based payments	93,991	27,852	221,199	27,852
Contributions on defined contribution retirement plans	392,791	331,636	730,417	630,800
	5,086,178	4,234,871	9,660,976	8,098,352
Depreciation of property, plant and equipment	87,597	82,637	173,138	160,941
Depreciation of right-of-use assets	283,050	281,291	566,531	557,358
Amortisation of intangible assets	-	9,390	-	18,780
Reversal of provision for expected credit loss, net	-	(128,866)	-	(131,778)

10. INCOME TAX (EXPENSE)/CREDIT

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
Current tax credit – overseas				
- over provision for prior year	776	-	1,064	10,707
Deferred tax charge	(1,496)	-	(1,496)	-
	(720)	-	(432)	10,707

Pursuant to the corporate tax rules and regulations of Singapore, Malaysia, India, PRC, Australia, and Japan, the corporate taxes of the Company, Anacle Systems Sdn. Bhd., Anacle Systems (India) Private Limited, Anacle Systems (Shanghai) Co., Ltd., Anacle Systems Pty Ltd, and Anacle Systems Co., Ltd., are calculated at 17%, 17%, 29%, 25%, 25%, and 23.2% respectively, on the taxable profit.

11. DIVDEND

The Board has not declared the payment of a dividend for the six months ended 30 November 2024 (30 November 2023 : S$Nil).

12. EARNINGS/(LOSS) PER SHARE

For the six months ended 30 November 2024, the basic and diluted earnings per share of the Company was 0.02 Singapore cents. The calculation for the basic earnings per share was based on the profit attributable to the owners of the Company of S$89,853 and 406,976,128 Ordinary Shares in issue. The calculation for the diluted earnings per share was based on the profit attributable to the owners of the Company of S$89,853 and 422,038,415 weighted average number Ordinary Shares in issue.

For the six months ended 30 November 2023, the basic loss per share of the Company was S$0.11 cents. The calculation is based on the loss attributable to the owners of the Company of S$435,043 and 405,279,683 Ordinary Shares in issue. Diluted loss per share of the Company was S$0.11 cents which was based on the loss attributable to the owners of the Company of S$435,043 and 405,820,898 weighted average number of Ordinary Shares in issue.

13. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired property, plant and equipment valued at S$41,548 (for the six months ended 30 November 2023: S$211,404). Included in the addition to the property, plant and equipment were Starlight meters amounting to S$33,965 (30 November 2023: S$108,742) that were leased to customers with useful life of five years which corresponded to the contractual lease terms. A depreciation charge of S$28,469 were recognised as Starlight cost of sales during the Reporting Period (30 November 2023: S$20,718).

14. INTANGIBLE ASSETS

During the Reporting Period, the Group did not incur any additional development cost in respect of the intangible assets (for the six months ended 30 November 2023: S$Nil).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. STAFF LOANS

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Principal amount		
- key management personnel	1,056,040	1,183,049
- employee	233,104	243,315
Interest income	11,509	25,085
Repayment amount		
- principal	(56,855)	(137,220)
- interest	(11,509)	(25,085)
Allowance for impairment losses	-	-
As at end of period	1,232,289	1,289,144
Represented as		
- Current portion	63,646	88,535
- Non-current portion	1,168,643	1,200,609

16. INTERESTS IN ASSOCIATES

Name of company	Form of business structure	Place of incorporation/ operation	Percentage of ownership interest/ voting rights/ profit share	Principal activities
EASI Technology Co Ltd. ("EASI") (note (a))	Corporation	PRC	- (31 May 2024: 25%)	Provision of enterprise asset and energy management and software and maintenance services

Notes:

(a) EASI was established to expand the market of the Company's software products to PRC market. During the year ended 31 May 2020, the Group's management ceased to be the controlling party of EASI. The Company made an application to the local authority to amend the constitution of EASI, which changed the composition of the board of directors of EASI. Following this amendment, the remaining 50.1% interest in EASI was recognised as interest in an associate and equity accounted for.

On 12 July 2024, the Company has disposed its investment in EASI for a consideration of $1.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENTS IN SUBSIDIARIES

Name of subsidiaries	Place of incorporation / operation	Issued and fully paid share capital / registered capital	Attributable equity interest held by the Company	Principal activities
			directly	
Anacle Systems Sdn. Bhd.	Malaysia	RM100,000	100% (31 May 2024: 100%)	Provision of enterprise asset and energy management and software and maintenance services
Anacle Systems (India) Private Limited	India	Rs100,000	99.99% (31 May 2024: 99.99%)	Research and development, design, and supervise the manufacturing and assembly process of hardware products
Anacle Systems (Shanghai) Co Ltd.	PRC	-	100% (31 May 2024: 100%)	Provision of enterprise asset and energy management and software and maintenance services
Anacle Systems Pty Ltd	Australia	AUD200,000	100% (31 May 2024: 100%)	Provision of enterprise asset and energy management and software and maintenance services
Anacle Systems Co., Ltd.	Japan	JPY 10,000,000	100% (31 May 2024: 100%)	Provision of enterprise asset and energy management and software and maintenance services
EASI Holdings Pte. Ltd. (note (a))	Singapore	$10	70% (31 May 2024: 70%)	Investment holding

Notes:

(a) On 30 September 2024 the Group's management made an application for striking off to the Singapore Accounting and Corporate Regulatory Authority ("ACRA"). On 6 November 2024 (the "First Gazette Notification") EASI Holdings Pte. Ltd. was gazetted for struck-off and at the expiration of 60 days from the First Gazette Notice, EASI Holdings Pte. Ltd. will be struck off from the Singapore Register of Companies.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE RECEIVABLES

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Trade receivables	6,116,868	3,894,353
Less: provision for expected credit loss	(73,977)	(71,354)
	6,042,891	3,822,999

The ageing analysis of trade receivables (net of impairment losses) at the end of the Reporting Period, based on the invoice date, is as follows:

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Within 1 month	4,502,721	3,340,480
2 to 3 months	999,944	457,468
7 to 12 months	540,226	25,051
	6,042,891	3,822,999

The Group has a policy allowing its customers credit periods normally ranging from 30 days to 90 days. The Group does not hold any collateral as security.

Trade receivables that were neither past due nor impaired primarily relate to the Group's main customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

At the end of the Reporting Period, the Group's trade receivables are individually determined for impairment testing. The impairment losses recognised on trade receivables are expensed immediately for the amount by which the trade receivables' carrying amounts exceeds their recoverable amounts.

19. CONTRACT ASSETS

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Unbilled revenue from contracts in progress	3,871,772	4,234,652
Less: provision for expected credit loss	(21,173)	(21,173)
	3,850,599	4,213,479

Projects of provision of enterprise application software solutions and energy management solutions

The Group's project contracts of provision of enterprise application software solutions and energy management solutions include payment schedules which require stage payments over the contracted period once milestones are reached. Unbilled revenue is initially recognised for revenue earned from the provision of enterprise application software solutions and energy management solutions as the receipt of consideration is conditional on successful completion of projects. Upon completion of projects and acceptance by the customer, the amounts recognised as unbilled revenue are reclassified to trade receivables.

The Group classifies these contract assets as current because the Group expects to realise them in the normal operating cycle, i.e. expected to be realised within 12 months. Changes in the contract assets balances during the reporting period were due to normal business activities.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

After applying the expected credit loss rate to gross amount of contract assets, the management considered that the provision for impairment loss of contract assets was sufficient.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Deposits	717,008	713,061
Prepayments	362,301	89,320
Other receivables	-	2,010
	1,079,309	804,391

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. INVENTORIES

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Raw materials	8,136	120,826
Finished goods	428,199	366,837
	436,335	487,663

22. TRADE PAYABLES

The Group's trade payables are non-interest bearing. Generally, the credit term received from suppliers of the Group is 30 days.

The ageing analysis of trade payables, based on invoice date, as at the end of the Reporting Period is as follows:

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Within 1 month	332,670	262,892
1 to 2 months	31,237	346
	363,907	263,238

23. CONTRACT LIABILITIES

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Contract liabilities arising from:		
Construction projects of Simplicity and Starlight	26,990	123,791
Advance income received for maintenance services	1,195,430	2,700,014
	1,222,420	2,823,805

23. CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	Construction projects S$	Maintenance services S$	Total S$
Balance as at 1 June 2023 (audited)	41,596	2,596,129	2,637,725
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(41,596)	(2,596,129)	(2,637,725)
Increase in contract liabilities as a result of billing in advance of construction contracts	123,791	-	123,791
Increase in contract liabilities as a result of advance payment received from ccustomers for system enhancement and maintenance services	-	2,700,014	2,700,014
Balance as at 31 May 2024 (audited)	123,791	2,700,014	2,823,805
Decrease in contract liabilities as a result of recognising revenue during the period that was included in the contract liabilities at the beginning of the period	(123,791)	(2,700,014)	(2,823,805)
Increase in contract liabilities as a result of billing in advance of construction contracts	26,990	-	26,990
Increase in contract liabilities as a result of advance payment received from ccustomers for system enhancement and maintenance services	-	1,195,430	1,195,430
Balance as at 30 November 2024 (unaudited)	26,990	1,195,430	1,222,420

24. OTHER PAYABLES AND ACCRUALS

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Accruals	496,977	907,509
Other payables	730,987	641,946
Goods and Services Tax payables (note)	418,648	428,141
	1,646,612	1,977,596

Note: Goods and Services Tax is a broad-based consumption tax levied on the import of goods as well as nearly all supplies of goods and services in Singapore.

25 PROVISION FOR WARRANTY

The provision for warranty represents the amount recognised for the expected replacement of inventories for completed projects. The management assessed the possibility of further warranty claim based on the Group's recent claim experience and considered the provision for warrant as at 30 November 2024 was adequate.

26. LEASES

(a) Leases as lessee

The Group leases office properties. The leases typically run for a period of one to six years. Lease payments are renegotiated every one to six years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

Information about leases for which the Group is a lessee is presented below:

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
As at beginning of period	2,459,732	3,491,622
Lease modification	-	94,522
Depreciation charge for the period	(566,531)	(1,124,672)
Exchange alignment	(3,015)	(1,740)
As at end of period	1,890,186	2,459,732

(ii) Amounts recognised in profit or loss

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
Interest on lease liabilities	26,313	32,677	56,072	53,598
Expenses relating to short-term leases and leases of low-value assets	1,545	1,230	2,775	2,461
	27,858	33,907	58,847	56,059

(b) Leases as lessor

The Group leases out its Starlight meters. All leases are classified as operating leases from a lessor perspective. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during the Reporting Period was S$153,009 (30 November 2023: S$121,912).

26. LEASES (CONTINUED)

(b) Leases as lessor (Continued)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Within one year	292,203	269,292
Within two to five years	672,416	621,137
	964,619	890,429

27. LEASE LIABILITIES

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Current liabilities		
Lease liabilities - current portion	1,217,302	1,185,319
Non-current liabilities		
Lease liabilities - non-current portion	829,348	1,443,551

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Properties		
Balance as at the beginning of period	2,628,870	3,651,725
Lease modification	-	94,522
Interest expense	56,072	123,088
Lease payments	(640,557)	(1,238,614)
Exchange alignment	2,265	(1,851)
	2,046,650	2,628,870

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

27. LEASE LIABILITIES (CONTINUED)

Future lease liabilities are payable as follows:

	Minimum lease payments S$	Interest S$	Present value S$
At 30 November 2024			
Not later than one year	1,287,313	70,011	1,217,302
Later than one year and not later than five years	847,318	17,970	829,348
	2,134,631	87,981	2,046,650
At 31 May 2024			
Not later than one year	1,283,793	98,474	1,185,319
Later than one year and not later than five years	1,489,415	45,864	1,443,551
	2,773,208	144,338	2,628,870

The present value of future lease payments are analysed as:

	As at	
	30 November 2024 (unaudited) S$	31 May 2024 (audited) S$
Current liabilities	1,217,302	1,185,319
Non-current liabilities	829,348	1,443,551
	2,046,650	2,628,870

28. DEFERRED TAXATION

Details of the deferred tax assets and liabilities recognised and movements during the period:

	Accelerated tax depreciation and amortisation S$	Tax losses S$	Total S$
At 31 May 2023	222	92,000	92,222
Credit/(charge) to profit or loss for the year	38,283	(92,000)	(53,717)
Exchange alignment	(5)	-	(5)
At 31 May 2024	38,500	-	38,500
Charge to profit or loss for the period	(1,496)	-	(1,496)
Exchange alignment	(74)	-	(74)
At 30 November 2024	36,930	-	36,930

29. SHARE CAPITAL

	Number of Shares	Share capital S$
Issued and fully paid:		
As at 31 May 2024 (audited) and 30 November 2024 (unaudited)	406,976,128	21,095,353

30. SHARE BASED PAYMENTS

Post-IPO Employee Share Options

The Company has conditionally adopted the Post-IPO Share Option Scheme which was approved by written resolutions passed by the Shareholders on 24 November 2016.

The Board of Directors of the Company granted/conditionally granted an aggregate of 39,915,849 Post- IPO share options to 10 eligible participants on 12 October 2023 (the "**2023 Plan**"). 16,000,000 Post-IPO share options were granted to the two executive directors of the Company, 13,250,000 Post-IPO share options were granted to four key management personnel, and 10,665,849 Post-IPO share options were granted to four employees of the Company.

Of the aggregate 39,915,849 Post-IPO share options, 31,000,000 Post-IPO share options which required the approval of shareholders, were subsequently approved at the extraordinary general meeting held by the Company on 8 December 2023. The remaining 8,915,849 share options were granted and accepted on 12 October 2023.

Each of the Post-IPO share options is exercisable in four equal tranches at the end of each year commencing from the grant date ("**Grant Date**"). In respect of each portion of share options which is vested, the exercise period (the "**Exercise Period**") shall be the period beginning on the relevant vesting date and ending on the 10th anniversary of the Grant Date. The Share Options (to the extent not already exercised) shall lapse automatically at the expiry of the Exercise Period.

Each of the Post-IPO share options are exercisable at HK$0.256 (or approximately S$0.045) per Share, being the higher of (i) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days (as defined in the GEM Listing Rules) immediately preceding the Grant Date, being HK$0.256; and (ii) the closing price of the Shares to be issued by the Stock Exchange on the Grant Date, being HK$0.250.

The estimated fair values of the options granted on that date is approximately S$983,600 (equivalent to HK$5,644,000). These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30. SHARE BASED PAYMENTS (CONTINUED)

Post-IPO Employee Share Options (Continued)

Weighted average share price	HK$0.250
Exercise price	HK$0.256
Expected volatility	54.2% to 57.5%
Expected life	10 years
Risk-free rate	3.90% to 3.96%
Expected dividend yield	0.00%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 8 years. The expected life used in the model has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The terms and conditions of the grants and movements in the number of share options during the Reporting Period were as follows:

		Number of shares issuable under share options				
Category of participant	Date of grant	At the beginning of the period	Granted during the period	Exercised during the period	At the end of the period	Exercise price S$
Directors	12-Oct-2023	16,000,000	-	-	16,000,000	0.045
Senior Management	12-Oct-2023	15,000,000	-	-	15,000,000	0.045
Employees	12-Oct-2023	8,915,849	-	-	8,915,849	0.045
		39,915,849	-	-	39,915,849	0.045

The movement of number of outstanding share options and weighted average exercise prices of the share options during the Reporting Period are as follows:

	30 November 2024 (unaudited)	
	Weighted average exercise price S$	Number
Outstanding at 31 May 2024 (audited) and at 30 November 2024 (unaudited)	0.045	39,915,849

Of the total number of options outstanding, 9,978,962 share options had vested and were exercisable as at 30 November 2024.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions during the Reporting Period:

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
With subsidiaries				
R&D service charge	113,974	143,175	211,229	275,761
Provision of manpower	43,552	46,944	93,152	63,822
Purchase of finished goods	23,670	-	23,670	17,431
Sale of finished goods	2,924	-	4,889	-
Royalty fee	21,933	81,291	21,933	81,291
	206,053	271,410	354,873	438,305

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
With an associate				
Provision of manpower charges from an associate, EASI Technology Co., Ltd. (note)	-	83,427	28,375	166,710

Note: The Group disposed its investment in EASI Technology Co., Ltd. on 12 July 2024.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the Reporting Period were as follows:

	Three months ended 30 November		Six months ended 30 November	
	2024 (Unaudited) S$	2023 (Unaudited) S$	2024 (Unaudited) S$	2023 (Unaudited) S$
Salaries, allowances and benefits in kind	428,700	394,875	892,350	727,275
Share-based payment	162,091	10,120	162,091	10,120
Contributions to defined contribution retirement plans	23,256	23,537	41,616	41,897
	614,047	428,532	1,096,057	779,292

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) With respect to the staff loans disclosed in notes 6 and 15, in 2023, the Group granted housing loans to three key management personnel amounting to S$1,270,000, bearing interest rates ranging from 1.37% to 2.20%. One of the three housing loans was fully repaid on 31 August 2024. As as 30 November 2024, the carrying amount of the remaining two housing loans was S$1,004,376. The total interest income during the Reporting Period was S$8,968.

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Operating Segments

We operate as two segments: Simplicity® and Starlight®.

Simplicity®

Simplicity® is a suite of business software applications designed to cater to the specific needs of operations within the built environment. With its cloud and mobile apps-enabled platform, Simplicity® offers a user-friendly experience that is both easy to implement and utilise effectively.

Our primary focus is on meeting the advanced and complex requirements of large enterprises in the Asia- Pacific region. As a Software-as-a-Service (SaaS) model, Simplicity® ensures seamless accessibility and continuous updates for our customers. In addition, we offer professional services to provide dedicated support throughout the implementation and ongoing utilisation of Simplicity® software.

Simplicity® offers three major vertical solutions tailored to different market segments:

Simplicity® Real Estate ("RE") Solution

Geared towards commercial landlords and asset/property managers, Simplicity® RE is the ultimate software solution for managing commercial real estate portfolios in the Asia-Pacific region. Its advanced features include workflow-driven end-to-end automation and powerful big data analytics for rental, finance, and property management operations. With scalability to accommodate various property types, such as office, retail, industrial, logistics, self-storage, residential, and food court assets, Simplicity® RE has gained the trust of Asia-Pacific's leading real estate companies.

Simplicity® Digital Workplace ("DW") Solution

Targeting large companies and organizations with substantial real estate holdings, Simplicity® DW provides unparalleled operational and financial visibility into all aspects of corporate real estate. It offers advanced space, asset, and shared resources management and optimization capabilities. Utilizing 3D models based on Digital Twin technologies, Simplicity® DW simplifies the creation and maintenance process, eliminating the need for cumbersome and expensive traditional 2D CAD components. It is the ideal tool for managing corporate real estate and assets for enterprises with more than one million square feet of space or more than ten thousand assets to oversee.

Simplicity® Utilities ("UT") Solution

Tailored for the utilities industries, Simplicity® UT offers comprehensive and advanced solutions for revenue assurance and the management of mission-critical assets. This solution features workflow-driven end-to-end contract and billing management, as well as field-service automation and advanced big data analytics for maintenance, safety, and supply chain operations. With scalability to accommodate millions of retail customers and mission-critical assets and network elements, Simplicity® UT serves utilities spanning power, water & wastewater, gas, cooling & heating, as well as telecommunications.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Sources of Revenue

SaaS subscription revenue

SaaS subscription revenue is recognised over time as the benefits are received and consumed simultaneously by the customer. Subscription contracts for Simplicity® Utilities are structured as fee-per-account with a minimum number of base accounts and revenue is recognised by the number of accounts every month. Invoice is typically monthly in arrears. Arrears amounts are recorded as unbilled income under trade receivables. Subscription contracts for Simplicity® Real Estate and Simplicity® Digital Workplace are structured as fee-per-user seats which are fixed over the duration of the contract. We typically issue invoices annually in advance. Amounts that have been invoiced are recognised as deferred income or revenue depending on whether the customers have received and consumed the benefits from the subscription, which is typically on a monthly basis. There is no variable consideration in our standard subscription contracts.

Lease of IoT devices revenue

Lease income from leasing of IoT devices is recognised on a straight-line basis over the term of the lease.

Sales of IoT hardware devices revenue

Sales of hardware are recognised when the customer takes possession of and accepts the products. This is usually taken as the time when the goods are delivered and the customer has accepted the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. There is generally only one performance obligation. Invoices are issued when the customer takes possession of and accepts the products. The transaction price is determined based on a stand-alone quoted selling price of the hardware.

Maintenance and technical services revenue

Under the standard maintenance and technical support services, the performance obligation is to stand ready to provide technical support and unspecified software updates on a when-and-if-available basis. The customers simultaneously receive and consume the benefits of these services. Maintenance and technical support revenue is recognised based on time elapsed and rateably over the contract duration which is typically for 12 months. We generally invoice our customers monthly. Some maintenance and technical support services agreements are invoiced annually or quarterly in advance. Amounts that have been invoiced are recognised as deferred income depending on whether the customers have received and consumed the benefits from the maintenance and technical support services, which in our case, is on a monthly basis. The remaining minority of maintenance and technical support services agreements are invoiced monthly or quarterly in arrears. Arrears amounts are recorded as unbilled income under trade receivables.

Revenue from updates support and professional services

Revenue from updates support and professional services are collectively presented in note 5(c) to the unaudited condensed consolidated financial statements as project revenue. Transaction price for these services is charged at a fixed contracted price. Invoices are issued according to contractual terms. Revenue recognised over time by reference to the stage of completion which is determined by reference to the work done at the end of reporting period as a percentage of total estimated work ("input method"). Foreseeable losses from contracts are fully provided for when they are identified. Contract balances relating to system integration contracts in progress were presented in the consolidated statement of financial position under "contract assets" or "contract liabilities" respectively.

Results of Operations

The following table provides an overview of our operating results for the six months ended 30 November 2024 ("**2Q 2025**") and the six months ended 30 November 2023 ("**2Q 2024**"):

	2Q 2025 S$	**% of Total Revenue**	2Q 2024 S$	% of Total Revenue
Revenue	**14,504,936**	**100.00**	**11,216,739**	**100.00**
- Subscription and support services	12,800,465	88.25	8,705,287	77.61
- Professional services	1,704,471	11.75	2,511,452	22.39
Cost of Sales	**(7,553,492)**	**(52.08)**	**(5,789,442)**	**(51.61)**
- Subscription and support services	(6,227,147)	(42.93)	(4,110,073)	(36.64)
- Professional services	(1,326,345)	(9.14)	(1,679,369)	(14.97)
Gross Profit	**6,951,444**	**47.92**	**5,427,297**	**48.39**
- Subscription and support services	6,573,318	45.32	4,595,214	40.97
- Professional services	378,126	2.61	832,083	7.42
Operating Expenses	**(6,939,111)**	**(47.84)**	**(6,156,107)**	**(54.88)**
- Research and development	(1,522,672)	(10.50)	(1,513,483)	(13.49)
- Sales, marketing, and distribution	(1,425,499)	(9.83)	(1,509,860)	(13.46)
- General and administrative	(3,990,940)	(27.51)	(3,132,764)	(27.93)
Income/(loss) from Operations	**12,333**	**0.09**	**(728,810)**	**(6.50)**
Other revenue	158,386	1.09	229,292	2.04
Other losses	(24,362)	(0.17)	106,955	0.95
Finance costs	(56,072)	(0.39)	(53,598)	(0.48)
Profit/(loss) before tax	**90,285**	**0.62**	**(446,161)**	**(3.98)**
Income tax (expense)/credit	(432)	0.00	10,707	0.10
Net profit/(loss) after tax	**89,853**	**0.62**	**(435,454)**	**(3.88)**

MANAGEMENT DISCUSSION AND ANALYSIS

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Revenue

Our total revenue for 2Q 2025 and 2Q 2024, were as follows:

	2Q 2025 S$	2Q 2024 S$	Variance S$	Variance %
Subscription and support services	12,800,465	8,705,287	4,095,178	47.04
Professional services	1,704,471	2,511,452	(806,981)	(32.13)
Total	**14,504,936**	**11,216,739**	**3,288,197**	**29.32**

The increase in subscription and support services revenue for 2Q 2025 was primarily caused by an increased number of new customers, expansion of our product offerings sold to existing customers, as well as strong customer renewals. Pricing was not a significant driver of the increase in revenues for either period.

The increase in professional services revenue was due primarily to completion of two system implementations for our multi-year transformation engagements.

Revenue by Product Line

Product line	2Q 2025 S$	2Q 2024 S$	Variance S$	Variance %
Simplicity® Real Estate	8,081,949	6,408,963	1,672,986	26.10
Simplicity® Digital Workplace	4,161,473	2,856,365	1,305,108	45.69
Simplicity® Utilities	1,403,452	1,280,823	122,629	9.57
Starlight®	858,062	670,588	187,474	27.96
Total	**14,504,936**	**11,216,739**	**3,288,197**	**29.32**

Revenue by product line is determined based on the product line subscribed to or purchased by the customer. Growth was dominated by Simplicity® Real Estate and Simplicity® Digital Workplace due to the delivery of major projects for both product lines.

Revenue by Geography

Country	2Q 2025 S$	2Q 2025 %	2Q 2024 S$	2Q 2024 %
Singapore	13,603,723	93.79	10,490,384	93.52
Thailand	710,100	4.90	592,858	5.29
India	81,982	0.57	-	-
Malaysia	40,290	0.28	6,965	0.06
Brunei Darussalam	28,068	0.19	23,500	0.21
China	24,852	0.17	47,533	0.42
Japan	8,048	0.06	-	-
Qatar	5,033	0.03	-	-
Philippines	2,840	0.02	1,756	0.02
Hong Kong	-	-	53,743	0.48
Total	**14,504,936**	**100.00**	**11,216,739**	**100.00**

Revenue by geography are determined based on the region of the customer contracting entity, which may be different than the Group contracting entity. Growth was dominated by the Singapore market, driven primarily by the strong Singapore economy and increased local demand for our products.

Costs and Expenses

Our costs and expenses for 2Q 2025 and 2Q 2024, were as follows:

	2Q 2025 S$	2Q 2024 S$	Variance S$	Variance %
Cost of Sales (A)	**7,553,492**	**5,789,442**	**1,764,050**	**30.47**
- Subscription and support services	6,227,147	4,110,073	2,117,074	51.51
- Professional services	1,326,345	1,679,369	(353,024)	(21.02)
Operating Expenses (B)	**6,939,111**	**6,156,107**	**783,004**	**12.72**
- Research and development	1,522,672	1,513,483	9,189	0.61
- Sales, marketing, and distribution	1,425,499	1,509,860	(84,361)	(5.59)
- General and administrative	3,990,940	3,132,764	858,176	27.39
Total (A+B)	**14,492,603**	**11,945,549**	**2,547,054**	**21.32**

Cost of Sales

Cost of subscription and support services was S$6,227,147 for 2Q 2025, compared to S$4,110,073 for 2Q 2024, an increase of S$2,117,074 or 51.51% which was in line with the 47.04% increase in subscription and support services revenue. The increase was primarily due to higher average headcount for system operations and support personnel, higher demand for cloud computing capacity, as well as cybersecurity compliance cost. We expect cost of subscription and support services will continue to increase in absolute dollars as we improve and invest in expanding our technical operations infrastructure, including our cloud computing infrastructure operated by third parties. The timing of these expenses may adversely affect our cost of sales as a percentage of revenue in the near term due to fluctuations in demand for our service offerings.

Cost of professional services were S$1,326,345 for 2Q 2025, compared to S$1,679,369 for 2Q 2024, an decrease of S$353,024 or 21.02%. The decrease in cost of professional services aligned with 32.13% decrease in professional services revenue with improved staff productivity.

Operating Expenses

Research and development expenses were S$ 1,522,672 for 2Q 2025, compared to S$ 1,513,483 for 2Q 2024, an increase of S$9,189 or 0.61%. As a percentage of total revenue, research and development expenses were lower at 10.50% in 2Q 2025 and 13.49% in 2Q 2024. The increase in absolute research and development expenses was marginal, and actually decreased if inflation is factored in. We expect that research and development expenses will likely remain consistent as a percentage of revenue in the near term as we continue to invest in technology to support the development of new, and improve existing technologies.

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Operating Expenses (Continued)

Sales, marketing, and distribution expenses were S$1,425,499 for 2Q 2025, compared to S$1,509,860 for 2Q 2024, an decrease of S$84,361 or 5.59%. As a percentage of total revenue, sales, marketing and distribution expenses were 9.83% in 2Q 2025 and 13.46% in 2Q 2024. The decrease in sales and marketing expenses was primarily due to costs incurred for our major technology marketing event Breaking Boundaries 2023 held in Singapore in July 2023, partially offset by an increase in sales and marketing expenses of our new office in Japan in 2Q 2025. We expect sales and marketing expenses to increase in absolute dollars as we continue to invest in our domestic and international selling and marketing activities to expand awareness of our brand and product offerings to attract new and existing customers.

General and administrative expenses were S$3,990,940 for 2Q 2025, compared to S$3,132,764 for 2Q 2024, an increase of S$858,176 or 27.39%. As a percentage of total revenue, general and administrative expenses were also stable at 27.51% in 2Q 2025 and 27.93% in 2Q 2024. General and administrative expenses primarily comprised the Post-IPO Employee Share Options, administrative overhead and professional fees to support our SOC2 and ISO compliance requirements, legal and other professional fees for listing compliance (including amendments to our constitution), and depreciation expenses. The increase in general and administrative expenses were primarily due to (i) bonus disbursed to project team members for timely and quality project delivery; (ii) share-based payment expenses; (iii) overseas travels to support our Japan office; (iv) one-time team building event for the Company. We expect general and administrative expenses will increase in absolute dollars as we invest in our general and administrative structures to support business growth.

Operating Income and Operating Margin

Our operating income and margin for 2Q 2025 and 2Q 2024, were as follows:

	2Q 2025	2Q 2024	Variance (absolute)	Variance (%)
Operating income/(loss) (S$)	12,333	(728,810)	741,143	101.69
Operating margin (%)	0.09	(6.50)	6.6	101.31

Operating income increased to a profit of S$12,333 in 2Q 2025 from a loss of S$728,810 in 2Q 2024, primarily due to our revenue growth outpacing growth of operating expenses.

Other Income and Expenses

	2Q 2025 S$	2Q 2024 S$	Variance S$	Variance (%)
Other revenue	158,386	229,292	(70,906)	(30.92)
Other losses	(24,362)	106,955	(131,317)	(122.78)

Other revenue consists primarily of interest income and government grant. Interest income from our bank fixed deposits was S$139,315 2Q 2025 compared to S$130,444 in 2Q 2024 due to an increase in principal amounts. Interest income from staff loans decreased to S$11,509 in 2Q 2025 from S$12,889 in 2Q 2024 due to principal repayments. Government grants decreased sharply in 2Q 2025 at S$5,348 compared to 2Q 2024 at S$83,912 because of the expiry of job growth incentive grants, one time grant for our Australia office in 2023, and lower student internship grant.

Other losses were mainly due to foreign currency exchange fluctuations related to our bank fixed deposit denominated in United States dollars.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 November 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "SFO"))), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares and the Underlying Shares

Name of Directors / Chief Executive	Capacity / Nature of interest	Number of Shares interested	Number of underlying Shares interested[2]	Total interest	Approximate percentage of the Company's issued Shares[1]
Mr. Lau E Choon Alex[3] ("**Mr. Lau**")	Beneficial interest	45,572,000	10,000,000	60,572,000	14.88%
	Interest of spouse	-	5,000,000		
Mr. Ong Swee Heng ("**Mr. Ong**")	Beneficial interest	22,750,000	6,000,000	28,750,000	7.06%
Prof. Wong Poh Kam ("**Prof. Wong**")	Beneficial interest	22,993,900	-	22,993,900	5.65%

(1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 406,976,128 as at 30 November 2024.

(2) The underlying Shares represent the options granted under the Post-IPO Share Option Scheme of the Company.

(3) Mr. Lau is husband of Ms. Ng Yen Yen and is deemed to be interested in the shareholding interests of Ms. Ng Yen Yen in the Company pursuant to the disclosure requirements of the SFO.

The Directors and chief executive of the Company were granted share options under the Post-IPO Share Option Scheme of the Company to subscribe for the Shares, which are exercisable in four equal tranches at the end of each year commencing from the date of grant. In respect of each portion of share options which is vested, the exercise period (the "Exercise Period") shall be the period beginning on the relevant vesting date and ending on the 10th anniversary of the Grant Date. The Share Options (to the extent not already exercised) shall lapse automatically at the expiry of the Exercise Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

The following table sets out the details of the share options under the Post-IPO Share Option Scheme granted to the Directors and chief executive of the Company as at 30 November 2024:

Name of Directors	Date of Grant	Number of underlying Shares comprised in the Post-IPO Share Option Scheme	Approximate percentage of the Company's issued Shares[(1)]	Exercise price per Share[(2)]
Mr. Lau	12 October 2023	10,000,000	2.47%	HK$0.256 (approximately S$0.045)
Mr. Ong	12 October 2023	6,000,000	1.48%	HK$0.256 (approximately S$0.045)

(1) The percentage of shareholding was calculated based on the Company's total number of issued Shares of 406,976,128 as at 30 November 2024.

(2) The exercise price is the higher of (i) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days (as defined in the GEM Listing Rules) immediately preceding the Date of Grant, being HK$0.256; and (ii) the closing price of the Shares to be issued by the Stock Exchange on the Date of Grant, being HK$0.250.

Save as disclosed above and to the best knowledge of the Directors, as at 30 November 2024, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 30 November 2024, so far as is known to the Directors, the following entities/persons (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Positions in the Shares

Name of Shareholders	Capacity / Nature of interest	Number of Shares held	Number of Underlying Shares held	Total interest	Approximate percentage of Company's issued Shares[4]
Ng Yen Yen [1]	Beneficial interest	-	5,000,000	60,572,000	14.88%
	Interest of spouse	45,572,000	10,000,000		
Lim Lay Hong [2]	Interest of spouse	22,750,000	6,000,000	28,750,000	7.06%
M1 TeliNet Pte. Ltd. [3]	Beneficial interest	20,259,000	-	20,259,000	4.98%
M1 Limited [3]	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Konnectivity Pte. Ltd.[3]	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Keppel Konnect Pte. Ltd.[3]	Interest in a controlled corporation	20,259,000	-	20,259,000	4.98%
Keppel Corporation Limited [3]	Interest in a controlled corporation	36,723,000	-	36,723,000	9.03%

(1) Ms. Ng Yen Yen is the wife of Mr. Lau, the Chief Executive Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Lau in the Company pursuant to the disclosure requirements of the SFO.

(2) Ms. Lim Lay Hong is the wife of Mr. Ong, the Chief Operating Officer and an executive Director, and is deemed to be interested in the shareholding interests of Mr. Ong in the Company pursuant to the disclosure requirements of the SFO.

(3) Keppel Corporation Limited wholly owns Keppel Konnect Pte. Ltd., which in turn wholly owns Konnectivity Pte. Ltd., which in turn owns M1 Limited as to approximately 80.69%, which in turn wholly owns M1 TeliNet Pte. Ltd. Keppel Corporation Limited is deemed to be interested in the 20,259,000 Shares held by M1 TeliNet Pte. Ltd. pursuant to the disclosure requirements of the SFO.

Keppel Corporation Limited wholly owns Kepventure Pte. Ltd. which in turn wholly owns Keppel Oil & Gas Pte. Ltd. and is deemed to be interested in the 16,464,000 Shares held by Keppel Oil & Gas Pte. Ltd. pursuant to the disclosure requirements of the SFO.

(4) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 November 2024 (i.e. 406,976,128 Shares).

Save as disclosed above, as at 30 November 2024, so far as is known by or otherwise notified to the Directors, no other person or entity (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEMES

Post-IPO Share Option Scheme

The Company has conditionally adopted the Post-IPO Share Option Scheme which was approved by written resolutions passed by the Shareholders on 24 November 2016.

The Board of Director of the Company granted/conditionally granted an aggregate of 39,915,849 Post-IPO Share Options (the "**2023 Plan**") to 10 eligible participants on 12 October 2023 (the "**Grant Date**"). 16,000,000 Post-IPO Share Options were granted to the two executive Directors of the Company, 13,250,000 Post-IPO Share Options were granted to four key management personnel, and 10,665,849 Post-IPO Share Options were granted to four employees of the Company.

Of the aggregate 39,915,849 share options, 31,000,000 share options were approved by Shareholders at the extraordinary general meeting held by the Company on 8 December 2023. The remaining 8,915,849 share options were granted and accepted on 12 October 2023.

Each of the Post-IPO Share Options are exercisable at HK$0.256 (or approximately S$0.045) per share, being the higher of (i) the average closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days (as defined in the GEM Listing Rules) immediately preceding the Grant Date, being HK$0.256; and (ii) the closing price of the Shares to be issued by the Stock Exchange on the Grant Date, being HK$0.250.

Each of the Post-IPO Share Options is exercisable in four equal tranches at the end of each year commencing from the Grant Date. In respect of each portion of share options which is vested, the exercise period (the "**Exercise Period**") shall be the period beginning on the relevant vesting date and ending on the 10th anniversary of the Grant Date. The Share Options (to the extent not already exercised) shall lapse automatically at the expiry of the Exercise Period.

There are no performance targets attached to the grant of the Post-IPO Share Options. The Remuneration Committee is of the view that: (i) as the value of the Share Options is linked to future share price driven by performance of the Company, the grant of the Share Options will align the grantees' interests with those of the Company and its shareholders (the "Shareholders"), and the grantees will be motivated to optimise their future contributions towards the performance, growth and success of the Group; and (ii) as the share options will be vested in batches, it is consistent with the purpose of the Share Option Scheme to attract and retain individuals with experience and ability for the long-term development of the Group.

SHARE OPTION SCHEMES (CONTINUED)

Post-IPO Share Option Scheme (Continued)

Details of the grants and movements in the number of share options under the 2023 Plan to the Company's Directors and employees which exceed the 1% limit are set out below:

Category of participants	Date of Grant	Number of share options awarded	Vesting period	Vested during the Reporting Period	Exercised during the Reporting Period	At end of the Reporting Period	Exercise price
Executive Directors	12 Oct 2023	16,000,000	12 Oct 2024-12 Oct 2027	4,000,000	-	16,000,000	HK$0.256
Senior management	12 Oct 2023	10,000,000	12 Oct 2024-12 Oct 2027	3,312,500	-	10,00,000	HK$0.256
Employee	12 Oct 2023	5,000,000	12 Oct 2024-12 Oct 2027	2,666,462	-	5,000,000	HK$0.256

As at 30 November 2024, the total number of shares available for issue under the 2023 Plan were 39,915,849, representing approximately 9.81% of the number of ordinary shares in issue. The estimated fair values of the options granted on that date is approximately S$983,600 (equivalent to HK$5,644,000). These fair values were calculated using the Black-Scholes pricing model.

Save as disclosed above, at no time during the Reporting Period was the Company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate.

9,978,962 share options had vested and were exercisable as at 30 November 2024.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the Required Standard of Dealings. The Company had made specific enquiries with all Directors and each of them has confirmed his compliance with the Required Standard of Dealings throughout the Reporting Period.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or the controlling shareholders of the Company, or their respective close associates had an interest in any business which directly or indirectly competed or might compete with the business of the Group.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholders' value through solid corporate governance.

The Company's corporate governance practices are based on the principles and the code provisions of corporate governance as set out in the CG Code in Appendix 15 to the GEM Listing Rules and in relation to, among others, the Directors, chairman of the Board and chief executive officer, the Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and the communications with the Shareholders.

To the best knowledge of the Board, the Company has adopted and has complied with all applicable code provisions set out in the CG Code during the Reporting Period and thereafter to the date of this report.

DIVIDEND

The Board has resolved not to declare the payment of a dividend for the six months ended 30 November 2024 (30 November 2023: S$Nil).

AUDIT COMMITTEE

The Board established the Audit Committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises two independent non-executive Directors, namely Mr. Mok Wai Seng and Mr. Chua Leong Chuan Jeffrey and one non-executive Director, Dr. Chong Yoke Sin. Mr. Mok Wai Seng was appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the risk management and internal control procedures of the Company. The 2024/25 Interim Financial Statements have not been audited by the Company's auditors, but have been reviewed by the Audit Committee.

On behalf of the Board
Anacle Systems Limited
Lau E Choon Alex
Executive Director and Chief Executive Officer

Singapore, 9 January 2025

Anacle Systems Limited

2024/25 Interim Report
For the Six Months Period Ended
30 November 2024

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