



Sakae Holdings Ltd.
(Company Registration No. 199604816E)

Condensed Interim Financial Statements
For the Fourth Quarter and Full Year Ended 30 June 2021

Table of Contents

	Page
A. Condensed interim consolidated statement of profit or loss and other comprehensive Income	3
B. Condensed interim statements of financial position	4
C. Condensed interim consolidated statement of cash flows	5
D. Condensed interim statements of changes in equity	7
E. Notes to the condensed interim consolidated financial statements	8
F. Other information required by Listing Rule Appendix 7.2.	16

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

		Group					
		Quarter ended			Full year ended		
		30 June		Increase /	30 June		Increase /
Note		2021 (4QFY2021)	2020 (4QFY2020)	(Decrease)	2021 (FY2021)	2020 (FY2020)	(Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Revenue	4,267	5,545	(23.0)	21,149	31,372	(32.6)
	Cost of sales	(1,781)	(3,252)	(45.2)	(7,233)	(12,434)	(41.8)
	Gross profit	2,486	2,293	8.4	13,916	18,938	(26.5)
	Other operating income	4,653	14,209	(67.3)	9,426	17,185	(45.1)
	Administrative expenses	(3,327)	(5,917)	(43.8)	(15,449)	(22,782)	(32.2)
	Other operating expenses	(2,171)	(8,242)	(73.7)	(4,485)	(12,834)	(65.1)
	Finance cost	(223)	(411)	(45.7)	(1,148)	(1,929)	(40.5)
	Profit (Loss) before income tax	1,418	1,932	(26.6)	2,260	(1,422)	N.M.
	Income tax	63	688	(90.8)	57	822	(93.1)
	Profit (Loss) after income tax	1,481	2,620	(43.5)	2,317	(600)	N.M.
	Attributable to:						
	Equity holders of the company	1,481	2,620	(43.5)	2,317	(600)	N.M.
	Non-controlling interest	-	-	N.M.	-	-	N.M.
		1,481	2,620	(43.5)	2,317	(600)	N.M.
	Basic and diluted profit (loss) per share	1.06	1.88		1.66	(0.43)	
	Net profit (loss) for the period/year	1,481	2,620	(43.5)	2,317	(600)	N.M.
	Other comprehensive income:						
	<i>Items that will not be reclassified subsequently to profit or loss</i>						
	Revaluation of properties	10,636	16,327	(34.9)	10,639	16,327	(34.8)
	Deferred tax liability relating to revaluation of properties	(1,810)	(2,739)	(33.9)	(1,810)	(2,739)	(33.9)
		8,826	13,588	(35.0)	8,829	13,588	(35.0)
	<i>Items that may be reclassified subsequently to profit or loss</i>						
	Currency translation differences	71	(35)	N.M.	28	(4)	N.M.
	Other comprehensive income for the period/year, net of tax	8,897	13,553	(34.4)	8,857	13,584	(34.8)
	Total comprehensive income for the period/year	10,378	16,173	(35.8)	11,174	12,984	(13.9)
	Attributable to:						
	Equity holders of the Company	10,378	16,173	(35.8)	11,174	12,984	(13.9)
	Non-controlling interests	-	-	N.M.	-	-	N.M.
	Total comprehensive income for the period/year	10,378	16,173	(35.8)	11,174	12,984	(13.9)

N.M. - Not Meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30/06/2021 S\$'000	30/06/2020 S\$'000	30/06/2021 S\$'000	30/06/2020 S\$'000
ASSETS					
Current assets:					
Cash and bank balances		3,042	7,142	841	4,765
Trade receivables		540	1,349	114	606
Other receivables and prepayments		1,494	1,977	229	417
Inventories		381	615	11	30
Equity investments at fair value through profit or loss	10	5	53	-	-
Non-current assets classified as held for sale		4,022	6,425	-	-
Income tax recoverable		236	225	-	-
Total current assets		9,720	17,786	1,195	5,818
Non-current assets:					
Deposit		64	457	-	-
Subsidiaries		-	-	10	10
Due from subsidiaries		-	-	12,000	12,403
Equity investments at fair value through profit or loss	10	9,840	9,888	9,840	9,888
Property, plant and equipment	11	99,866	93,011	97,495	88,862
Goodwill	12	-	716	-	-
Total non-current assets		109,770	104,072	119,345	111,163
Total assets		119,490	121,858	120,540	116,981
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank loans	13	28,823	44,287	28,453	43,667
Lease liabilities	14	1,651	3,033	360	381
Trade payables		1,913	3,328	613	879
Other payables and accruals		3,005	3,874	1,144	1,941
Provisions		338	420	50	84
Due to subsidiaries		-	-	16,247	14,903
Income tax payable		1	24	-	-
Total current liabilities		35,731	54,966	46,867	61,855
Non-current liabilities:					
Bank loans	13	4,271	-	4,271	-
Lease liabilities		10,519	10,852	9,758	9,637
Deferred tax liabilities	14	12,552	10,797	12,552	10,974
Total non-current liabilities		27,342	21,649	26,581	20,611
Capital and reserves:					
Issued capital	15	10,736	10,736	10,736	10,736
Treasury shares		(892)	(892)	(892)	(892)
Currency translation reserve		(694)	(722)	-	-
Revaluation reserve	16	68,997	60,168	68,069	59,229
Accumulated losses		(21,730)	(24,047)	(30,821)	(34,558)
Equity attributable to equity holders of the company		56,417	45,243	47,092	34,515
Non-controlling interests		-	-	-	-
Total equity		56,417	45,243	47,092	34,515
Total liabilities and equity		119,490	121,858	120,540	116,981

C. Condensed interim consolidated statement of cash flows

	Group	
	Full year ended 30 June	
	2021 (FY2021)	2020 (FY2020)
	S\$'000	S\$'000
Operating activities		
Profit (Loss) before income tax	2,260	(1,422)
Adjustments for:		
Depreciation of property, plant and equipment	2,408	2,193
Depreciation of right-of-use assets	2,885	4,625
Depreciation of investment property	-	25
Amortisation of prepaid lease	51	-
Loss on disposal of property, plant and equipment	29	329
Gain on disposal of held for sale assets	(438)	-
Write-off of property, plant and equipment	33	55
Impairment loss on right-of-use assets	9	-
Impairment loss on property, plant and equipment	-	996
Impairment loss recognised on trade receivables	8	37
Impairment loss recognised on other receivables	-	5,609
Impairment loss recognised on joint venture	-	350
Impairment loss recognised on goodwill	716	-
Write-back of amount due to related and outside parties	-	(42)
Write-back of other payables	-	(167)
Dividend income from equity investments	(4)	(9)
Fair value gain on equity investments at FVTPL	(2,668)	(10,778)
Gain on derecognition of subsidiary	-	(664)
Gain on termination of leases	(32)	-
Unrealised foreign exchange (gain) loss	(11)	6
Allowance for doubtful debts and bad debts, net	283	-
Provision of reinstatement cost	-	44
Interest expense	1,148	1,929
Interest income	(3)	(24)
Operating cash flows before movements in working capital	6,674	3,092
Trade receivables	518	369
Other receivables and prepayments	876	1,309
Inventories	234	308
Trade payables	(1,415)	(93)
Other payables and accruals	(417)	1,489
Cash from operations	6,470	6,474
Interest paid	(1,148)	(1,929)
Interest received	3	24
Income taxes and withholding taxes (paid) refund	(32)	898
Net cash from operating activities	5,293	5,467
Investing activities		
Purchase of property, plant and equipment	(121)	(588)
Proceeds from disposal of property, plant and equipment	38	-
Proceeds from liquidation of equity investments at FVTPL	2,716	11,358
Proceeds from disposal of held for sale assets	2,895	-
Proceeds from disposal of equity investments at FVTPL	88	288
Derecognition of subsidiary	-	(35)
Dividend income from equity investments	4	9
Investment in quoted shares	(30)	-
Net cash from investing activities	5,590	11,032

Financing activity

Repayment of leases	(3,803)	(4,808)
Repayment of bank loans	(10,943)	(5,263)
Net cash used in financing activity	<u>(14,746)</u>	<u>(10,071)</u>
Net (decrease) increase in cash and cash equivalents	(3,863)	6,428
Cash and cash equivalents at beginning of year	6,522	98
Effects on exchange rate changes on the balance of cash held in foreign currencies	13	(4)
Cash and cash equivalents at end of year	<u><u>2,672</u></u>	<u><u>6,522</u></u>

D. Condensed interim statements of changes in equity

	Issued capital	Treasury shares	Currency translation reserve	Revaluation reserve	Accumulated (losses) profits	Attributable to equity holders of the company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 July 2019	10,736	(892)	(718)	46,580	(23,447)	32,259	23	32,282
<i>Total comprehensive income for the year</i>								
Loss for the year	-	-	-	-	(600)	(600)	-	(600)
Other comprehensive income for the year	-	-	(4)	13,588	-	13,584	-	13,584
Total	-	-	(4)	13,588	(600)	12,984	-	12,984
Strike off of subsidiary	-	-	-	-	-	-	(23)	(23)
Balance at 30 June 2020	10,736	(892)	(722)	60,168	(24,047)	45,243	-	45,243
<i>Total comprehensive income for the year</i>								
Profit for the year	-	-	-	-	2,317	2,317	-	2,317
Other comprehensive income for the year	-	-	28	8,829	-	8,857	-	8,857
Total	-	-	28	8,829	2,317	11,174	-	11,174
Balance at 30 June 2021	10,736	(892)	(694)	68,997	(21,730)	56,417	-	56,417

	Issued capital	Treasury shares	Revaluation reserve	Accumulated (losses) profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
Balance at 1 July 2019	10,736	(892)	45,696	(33,851)	21,689
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	(707)	(707)
Other comprehensive income for the year	-	-	13,533	-	13,533
Total	-	-	13,533	(707)	12,826
Balance at 30 June 2020	10,736	(892)	59,229	(34,558)	34,515
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	3,737	3,737
Other comprehensive income for the year	-	-	8,840	-	8,840
Total	-	-	8,840	3,737	12,577
Balance at 30 June 2021	10,736	(892)	68,069	(30,821)	47,092

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Sakae Holdings Ltd. (the “Company”) is incorporated and domiciled in Singapore. Its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the three and twelve months ended 30 June 2021 are for the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company consist of the business of operating restaurants, trading of raw food materials, food processing and operating as caterer and event organiser.

The principal activities of the Group consist of the business of investment holding, operating restaurants, kiosks and cafes, provision of corporate advisory services, provision of cold storage warehousing and logistics services.

2. Basis of preparation

These condensed interim financial statements for the three and twelve months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore (“Standards”). These condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 March 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except as disclosed in Note 2.1 below.

The condensed interim financial statements are presented in Singapore dollars, which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2021:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

The application of the above amendments to standards and interpretations is not expected to have a material effect on the consolidated financial statements of the Group and of the Company for the year ended 30 June 2021.

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

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

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year from 1 July 2020 to 30 June 2021 ("FY2021").

4. Segment and revenue information

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the category of each type of goods and services. The Group's reportable segments under SFRS(I) 8 Operating Segments are therefore as follows:

- Sakae Sushi, which is the main brand in provision of food and beverages to retail customers from the general public.
- Other products and services, which is inclusive of other brands and services offered by the Group namely Sakae Teppanyaki, Sakae Delivery, Hei Sushi, Hei Delivery, Senjyu, Crepes & Cream and Nouvelle Events, Japanmartsg. and Sakae Corporate Advisory.

4.1 Reportable segments

Information regarding the Group's reportable segments is presented below.

	Revenue		Net profit (loss)	
	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	10,341	19,846	3,785	(756)
Other products and services	10,808	11,526	354	386
Total	21,149	31,372	4,139	(370)
Central administration costs and directors' salaries			(10,157)	(15,939)
Other operating income			6,758	5,374
Fair value gains on equity investments at fair value through profit or loss			2,668	11,147
Fair value loss on equity investments through profit or loss			-	(369)
Gain on derecognition of subsidiary			-	664
Finance costs			(1,148)	(1,929)
Profit (Loss) before income tax			2,260	(1,422)
Income tax credit			57	822
Profit (Loss) for the year			2,317	(600)

	Depreciation		Additions to property, plant and equipment	
	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	3,643	5,512	25	588
Other products and services	-	1	96	-
Unallocated corporate items	1,650	1,305	-	-
Total	5,293	6,818	121	588

	Segment Assets	
	FY2021	FY2020
	S\$'000	S\$'000
Sakae Sushi	28,721	29,500
Other products and services	3,769	4,417
Unallocated corporate items	87,000	87,941
Total	119,490	121,858

4.2 Disaggregation of revenue

	Revenue		Non-current assets	
	FY2021	FY2020	FY2021	FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	17,725	21,453	108,522	100,305
Malaysia	3,424	9,919	1,248	3,767
Total	21,149	31,372	109,770	104,072

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2021 and 30 June 2020:

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Amortised cost:				
Loans and receivables	5,106	10,646	1,184	5,788
Due from subsidiaries	-	-	12,000	12,403
Equity investments at fair value through profit or loss	9,845	9,941	9,840	9,888
	14,951	20,587	23,024	28,079
Financial liabilities				
Amortised cost	37,675	50,897	50,651	61,290
Lease liabilities	12,170	13,885	10,118	10,018
	49,845	64,782	60,769	71,308

6. Profit (Loss) before income tax

	Group			
	3 months ended	3 months ended	12 months ended	12 months ended
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation on property, plant and equipment	674	616	2,408	2,193
Depreciation on right-of-use assets	580	1,186	2,885	4,625
Depreciation on investment property	-	7	-	25
Loss on disposal of plant and equipment (net)	83	309	29	329
Fair value gains on equity investments at FVTPL	(2,660)	(11,147)	(2,668)	(11,147)
Gain on disposal of held-for-sale assets	-	-	(438)	-
Write off of plant and equipment	-	55	33	55
Allowance for doubtful debts and bad debts, net	283	-	283	-
Impairment loss recognised on right-of use	226	-	9	-
Impairment loss recognised on property, plant and equipment	-	996	-	996
Impairment loss recognised on other receivables	-	5,609	-	5,609
Impairment loss recognised on goodwill	716	-	716	-
Interest on borrowings	150	269	668	1,346
Interest on leases	72	141	480	583
Interest income	(1)	(6)	(3)	(24)

7. Income tax

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 statement of profit and loss are:

	Group			
	3 months ended 30	3 months ended 30	12 months ended 30	12 months ended 30
	June 2021	June 2020	June 2021	June 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax (credit) expense	(3)	-	3	(58)
Deferred tax credit (Note 14)				
Current	(60)	(688)	(60)	(764)
Total income tax credit	(63)	(688)	(57)	(822)

8. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares at the end of the:-

- (a) current financial period reported on; and,
(b) immediately preceding financial year.

	Group		Company	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	40.45	32.44	33.76	24.75

9. Dividend

In respect of the current year, the Board of Directors proposes that a dividend of 1.2 Singapore cents per qualifying share will be paid to shareholders. This dividend is subject to approval by shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$1,674,000.

	Group and Company	
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
Final dividend of 1.2 Singapore cents per qualifying ordinary share (2020: NIL)	1,674	-
	<u>1,674</u>	<u>-</u>

10. Equity Investments at fair value through profit or loss

Presented as current assets:

	Group		Company	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted equity shares, at fair value	5	53	-	-

Investments in quoted equity securities above offer the Group and the Company the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted bid price in an active market on the last market day of the financial year. The quoted equity shares are classified as Level 1 (2020 : Level 1) in the fair value hierarchy.

Presented as non-current assets:

	Group		Company	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Unquoted equity shares, at fair value	9,840	9,888	9,840	9,888

Investments in unquoted equity shares relate to the following:

	Proportion of ownership interest	Country of incorporation
	%	
<i>Under liquidation:</i>		
Griffin Real Estate Investments Holdings Pte Ltd ("GREIH")	24.69	Singapore
Gryphon Capital Management Pte Ltd ("GCM")	20.00	Singapore

The Group's investments in GREIH and GCM were previously accounted for as investments in associates. With the commencement of liquidation proceedings in 2017, the Group re-classified its cost of investments in GREIH and GCM to available-for-sale investments during the financial period ended 30 June 2018. As of 1 July 2018, the Group reclassified the available-for-sale investments to equity investments at fair value through profit or loss following its adoption of SFRS(I) 9 *Financial Instruments*.

Fair values of the investments in unquoted equity shares are determined based on the net expected amounts to be realised through the sale of assets and repayment of obligations as assessed by the liquidators as at end of reporting period.

Unquoted equity shares are classified as Level 3 (2020 : Level 3) in the fair value hierarchy.

11. Property, Plant and Equipment

During the year ended 30 June 2021, the Group acquired property, plant and equipment with an aggregate cost of \$121,000 (30 June 2020: \$588,000).

12. Goodwill

	Group	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
At beginning of the year	716	720
Impairment loss during the year	(716)	-
Exchange differences	-	(4)
At end of year	<u>-</u>	<u>716</u>

13. Bank Loans

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	28,453	43,667	28,453	43,667
Unsecured	370	620	-	-
	<u>28,823</u>	<u>44,287</u>	<u>28,453</u>	<u>43,667</u>
<u>Amount repayable after one year</u>				
Unsecured	<u>4,271</u>	<u>-</u>	<u>4,271</u>	<u>-</u>

The Group obtained loan facilities to finance the construction of its headquarters which was mortgaged to the lending bank as a form of collateral and short term loans for working capital.

14. Deferred Tax Liabilities

The following are the major deferred tax liabilities recognised by the Group and Company, and, movements thereon, during the current and prior reporting year:

	Revaluation reserve S\$'000	Accelerated tax depreciation S\$'000	Others S\$'000	Total S\$'000
<u>Group</u>				
At 1 July 2019	9,089	192	(468)	8,813
Charge to other comprehensive Income	2,739	-	-	2,739
(Credit) Charge to profit and loss (Note 7)	(869)	(185)	290	(764)
Exchange differences	6	2	1	9
At 30 June 2020	10,965	9	(177)	10,797
Charge to other comprehensive Income	1,810	-	-	1,810
(Credit) Charge to profit and loss (Note 7)	(232)	-	172	(60)
Exchange differences	-	-	5	5
At 30 June 2021	12,543	9	-	12,552

	Revaluation reserve S\$'000	Accelerated tax depreciation S\$'000	Total S\$'000
<u>Company</u>			
At 1 July 2019	8,367	9	8,376
Charge to other comprehensive income	2,772	-	2,772
Credit to profit or loss	(174)	-	(174)
At 30 June 2020	10,965	9	10,974
Charge to other comprehensive income	1,810	-	1,810
Credit to profit or loss	(232)	-	(232)
At 30 June 2021	12,543	9	12,552

15. Share Capital

	Group and Company			
	30 June 2021 '000	30 June 2020 '000	30 June 2021 S\$'000	30 June 2020 S\$'000
<u>Number of ordinary shares</u>				
Issued and paid up: At beginning and end of the year	142,000	142,000	10,736	10,736

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

The total number of issued shares (excluding treasury shares) was 139,472,000 (2020 : 139,472,000).

Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	Group and Company			
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	'000	'000	S\$'000	S\$'000
	<u>Number of ordinary shares</u>			
Issued and paid up:				
At beginning and end of the year	2,528	2,528	892	892

16. Revaluation Reserves

The property revaluation reserve arises on the revaluation of the freehold land and building on freehold land, and the revaluation of leasehold building.

	Group	
	30 June	30 June
	2021	2020
	S\$'000	S\$'000
At beginning of the year	60,168	46,580
Recognised in other comprehensive income	8,829	13,588
At end of year	68,997	60,168

17. Subsequent events

There are no known subsequent events which have led to adjustments to these condensed interim financial statements.

F. Other Information required by Listing Rule Appendix 7.2.

1. Review

The condensed consolidated statement of financial position of Sakae Holdings Ltd and its subsidiaries as at 30 June 2021, the related condensed profit or loss and other comprehensive income, condensed consolidated statements of changes in equity, condensed consolidated statement of cash flows for the three-month period and full year then ended, and, certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Financial performance (4QFY2021 vs 4QFY2020)

Group revenue for the quarter ended 30 June 2021 (“4QFY2021”) totalled \$4.3 million, a decrease of 23.0% as compared to \$5.5 million in the corresponding period of the previous year (“4QFY2020”). During 4QFY2021, Singapore imposed heightened Covid-19 measures from 4 May 2021 to 13 June 2021, where dine-in services was not permitted, allowing only online ordering and delivery services. Malaysia also imposed a partial lockdown with limited dine in capacity from June 2020 to May 2021. Subsequently, when Malaysia implemented a full lock down again from 12 May 2021, this resulted in no dine-in services and only take out and delivery services allowed to continue. Group revenue declined with the reduced restaurant operations. However, as the Group had taken steps to pivot towards online orders and delivery, the negative impact of reduced restaurant operations was cushioned by revenue contribution from online orders and delivery sales. Coupled with weaker consumer demand and sentiment, the Group has adapted its operational strategy to reduce the number of physical outlets and focus more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence reduced Group revenue.

Congruent with the reduced revenue, there was also a decrease in the cost of sales and labour costs. Notwithstanding the reduced Group revenue, the Group has seen a continued increase in its gross profit margin since 1QFY2021. Gross profit margin has increased by 16.9%, from 41.4% in 4QFY2020 to 58.3% in 4QFY2021.

Other operating income decreased by 67.3%, from \$14.2 million in 4QFY2020 to \$4.7 million in 4QFY2021, mainly due to the decrease in fair value gain recognised on equity investments from GREIH of \$10.8 million in 4QFY2020 to \$2.7 million in 4QFY2021.

Administrative expenses decreased by 43.8%, from \$5.9 million in 4QFY2020 to \$3.3 million in 4QFY2021, mainly due to a decrease in depreciation charged by 31.6%, from \$1.9 million in 4QFY2020 to \$1.3 million in 4QFY2021. Other administrative expenses also decreased accordingly with the decrease in revenue.

Other operating expenses decreased significantly by 73.7%, from \$8.2 million in 4QFY2020 to \$2.2 million in 4QFY2021, mainly due to the impairment loss on assets which includes other receivables of \$5.6 million in 4QFY2020.

Finance costs decreased by 45.7%, from \$0.4 million in 4QFY2020 to \$0.2 million in 4QFY2021, mainly due to the repayment of short term borrowings during the period.

Group profit before tax and net profit after tax are recorded at \$1.4 million and \$1.5 million respectively in 4QFY2021, as a result of business re-strategization detailed above, compared to Group profit before tax and net profit after tax of \$1.9 million and \$2.6 million respectively in 4QFY2020.

Financial performance (FY2021 vs FY2020)

Group revenue for the twelve months ended 30 June 2021 totalled \$21.1 million, a decrease of 32.6% as compared to \$31.4 million in the corresponding year. Throughout the year, with various social control measures and restrictions imposed in Singapore and Malaysia, due to the Covid-19 pandemic, this has resulted in significantly reduced, or, no dine-in services. Group revenue declined with the reduced restaurant operations. However, as the Group had taken steps to pivot towards online orders and delivery, the negative impact of reduced restaurant operations was cushioned by revenue contribution from online orders and delivery sales. Coupled with weaker consumer demand and sentiment, the Group has adapted its operational strategy to reduce the number of physical outlets and focus more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence reduced Group revenue.

Congruent with the reduced revenue, there was also a decrease in the cost of sales and labour costs. Notwithstanding the reduced Group revenue, the Group has seen a continued increase in its gross profit margin since 1QFY2021. Gross profit margin has increased by 5.4%, from 60.4% in FY2020 to 65.8% in FY2021.

Other operating income decreased by 45.1%, from \$17.2 million in FY2020 to \$9.4 million in FY2021, mainly due to the decrease in fair value gain recognised on equity investments from GREIH of \$10.8 million in FY2020 to \$2.7 million in FY2021.

Administrative expenses decreased by 32.2%, from \$22.8 million in FY2020 to \$15.4 million in FY2021, mainly due to labour costs decreasing significantly by 33.9%, from \$12.7 million in FY2020 to \$8.4 million in FY2021 and a decrease in depreciation charged by 22.1%, from \$6.8 million in FY2020 to \$5.3 million in FY2021. Other administrative expenses also decreased accordingly with the decrease in revenue.

Other operating expenses decreased significantly by 65.1%, from \$12.8 million in FY2020 to \$4.5 million in FY2021, mainly due to the impairment loss on assets which includes other receivables of \$5.6 million in FY2020 and a decrease in rental expenditure as well as lower utilities expenditure as a result of the reduced number of outlets.

Finance costs decreased by 40.5%, from \$1.9 million in FY2020 to \$1.1 million in FY2021, mainly due to the repayment of short term borrowings during the year.

Group profit before tax and net profit after tax are recorded at \$2.3 million in FY2021, as a result of business re-strategization detailed above, compared to Group loss before tax and net loss after tax of \$1.4 million and \$0.6 million respectively in FY2020.

Financial position of the Group

Group and Company cash and bank balances as at 30 June 2021 stood at \$3.0 million and \$0.8 million respectively as compared to \$7.1 million and \$4.8 million respectively as at 30 June 2020. The Group received a net return of \$2.7 million in relation to the partial return of capital from its investments in GREIH in FY2021. The decrease in cash and bank balance can also be attributed to the reduction of the Group's bank borrowings by \$11.2 million in FY2021. The Group continues to be cautious and will take reasonable steps to manage its cash flow effectively.

Total trade payables decreased by 42.4%, from \$3.3 million in FY2020 to \$1.9 million in FY2021. Other payables and accruals, as well as provisions, of the Group have decreased by 23.3%, from \$4.3 million in FY2020 to \$3.3 million in FY2021. Lease liabilities decreased by 12.2%, from \$13.9 million in FY2020 to \$12.2 million in FY2021 due to the adoption of SFRS(I) 16 Leases.

Total Group and Company bank loan balances have decreased due to the repayment of term loans over the year.

Shareholders' equity for the Group and Company stood at \$56.4 million and \$47.1 million respectively as at FY2021, as compared with \$45.2 million and \$34.5 million respectively as at FY2020.

Cash flow of the Group

The Group had operating cash flows of \$6.7 million in FY2021, as compared to \$3.1 million in FY2020. The Group will continue to adopt a cautious approach even as it seeks sustainable growth in its operations and in managing its operating costs effectively.

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

Treasury shares

There were no changes in the Company's Treasury shares as set out below.

	<u>30 June 2021</u>		<u>30 June 2020</u>	
	No. of shares ('000)	(S\$'000)	No. of shares ('000)	(S\$'000)
At beginning and end of period/year	2,528	892	2,528	892

- (ii) **To show the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	30/06/2021	30/06/2020
Number of shares held as treasury shares	2,528,000	2,528,000
Total no. of issued shares (excluding treasury shares)	139,472,000	139,472,000

- (iii) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- (iv) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holding as at end of the current financial period reported on.**

During the financial period, there was no transaction pertaining to subsidiary holdings.

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

No forecast or prospect statement has been issued previously.

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

Not applicable as the figures have not been audited or reviewed by the Company's statutory auditors.

5A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

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

The Company has worked at resolving audit issues in the disclaimer of opinion for the financial year ended 30 June 2019 ("FY2019"). With the resolution of some of the audit issues and the resultant adjustments made to the Group's financial statements for the financial year ended 30 June 2020 ("FY2020"), the FY2020 audit opinion was that of a qualified opinion as compared to the disclaimer of opinion in FY2019 (please refer to page 34 to 36 of the Company's 2020 Annual Report for more information):-

(i) Investment in GREIH

The qualified opinion relates to FY2020 consolidated profit or loss and its opening retained earnings in which the statutory auditor was unable to determine whether adjustments might be necessary in respect of the investment in GREIH accounted for as an equity investment at fair value through profit or loss. The balance of investment in GREIH as at 30 June 2020 was not qualified by the statutory auditor and thus this matter will not have an impact on the profit or loss for the current financial period. However, the comparability of the current period's figures and the corresponding FY2020 consolidated profit or loss may still be subject to a modified audit opinion due to the qualified opinion on FY2020 consolidated profit or loss. There is no further update on this matter for this quarter.

(ii) Matters concerning Cocosa Export

Please refer to the Company announcement dated 12 May 2021 in relation to the completion of the Cocosa Export independent audit and update on Intragroup Differences. As the announcement relates to FY2019 financial statements, the respective reconciliations and resultant adjustments have been made to the audited financial statements in FY2020.

The qualified opinion relates to FY2020 consolidated profit or loss, and, its opening retained earnings in which the statutory auditor was unable to determine whether adjustments might be necessary in respect of the investment in and receivables from Cocosa Export S.A. as well as the amount due from the non-controlling shareholder of Cocosa Export S.A. The consolidated financial position as at 30 June 2020 was not qualified by the statutory auditor and thus this matter will not have an impact on the profit or loss for the current financial period. However, the comparability of the current period's figures and the corresponding FY2020 consolidated profit or loss may still be subject to modified opinion due to this qualified opinion on FY2020 consolidated profit or loss.

(iii) Investment in GCM

The Company will provide updates on the development of the liquidation of GCM as and when information is received from its liquidators and, if required, will take the necessary action to account for any differences in fair value from what was recorded in the financial year ended 30 June 2020. There is no further update on this matter for this quarter.

- (iv) Matters concerning sugar trade business

Investigations are still on-going and in light of the same, the Company will provide further updates as and when it is appropriate to do so. There is no further update on this matter for this quarter.

- (v) Matters concerning the prior years' adjustments

Please refer to the Company announcement dated 12 May 2021 in relation to the completion of the Cocosa Export independent audit and update on Intragroup Differences. As the announcement relates to FY2019 financial statements, the respective reconciliations and resultant adjustments have been made to the audited financial statements in FY2020.

The qualified opinion relates to FY2019 consolidated profit or loss in which the statutory auditor was unable to determine whether adjustments relate to the prior year ended 30 June 2019 and/or before. The consolidated financial position as at 30 June 2019 and 30 June 2020 as well as FY2020 consolidated profit or loss were not qualified by the statutory auditor and thus this matter will not have an impact on the consolidated profit or loss and financial position for the current financial period or on the comparability of the current period's figures and the corresponding FY2020 consolidated profit or loss.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

6. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Accounting policies and methods of computation used in the condensed interim financial statements for the period ended 30 June 2021 are consistent with those applied in the consolidated financial statements for the year ended 30 June 2020.

7. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

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

	Quarter ended 30 June 2021 (4QFY2021)	Quarter ended 30 June 2020 (4QFY2020)	Full year ended 30 June 2021 (FY2021)	Full year ended 30 June 2020 (FY2020)
Earnings per ordinary share for the period				
(a) Based on weighted average number of ordinary shares in issue (cents)	1.06	1.88	1.66	(0.43)
(b) On a fully diluted basis (cents)	1.06	1.88	1.66	(0.43)

9. A breakdown of sales

	FY2021 S\$'000	FY2020 S\$'000	Increase / (Decrease) %
a) Revenue reported for first half year	11,126	18,618	(40.2)
b) Profit (Loss) after income tax before deducting non-controlling interests reported for the first half year	617	(1,658)	N.M.
c) Revenue reported for second half year	10,023	12,754	(21.4)
d) Profit after income tax before deducting non-controlling interests reported for the second half year	1,700	1,058	60.7

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

No forecast or prospect statement has been issued previously.

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

The Covid-19 pandemic has brought about a highly uncertain economic climate. The evolution of the virus and the fluctuating infection rates do not bode well for businesses in the Food & Beverage sector that has been one of the most adversely affected industries.

The Group operates primarily in Singapore and Malaysia. In Singapore, from pandemic looking to move towards an endemic, there is optimism that consumer demand and market sentiment will improve as the Covid-19 vaccination rates increase and a differentiated approach taken for social gatherings and dining in. However, given the uncertain nature of the Covid-19 virus evolution, the Group will continue to adopt a cautious outlook in planning its business operations.

The business outlook for the Group in Malaysia continues to be less optimistic as the country continues its battle to contain the infection rate. The changes in governmental measures which evolve with the pandemic situation cannot be ruled out. Movement restrictions of people together with the associated uncertainties on business operations, will have a significant impact to the Group's operations. The Group will continue to review and manage its operations in Malaysia prudently.

The Group will continue to recalibrate its business strategy and direction by building on its online sales channels and efforts to digitalize its business while exploring new market opportunities, and will also continue to manage business costs cautiously through optimizing operational efficiency.

12. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes. The Directors are pleased to recommend a tax exempt (1-tier) final dividend of 1.2 Singapore cents per ordinary share for the financial year ended 30 June 2021, subject to approval of shareholders at the forthcoming Annual General Meeting.

Final Dividend

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	1.2 cents per ordinary share
Tax rate	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

To be determined at a later date.

(d) Books closure date

To be determined at a later date.

13. Interested person transactions

No general mandate has been obtained from shareholders for IPTs.

14. Report of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company wishes to inform that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries is a relative to a Director or Chief Executive Officer or Substantial Shareholder of the Company as at 30 June 2021.

15. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

29 August 2021