

ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 11 January 2018)
(Company Registration Number: 201801590R)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

This announcement has been prepared by ST Group Food Industries Holdings Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning ascribed to them in the offer document of ST Group Food Industries Holdings Limited dated 26 June 2019 (the “Offer Document”).

Background

ST Group Food Industries Holdings Limited (the “Company”, and together with its subsidiaries, “ST Group” or the “Group”) was incorporated in the Republic of Singapore on 11 January 2018 and was listed on the Catalist Board of the SGX-ST (“Catalist”) on 3 July 2019. ST Group was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on Catalist. Please refer to the Company’s Offer Document for further details on the Restructuring Exercise.

Founded in 2011, ST Group holds the exclusive franchise and licence rights to six internationally popular food and beverage (“F&B”) brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, in various territories. The Group has developed four of its own brand concepts, “PAFU” and “KURIMU”, which were launched in December 2017 and July 2019, respectively. In March 2022, the Group completed the acquisition of “PappaRich” trademark rights in Australia and New Zealand which allows the Group full autonomy to expand and grow the “PappaRich” brand in Australia and New Zealand. In June 2023, the Group opened a joint-venture Asian supermarket under the brand “Maita”. ST Group also ventured into a new brand “Homn” in late November 2023.

ST Group operates in the key geographical markets of Australia, New Zealand and United Kingdom through four main business segments - F&B retail sales under the various brands through outlets owned and operated by the Group, the sub-franchising and sub-licensing of brands to sub-franchisees and sub-licensees, the sale of F&B ingredients and other supplies to its franchise network through its Central Kitchen, and receipt of machine income from electronic dart machines installed at sub-franchised “iDarts” outlets.

As at 31 December 2023, ST Group had a network of 182 outlets comprising 50 Group-owned outlets, 1 joint venture outlet and 131 outlets owned and operated by its sub-franchisees and sub-licensees across its key geographical markets.

Number of outlets by brands (as at the end of the financial year)						
	As at 31 December 2023			As at 30 June 2023		
	Owned	Joint Venture	Sub-franchised/ sub-licensed	Owned	Joint Venture	Sub-franchised/ sub-licensed
PappaRich						
- Australia	7	-	30	8	-	25
- New Zealand	-	-	3	-	-	4
NeNe Chicken						
- Australia	4	-	39	4	-	36
- New Zealand	1	-	-	-	-	-
Gong Cha						
- New Zealand	12	-	16	11	-	16
- United Kingdom	5	-	7	5	1	7
Hokkaido Baked Cheese Tart						
- Australia	6	-	17	5	-	12
iDarts						
- Australia	-	-	4	-	-	4
PAFU						
- Australia	3	-	5	4	-	4
IPPUDO						
- Australia	3	-	-	3	-	-
- New Zealand	2	-	-	2	-	-
KURIMU						
- Australia	5	-	9	5	-	7
Maita						
- Australia	-	1	-	-	1	-
Homm						
- Australia	2	-	1	-	-	-
Total	50	1	131	47	2	115

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A. Condensed interim consolidated statement of comprehensive income

	Note	1H FY2024 ⁽¹⁾ (AUD) (Unaudited)	1H FY2023 ⁽²⁾ (AUD) (Unaudited)	Increase/ (Decrease) %
Revenue	4	35,678,117	33,278,430	7.2
Other income		1,069,754	1,352,505	(20.9)
Expenses				
Changes in inventories		(65,211)	510,356	NM
Purchases of inventories		(10,968,373)	(11,168,144)	(1.8)
Franchise restaurants and stores related establishment costs		(510,799)	(35,630)	NM
Rental expenses		(618,241)	(482,601)	28.1
Staff costs		(12,743,572)	(12,147,785)	4.9
Depreciation expense				
- Property, plant and equipment		(1,500,138)	(1,507,642)	(0.5)
- Right-of-use assets		(2,756,328)	(2,516,196)	9.5
Amortisation expense		(187,327)	(206,834)	(9.4)
Finance costs				
- Lease liabilities		(681,361)	(725,669)	(6.1)
- Borrowings and others		(37,088)	(12,107)	NM
Other expenses		(4,551,299)	(4,027,607)	13.0
Share of results of associated company		(3,699)	5,797	NM
Share of results of joint venture		29,357	(18,642)	NM
Profit before tax		2,153,792	2,298,231	(6.3)
Tax expense	6	(860,167)	(793,958)	8.3
Profit for the period	5	1,293,625	1,504,273	(14.0)
Other comprehensive income				
<i>Item that is or may be reclassified subsequently to profit or loss:</i>				
- Currency translation differences on consolidation		95,038	13,671	NM
Total comprehensive income for the period		1,388,663	1,517,944	(8.5)
Profit/(loss) attributable to:				
Equity holders of the Company		1,358,500	1,531,049	(11.3)
Non-controlling interests		(64,875)	(26,776)	NM
		1,293,625	1,504,273	(14.0)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		1,453,538	1,544,720	(5.9)
Non-controlling interests		(64,875)	(26,776)	NM
		1,388,663	1,517,944	(8.5)
Earnings per share for profit attributable to the equity holders of the Company				
Basic and diluted (cents)	7	0.55	0.62	

NM: Not meaningful

Notes:

(1) "1H FY2024" refers to six months period ended 31 December 2023

(2) "1H FY2023" refers to six months period ended 31 December 2022

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 203 (AUD) (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	10	11,714,836	11,361,647	-	-
Right-of-use assets	11	21,038,353	19,273,587	-	-
Intangible assets	12	2,557,371	2,589,749	-	-
Investment in subsidiaries	13	-	-	20,841,811	20,841,811
Investment in associated company		-	29,970	-	-
Investment in joint ventures		654,442	275,086	-	-
Deferred tax asset		2,449,351	2,512,536	195,000	280,000
Fixed deposits		2,899,578	2,937,790	-	-
Trade and other receivables		1,106,696	1,140,490	-	-
Total non-current assets		42,420,627	40,120,855	21,036,811	21,121,811
Current assets					
Contract assets		427,729	424,376	-	-
Inventories		3,508,359	3,573,570	-	-
Trade and other receivables		5,836,488	5,660,609	13,378,645	11,959,510
Financial assets at fair value through profit or loss	8	100,000	100,000	100,000	100,000
Cash and bank balances		7,665,961	7,326,436	448,798	829,718
Total current assets		17,538,537	17,084,991	13,927,443	12,889,228
Total assets		59,959,164	57,205,846	34,964,254	34,011,039
EQUITY AND LIABILITIES					
Equity					
Share capital	14	57,200,620	57,200,620	57,200,620	57,200,620
Treasury shares		(48,253)	(48,253)	(48,253)	(48,253)
Other reserves		(40,646,512)	(40,741,550)	(479,202)	(479,202)
Retained earnings		5,721,789	4,608,892	(22,082,126)	(23,020,615)
Equity attributable to equity holders of the Company, total		22,227,644	21,019,709	34,591,039	33,652,550
Non-controlling interests		(410,549)	(350,574)	-	-
Total equity		21,817,095	20,669,135	34,591,039	33,652,550
Non-current liabilities					
Lease liabilities	11	19,607,754	18,537,919	-	-
Contract liabilities		1,355,408	1,388,436	-	-
Total non-current liabilities		20,963,162	19,926,355	-	-
Current liabilities					
Trade and other payables		7,772,309	7,974,849	373,215	358,461
Contract liabilities		965,404	847,717	-	-
Borrowings	15	1,482,664	1,566,710	-	-
Lease liabilities	11	5,945,678	5,711,188	-	-
Tax payable		1,012,852	509,892	-	28
Total current liabilities		17,178,907	16,610,356	373,215	358,489
Total liabilities		38,142,069	36,536,711	373,215	358,489
Total equity and liabilities		59,959,164	57,205,846	34,964,254	34,011,039

- B(ii)** In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand

	As at 31 December 2023 (AUD)		As at 30 June 2023 (AUD)	
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,427,315	55,349	1,511,946	54,764
Equipment finance lease classified as lease liabilities	62,811	-	38,353	-

Amount repayable after one year

	As at 31 December 2023 (AUD)		As at 30 June 2023 (AUD)	
	Secured	Unsecured	Secured	Unsecured
Equipment finance lease classified as lease liabilities	63,367	-	35,874	-

Details of any collateral

As at 31 December 2023, the Group's borrowings were secured by way of:

- (i) general security over all assets of certain subsidiaries; and
- (ii) corporate guarantees.

C. Condensed interim statements of changes in equity

Group	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Equity attributable to equity holders of the Company (AUD)	Non- controlling interests (AUD)	Total equity (AUD)
At 1 July 2023	57,200,620	(48,253)	(40,741,550)	4,608,892	21,019,709	(350,574)	20,669,135
Profit/(loss) for the period	-	-	-	1,358,500	1,358,500	(64,875)	1,293,625
Other comprehensive income							
Currency translation differences on consolidation	-	-	95,038	-	95,038	-	95,038
Total comprehensive income/(loss) for the period	-	-	95,038	1,358,500	1,453,538	(64,875)	1,388,663
<i>Transactions with owners recognised directly in equity</i>							
Dividends	-	-	-	(245,603)	(245,603)	-	(245,603)
Capital contributions from non- controlling interest	-	-	-	-	-	4,900	4,900
At 31 December 2023	57,200,620	(48,253)	(40,646,512)	5,721,789	22,227,644	(410,549)	21,817,095

Group	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Equity attributable to equity holders of the Company (AUD)	Non- controlling interests (AUD)	Total equity (AUD)
At 1 July 2022	57,200,620	(48,253)	(40,641,083)	3,454,129	19,965,413	(340,508)	19,624,905
Profit/(loss) for the period	-	-	-	1,531,049	1,531,049	(26,776)	1,504,273
Other comprehensive income							
Currency translation differences on consolidation	-	-	13,671	-	13,671	-	13,671
Total comprehensive income/(loss) for the period	-	-	13,671	1,531,049	1,544,720	(26,776)	1,517,944
Capital contributions from non-controlling interest	-	-	-	-	-	90,000	90,000
At 31 December 2022	57,200,620	(48,253)	(40,627,412)	4,985,178	21,510,133	(277,284)	21,232,849

Company	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Total equity (AUD)
At 1 July 2023	57,200,620	(48,253)	(479,202)	(23,020,615)	33,652,550
Profit and total comprehensive profit for the period	-	-	-	1,184,092	1,184,092
<i>Transactions with owners recognised directly in equity</i>					
Dividends	-	-	-	(245,603)	(245,603)
At 31 December 2023	<u>57,200,620</u>	<u>(48,253)</u>	<u>(479,202)</u>	<u>(22,082,126)</u>	<u>34,591,039</u>
At 1 July 2022	57,200,620	(48,253)	(479,202)	(23,738,248)	32,934,917
Profit and total comprehensive profit for the period	-	-	-	998,442	998,442
At 31 December 2022	<u>57,200,620</u>	<u>(48,253)</u>	<u>(479,202)</u>	<u>(22,739,806)</u>	<u>33,933,359</u>

D. Condensed interim consolidated statement of cash flows

	Group	
	1H FY2024	1H FY2023
	(AUD)	(AUD)
Note	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before tax	2,153,792	2,298,231
<u>Adjustments for:-</u>		
Depreciation		
- Property, plant and equipment	1,500,138	1,507,642
- Right-of-use assets	2,756,328	2,516,196
Amortisation	187,327	206,834
Gain on sale of Group-owned stores	(126,770)	(393,576)
Gain on disposal of investment in associate	(6,368)	-
Loss on disposal of property, plant and equipment	26,984	-
Interest income	(59,365)	(56,996)
Interest expenses	718,449	737,776
Gain on termination of leases	(57,201)	-
Property, plant and equipment written off	14,558	2,422
Trade receivables written off	126	-
Rent concessions from lessors	-	(224,713)
Share of results of associated company	3,699	(5,797)
Share of results of joint venture	(29,357)	18,642
Unrealised exchange loss/(gain)	86,407	(149,631)
Operating cash flow before working capital changes	<u>7,168,747</u>	<u>6,457,030</u>
Inventories	65,211	39,859
Receivables and contract assets	(110,051)	(735,580)
Payables and contract liabilities	(226,606)	1,866,541
Currency translation adjustments	133,220	(177,930)
Cash generated from operations	<u>7,030,521</u>	<u>7,449,920</u>
Income tax paid	(291,145)	(438,913)
Net cash generated from operating activities	<u>6,739,376</u>	<u>7,011,007</u>
Cash flows from investing activities		
Interest received	46,173	56,996
Proceeds from sale of Group-owned stores	160,000	597,000
Proceeds from sale of investment in associate	6,400	-
Proceeds from disposal of financial assets	-	100,000
Proceeds from disposal of property, plant and equipment	21,336	-
Increase in investment in joint venture	(350,000)	(88)
Dividends received from associates	26,240	-
Purchases of intangible assets	(152,944)	(70,000)
Purchases of property, plant and equipment	(2,077,914)	(1,761,015)
Net cash used in investing activities	<u>(2,320,709)</u>	<u>(1,077,107)</u>

Note	Group	
	1H FY2024	1H FY2023
	(AUD)	(AUD)
	(Unaudited)	(Unaudited)
Cash flow from financing activities		
Lease incentives received	6,369	71,500
Proceeds from borrowings	10,000	850,493
Repayment of borrowings	(95,118)	(1,481,255)
Repayment of lease liabilities	(3,069,306)	(3,463,193)
Dividends paid	(245,603)	-
Capital contribution from non-controlling interest	4,900	90,000
Interest paid	(732,320)	(662,894)
Decrease/(increase) in fixed deposits pledged	38,213	(376,518)
Net cash used in financing activities	(4,082,865)	(4,971,867)
Net increase in cash and cash equivalents	335,802	962,033
Cash and cash equivalents at beginning of the financial period	7,326,436	7,761,188
Effect of exchange rate changes on cash and cash equivalents	3,723	(19,149)
Cash and cash equivalents at end of the financial period	7,665,961	8,704,072

For purpose of presenting the Group's consolidated statements of cash flows, the consolidated cash and cash equivalents comprise the following:-

Cash and bank balances	7,665,961	8,704,072
Fixed deposits	2,899,578	2,864,680
	10,565,539	11,568,752
Less: Fixed deposits (pledged)	(2,899,578)	(2,864,680)
Cash and cash equivalents	7,665,961	8,704,072

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

ST Group Food Industries Holdings Pte. Ltd. (the “**Company**”) (Co. Reg. No. 201801590R) was incorporated in Singapore on 11 January 2018 for the purpose of acquiring the existing companies pursuant to the restructuring exercise on the preparation of the listing of the Company. On 10 June 2019, the Company was converted into a public company limited by shares and changed its name to ST Group Food Industries Holdings Limited. The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited on 3 July 2019. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The registered office and address of the Company is at 16 Raffles Quay #17-03 Hong Leong Building Singapore 048581.

The principal activities of the Group consist of (i) F&B Retail; (ii) Franchise, (iii) Supply Chain and (iv) Others.

2. Basis of preparation

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

The accounting policies adopted are consistent with those of the last audited financial statements of the previous financial year which were prepared in accordance with SFRS(I)s.

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

2.1 New and amended standards adopted by the Group

In the current financial period, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) (“**SFRS(I) INT**”) that are relevant to its operations and effective for the current financial period. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group.

2.2 Use of estimates and judgements

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 30 June 2023.

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

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

- F&B Retails;
- Supply Chain;
- Franchise; and
- Others

These operating segments are reported in a manner consistent with internal reporting provided to the Company's Executive Chairman and Chief Executive Officer, Mr Saw Tatt Ghee who is responsible for allocating resources and assessing performance of the Group's operating segments.

4.1 Reportable segments

1H FY2024	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation Total (AUD)
Segment revenue						
Sales to external customers	23,195,921	7,914,504	4,425,409	142,283	-	35,678,117
Intersegment sales	-	3,506,515	816,622	-	(4,323,137)	-
Total revenue	23,195,921	11,421,019	5,242,031	142,283	(4,323,137)	35,678,117
Share of results of associated company	-	-	-	(3,699)	-	(3,699)
Share of result of joint venture	-	-	-	29,357	-	29,357
Tax expense	(111,423)	(334,501)	(333,337)	(80,906)	-	(860,167)
(Loss)/profit for the period	(628,797)	818,901	964,421	1,168,870	(1,029,770)	1,293,625
Other significant non-cash expense/(credit):						
Depreciation of property, plant and equipment and amortisation of intangible assets	1,388,041	121,900	143,697	54,940	(21,113)	1,687,465
Depreciation of right-of-use assets	2,389,211	304,092	49,568	-	13,457	2,756,328
Gain on sale of Group-owned stores	(126,770)	-	-	-	-	(126,770)
Gain on disposal of investment in associate	-	-	-	(6,368)	-	(6,368)
Gain on termination of leases	(57,201)	-	-	-	-	(57,201)
Loss on disposal of property, plant and equipment	26,984	-	-	-	-	26,984
Property, plant and equipment written off	14,558	-	-	-	-	14,558
Interest expense	546,942	150,339	32,717	25,000	(36,549)	718,449
Interest income	(57,691)	-	(640)	(37,583)	36,549	(59,365)
Segment assets	39,650,544	14,782,897	14,715,395	63,099,053	(73,967,818)	58,280,071
Unallocated assets						1,679,093
Total assets						59,959,164
Segment assets include:						
Additions to :-						
- Property, plant and equipment	2,045,271	16,930	15,713	-	-	2,077,914
- Right-of-use assets	4,532,487	63,692	-	-	-	4,596,179
- Intangible assets	-	-	152,944	-	-	152,944
Segment liabilities	40,829,209	6,747,510	10,812,647	29,084,297	(50,826,399)	36,647,264
Unallocated liabilities						1,494,805
Total liabilities						38,142,069

1H FY2023	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation Total (AUD)
Segment revenue						
Sales to external customers	23,132,001	6,904,044	3,144,055	98,330	-	33,278,430
Intersegment sales	-	3,467,497	391,805	-	(3,859,302)	-
Total revenue	23,132,001	10,371,541	3,535,860	98,330	(3,859,302)	33,278,430
Share of results of associated company	-	-	-	5,797	-	5,797
Share of result of joint venture	-	-	-	(18,642)	-	(18,642)
Tax expense	(615,835)	(81)	(108,084)	(69,958)	-	(793,958)
Profit for the period	1,154,056	20,104	282,356	861,298	(813,541)	1,504,273
Other significant non-cash expense/(credit):						
Depreciation of property, plant and equipment and amortisation of intangible assets	1,377,279	119,505	172,336	52,369	(7,013)	1,714,476
Depreciation of right-of-use assets	2,173,101	333,645	9,450	-	-	2,516,196
Gain on disposal of outlet	(393,576)	-	-	-	-	(393,576)
Property, plant and equipment written off	2,422	-	-	-	-	2,422
Interest expense	511,615	230,071	23,396	50,109	(77,415)	737,776
Interest income	(49,447)	-	(23)	(79,991)	72,465	(56,996)
Segment assets	37,429,854	15,904,300	12,227,820	58,740,703	(67,022,474)	57,280,203
Unallocated assets						1,501,459
Total assets						58,781,662
Segment assets include:						
Additions to :-						
- Property, plant and equipment	1,669,495	91,520	-	-	-	1,761,015
- Right-of-use assets	1,863,049	-	-	-	-	1,863,049
- Intangible assets	-	-	70,000	-	-	70,000
Segment liabilities	38,030,081	7,702,391	7,928,378	25,940,804	(43,424,834)	36,176,820
Unallocated liabilities						1,371,993
Total liabilities						37,548,813

4.2 Disaggregation of revenue

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	1H FY2024	1H FY2023
	(AUD)	(AUD)
	(Unaudited)	(Unaudited)
Sales to external customers		
Australia	25,034,504	24,462,839
New Zealand	8,270,198	6,666,376
United Kingdom	2,373,415	2,149,215
	<u>35,678,117</u>	<u>33,278,430</u>
Timing of revenue recognition		
At a point in time	31,252,709	30,134,375
Over time	4,425,408	3,144,055
	<u>35,678,117</u>	<u>33,278,430</u>

4.3 Information about major customers

The Group did not have any single customer contributing 10% or more to its revenue for 1H FY2024 and 1H FY2023.

5. Profit for the period

The Group's profit for the period was arrived at after crediting/(charging) the following:

	1H FY2024	1H FY2023
	(AUD)	(AUD)
	(Unaudited)	(Unaudited)
Amortisation expense	(187,327)	(206,834)
Depreciation expense		
- Property, plant and equipment	(1,500,138)	(1,507,642)
- Right-of-use assets	(2,756,328)	(2,516,196)
Foreign exchange (loss)/gain	(86,407)	149,631
Gain on sale of Group-owned stores	126,770	393,576
Gain on disposal of investment in associate	6,368	-
Grant income	-	48,367
Interest income	59,365	56,996
Property, plant and equipment written off	(14,558)	(2,422)
Loss on disposal of property, plant and equipment	(26,984)	-
Rebates from suppliers	703,692	665,803
Royalty fees	(1,036,427)	(916,207)

6. Tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statements of profit or loss are:

	<u>1H FY2024</u> <u>(AUD)</u> <u>(Unaudited)</u>	<u>1H FY2023</u> <u>(AUD)</u> <u>(Unaudited)</u>
Current year		
- Income tax	818,322	767,722
- Deferred tax	66,908	43,036
(Over)/under provision in respect of previous financial period		
- Income tax	(25,063)	(170,905)
- Deferred tax	-	154,105
	<u>860,167</u>	<u>793,958</u>

7. Earnings per share

Group

	<u>1H FY2024</u> <u>(Unaudited)</u>	<u>1H FY2023</u> <u>(Unaudited)</u>
Net profit attributable to equity holders of the Company (AUD)	1,358,500	1,531,049
Weighted average number of ordinary shares in issue	245,602,800	245,602,800
Basic and diluted earnings per share (AUD cents)	<u>0.55</u>	<u>0.62</u>

The fully diluted earnings per share and basic earnings per share are the same because the Company does not have any outstanding convertibles.

8. Financial assets and financial liabilities

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

	Group		Company	
	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
<i>Financial assets</i>				
Financial assets at amortised cost	14,932,096	15,299,196	13,802,260	12,734,094
Financial asset at fair value through profit or loss	100,000	100,000	100,000	100,000
<i>Financial liabilities</i>				
At amortised cost	31,874,982	31,271,649	30,000	46,616

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

These are current trade and other receivables, trade and other payables and current borrowings. The carrying amounts of these financial assets at amortised costs and financial liabilities are reasonable approximation of fair values due to their short-term nature.

9. Net asset value

	Group		Company	
	As at 31 December 2023 (Unaudited)	As at 30 June 2023 (Audited)	As at 31 December 2023 (Unaudited)	As at 30 June 2023 (Audited)
Net asset value ("NAV") (AUD)	22,227,644	21,019,709	34,591,039	33,652,550
Number of ordinary shares excluding treasury shares	245,602,800	245,602,800	245,602,800	245,602,800
NAV per ordinary share (AUD cents)	9.1	8.6	14.1	13.7

10. Property, plant and equipment

During 1H FY2024, the Group acquired plant and equipment amounting to A\$2,077,914 (1H FY2023: A\$1,761,015), written off plant and equipment amounting to A\$14,558 (1H FY2023: A\$2,422) and loss on disposal of property, plant and equipment amounting to A\$26,984 (1H FY2023: Nil).

During 1H FY2024 and 1H FY2023, there were no impairment losses on property, plant and equipment recognised in the consolidated statement of comprehensive income as there were no impairment indicators as at 31 December 2023.

11. Right-of-use assets and lease liabilities

The Group's leasing activities comprise the following:

- (i) The Group leases various food and beverage outlets, central kitchen, office buildings, motor vehicles and plant and equipment from non-related parties. The leases have an average tenure of between 2.5 to 10 years.
- (ii) In addition, the Group leases certain storage spaces with contractual terms of 12 months or less. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group's obligations are secured by the lessors' title to the leased assets for such leases. No restrictions are imposed on dividends or further leasing.

Group	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
Amounts recognised in statements of financial position		
<i>Carrying amount of right-of-use assets</i>		
Food and beverage outlets	16,478,496	14,484,680
Central kitchen and office buildings	4,398,987	4,678,301
Plant and equipment	115,184	58,392
Motor vehicles	45,686	52,214
	21,038,353	19,273,587
<i>Carrying amount of lease liabilities</i>		
Current	5,945,678	5,711,188
Non-current	19,607,754	18,537,919
	25,553,432	24,249,107
Additions to right-of-use assets	4,596,179	4,584,099
Disposal of right-of-use assets – Sale of Group-owned stores	147,262	607,869
	1H FY2024 (AUD) (Unaudited)	1H FY2023 (AUD) (Unaudited)
Amounts recognised in profit or loss:		
Depreciation charge for the year :-		
Food and beverage outlets	2,405,665	2,173,101
Central kitchen and office buildings	337,235	333,645
Plant and equipment	6,901	-
Motor vehicles	6,527	9,450
	2,756,328	2,516,196

No impairment tests were performed on right-of-use assets as there were no impairment indicators as at 31 December 2023.

12. Intangible assets

Group	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
Goodwill arising on business combination	945,937	945,937
Franchise rights	1,611,434	1,643,812
	<u>2,557,371</u>	<u>2,589,749</u>

During 1H FY2024, the Group acquired franchise rights amounting to A\$152,944 (1H FY2023: A\$70,000).

Impairment test for goodwill

Goodwill acquired in business combinations is allocated to the cash generating units (“CGUs”) that are expected to benefit from those corresponding business combinations. The carrying value of goodwill has been allocated as follows:

Group	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
Food and beverage retails		
- PPR Ryde (NSW) Pty Ltd	725,783	725,783
- JCT (Chadstone) Pty Ltd	220,154	220,154
	<u>945,937</u>	<u>945,937</u>

There is no indication that the CGUs to which goodwill has been allocated may be impaired. Therefore, impairment test was not carried out.

13. Investment in subsidiaries

Company	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
Unquoted equity share, at cost		
Balance at beginning/end of period/year	40,196,030	40,196,030
Accumulated impairment losses		
Balance at beginning of period/year	19,354,219	19,254,658
Impairment loss for the period/year	-	99,561
Balance at end of the period/year	<u>19,354,219</u>	<u>19,354,219</u>
Net carrying amount		
Balance at end of the period/year	<u>20,841,811</u>	<u>20,841,811</u>

14. Investment in associated company

The Group's investment in associated company is summarised below:

	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
<u>Carrying amount:</u>		
Beef Musketeers (Aust) Pty Ltd	-	29,970
Dividends received from associated company	26,240	-

The associated company was incorporated on 24 February 2021 and is measured using the equity method. The principal activities of the associated company are wholesaling and retailing of beef products. The associated company was disposed of on 30 October 2023.

15. Investment in joint venture

The Group's investment in joint venture is summarised below:

	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
<u>Carrying amount:</u>		
TST (Aust) Pty Ltd and its subsidiaries	654,442	275,086
GCP BRM Limited	-	-
	654,442	275,086

The joint venture company TST (Aust) Pty Ltd was incorporated on 20 January 2022 and is measured using the equity method. The principal activities of the joint venture company TST (Aust) Pty Ltd are supermarket operations.

16. Share capital

Group and Company	Number of issued shares		Issued share capital	
	As at 31 December 2023 (Unaudited)	As at 30 June 2023 (Audited)	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
Issued and paid up	245,602,800	245,602,800	57,200,620	57,200,620
<i>Treasury Shares</i>				
As at 31 December 2022 and 31 December 2023		397,200		0.2%

There were no outstanding convertibles held by and subsidiary holdings held in the Company as at 31 December 2023 and 31 December 2022. The number of shares held as treasury shares as at 31 December 2023 and 31 December 2022 were 397,200. The percentage of the aggregate number of treasury shares held against the total number of outstanding shares as at 31 December

2023 and 31 December 2022 was 0.2%. The Company had on 20 December 2023 entered into subscription agreements with three (3) subscribers for the proposed placement of 9,382,641 new ordinary shares in the share capital of the Company (“**Subscription Shares**”). As at the date of this announcement, the Subscription Shares have yet to be issued and allotted to the subscribers.

17. Borrowings

Group	As at 31 December 2023 (AUD) (Unaudited)	As at 30 June 2023 (AUD) (Audited)
<i>Current</i>		
Bank loans (secured)	1,427,315	1,511,946
Other loans (unsecured)	55,349	54,764
Total borrowings	1,482,664	1,566,710

The Group’s secured bank loans are secured over all assets of certain subsidiaries and corporate guarantees. Interest is payable at 6.18% to 10.45% per annum in 1H FY2024 (FY2023: 5.87% to 8.00%).

18. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim consolidated financial statements.

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

1. Review

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

2. Review of performance of the Group

Financial performance (1H FY2024 vs 1H FY2023)

Revenue

Revenue increased by A\$2.4 million or 7.2%, from A\$33.3 million in 1H FY2023 to A\$35.7 million in 1H FY2024 as the Group's operations progressively improved from the impact of the COVID-19 pandemic. The contributions from the respective major revenue segments were as follows: -

- (i) Revenue from F&B retail sales increased by A\$0.1 million or 0.3% from A\$23.1 million in 1H FY2023 to A\$23.2 million in 1H FY2024. Towards the end of November 2023, the Group expanded its Group-owned F&B outlets selling Thai inspired deserts under the brand, Homm. As at 31 December 2023, the Group has 2 new Group-owned outlets and 1 new sub-franchised outlet under this new brand, Homm.
- (ii) revenue from supply chain sales (comprising the sale of F&B ingredients and other supplies to the Group's sub-franchisees and sub-licensees) increased by A\$1 million or 14.6% from A\$6.9 million in 1H FY2023 to A\$7.9 million in 1H FY2024 in line with the increase in number of sub-franchised outlets from 103 as at the end of 1H FY2023 to 131 as at the end of 1H FY2024 and higher sub-franchisees' outlets sales; and
- (iii) similarly, franchise revenue increased by A\$1.3 million or 40.8% from A\$3.1 million in 1H FY2023 to A\$4.4 million in 1H FY2024 due to increase in the number of sub-franchised outlets and higher sub-franchisees' outlets sales.

Other income

Other income decreased by A\$0.3 million or 20.9% from A\$1.4 million in 1H FY2023 to A\$1.1 million in 1H FY2024. Included in other income in 1H FY2023 is a gain on disposal of a corporate-owned Nene Chicken outlet to an unrelated franchisee of A\$0.4 million, compared to 1H FY2024 where there was a A\$0.1 million gain on disposal of a corporate-owned Papparich express outlet to an unrelated franchisee.

Changes in inventories

Changes in inventories amounted to a decrease of A\$0.07 million in 1H FY2024 compared to an increase of A\$0.5 million in 1H FY2023. The fluctuations in the balance of the Group's inventories were mainly due to timing of purchases and consumption of inventories.

Purchases of inventories

Although, purchases of inventories has decreased by A\$0.2 million or 1.8%, from A\$11.2 million in 1H FY2023 to A\$11.0 million in 1H FY2024 however including the effect of changes in inventories as mentioned above, there was an overall increase in cost of sale of A\$0.4 million which is in line with the increase in both the F&B retail sales and supply chain sales.

Franchise restaurants and stores related establishment costs

Franchise restaurants and stores related establishment costs increased by A\$0.5 million from A\$0.04 million in 1H FY2023 to A\$0.5 million in 1H FY2024, in line with the increase in project income from A\$0.3 million in 1H FY2023 to A\$1.1 million in 1H FY2024 as the number of new sub-franchised stores increased.

Rental expenses

The Group recorded an increase in rental expenses on operating leases by A\$0.1 million or 28.1% from A\$0.5 million in 1H FY2023 to A\$0.6 million in 1H FY2024, mainly due to the annual increase in the landlords' passing on outgoing costs.

Staff costs

Staff costs increased by A\$0.6 million or 4.9% from A\$12.1 million in 1H FY2023 to A\$12.7 million in 1H FY2024 mainly due to general increase in minimum wages and superannuation contributions.

Depreciation expense

Depreciation expense increased marginally by approximately A\$0.2 million from A\$4.0 million in 1H FY2023 to A\$4.3 million in 1H FY2024 mainly due to the larger right-of-use assets base. The Group recorded depreciation on right-of-use assets of A\$2.8 million and depreciation on property, plant and equipment of A\$1.5 million in 1H FY2024.

Amortisation expense

Amortisation expense amounted to approximately A\$0.2 million both in 1H FY2024 and 1H FY2023.

Finance costs

Finance costs comprised finance costs on long term leases recognised as lease liabilities under SFRS(I) 16 and finance cost on borrowings.

Total finance costs amounted to approximately A\$0.7 million both in 1H FY2024 and 1H FY2023.

Other expenses

Other expenses increased by A\$0.5 million or 13.0% from A\$4.0 million in 1H FY2023 to A\$4.5 million in 1H FY2024. The Group recorded higher royalty fees expense, outlet and warehouse supplies, utilities and maintenance expenses in 1H FY2024 driven by the increase in F&B retail sales and supply chain sales.

Share of results of associated company

The Group invested in an associated company, Beef Musketeers (Aust) Pty Ltd, on 24 February 2021. Beef Musketeers (Aust) Pty Ltd is based in Australia and engaged in the principal business of wholesaling and retailing of beef products. The share of results of associated company recorded for 1H FY2024 amounted to a net loss A\$3,699 compared to a profit of A\$5,795 in 1H FY2023. The investment in associated company was disposed of on 30 October 2023.

Share of results of joint venture

The Group invested in a joint venture company, TST (Aust) Pty Ltd on 20 January 2022. The intended principal activity of TST (Aust) Pty Ltd is the investment holding of companies involved in the operation of supermarkets. The share of results of associated company recorded for 1H FY2024 amounted to a profit of A\$29,357 compared to a loss of A\$18,642 in 1H FY2023. The management does not consider the joint venture to be material to the Group.

Profit before tax

Due to the reasons above, the Group recorded profit before tax of A\$2.2 million in 1H FY2024 as compared to A\$2.3 million in 1H FY2023.

Tax expense

The Group recorded tax expense of A\$0.9 million in 1H FY2024 as compared to A\$0.8 million in 1H FY2023.

Profit for the period, net of tax

After accounting for tax expense, the Group recorded a profit after tax of A\$1.3 million in 1H FY2024 as compared to A\$1.5 million in 1H FY2023.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company amounted to A\$1.4 million in 1H FY2024 as compared to A\$1.5 million in 1H FY2023.

Review of the Group's financial position

Non-current assets

The Group's non-current assets increased by A\$2.3 million from A\$40.1 million as at 30 June 2023 to A\$42.4 million as at 31 December 2023, mainly attributable to the following:

- (i) an increase in right-of-use assets of A\$1.7 million and increase in property, plant and equipment of A\$0.3 million as a result of the increase in the Group's owned outlets; and
- (ii) an increase in investment in joint venture of A\$0.3 million.

Current assets

Current assets increased by approximately A\$0.4 million from A\$17.1 million as at 30 June 2023 to A\$17.5 million as at 31 December 2023, mainly due to an increase in cash and bank balances of A\$0.3 million and an increase in trade and other receivables of A\$0.2 million due to higher revenues.

Non-current liabilities

The Group's non-current liabilities increased by approximately A\$1.1 million from A\$19.9 million as at 30 June 2023 to A\$21.0 million as at 31 December 2023, mainly due to the increase in lease obligations of Group-owned outlets in 1H FY2024 of A\$1.1 million.

Current liabilities

The Group's current liabilities increased by A\$0.6 million, from A\$16.6 million as at 30 June 2023 to A\$17.2 million as at 31 December 2023, mainly due to increase in tax payables of A\$0.5 million, increase in lease liabilities of A\$0.2 million, increase in contract liabilities of A\$0.1 million, offset by a decrease of trade and other payables of A\$0.2 million and decrease in borrowings of A\$0.1 million.

Working Capital

The Group recorded positive working capital of A\$0.4 million as at 31 December 2023 and A\$0.5 million as at 30 June 2023.

Review of the Group's cashflows

The Group generated net cash from operating activities of A\$6.7 million in 1H FY2024 due to operating cash flow before changes in working capital of A\$7.2 million, net cash used in working capital changes of A\$0.1 million, and income tax paid of A\$0.3 million. Net cash used in working capital changes amounted to approximately A\$0.1 million, mainly due to a decrease in payables and contract liabilities of A\$0.2 million and increase in receivables and contract assets of A\$0.1 million offset by decrease in inventories of A\$0.1 million and currency translation adjustments of A\$0.1 million.

Net cash used in investing activities amounted to A\$2.3 million, due mainly to additions to property, plant and equipment of A\$2.1 million as the Group expanded its operations and increased the number of outlets, increase in investment in joint venture of A\$0.3 million and purchases of intangible assets of A\$0.2 million offset by proceeds from disposal of Group owned stores of A\$0.2 million.

Net cash used in financing activities amounted to A\$4.1 million, mainly due to repayment of lease liabilities of A\$3.1 million, dividend paid of A\$0.2 million, repayment of borrowings of A\$0.1 million and interest paid of A\$0.7 million.

As a result of the above, net cash and cash equivalents increased by A\$0.3 million in 1H FY2024.

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

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

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

With the rising cost of living, during 1HFY2024, the Group recorded lower growth rates, consistent with higher consumer caution in spending. Driven by the Group's commitment to stay competitive in the food and beverage industry, the Group continues to focus on developing strong partnerships with both its existing and potential new sub-franchisees and sub-licensees and continues to identify complimentary new brands including social media influenced food trends.

As at 31 December 2023, the Group had a network of 182 outlets comprising 50 Group-owned outlets, 1 joint venture outlet and 131 outlets owned by its sub-franchisees and sub-licensees.

The Group remains in a strong cash surplus position with relatively low gearing. In view of the current economic outlook and barring unforeseen circumstances, the Group plans to open another 4 Group-owned, 2 joint venture and 13 sub-franchised/sub-licensed outlets by June 2024.

5. Dividend

(a) Any dividend recommended/declared for the current financial period reported on?

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (in A\$)	A\$0.004 per ordinary share
Treasury shares	Not entitled
Tax rate	Net of tax after deduction of applicable Australia corporate tax

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (in A\$)	A\$0.0033 per ordinary share
Treasury shares	Not entitled
Tax rate	Net of tax after deduction of applicable Australia corporate tax

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

The dividend is net of tax after deduction of applicable Australia corporate tax. Please refer to Appendix F of the Offer Document for discussion on tax treatment of the dividend distribution.

(d) The date the dividend is payable

Interim dividend is payable on 26 February 2024 in Singapore Dollar. The exchange rate to be used in determining payment of above interim dividend in Singapore Dollar will be disclosed in due course.

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

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07 Singapore 098632, up to 5.00 p.m. on 19 February 2024 will be registered before entitlements to the interim dividend are determined.

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

Not applicable.

7. **If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for recurrent interested person transactions ("IPT").

There were no material IPTs between the Group and any of its interested persons of S\$100,000 and above during 1H FY2024.

8. **Negative confirmation by the board pursuant to Rule 705(5)**

To the best knowledge of the board of directors (the "**Board**"), nothing has come to the attention of the Board which may render the unaudited financial statements of the Group and the Company for 1HFY2024 to be false or misleading in any material aspect.

9. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

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

BY ORDER OF THE BOARD

Saw Tatt Ghee
Executive Chairman and Chief Executive Officer

8 February 2024