

LIFEBRANDZ LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200311348E)

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED
31 JULY 2022**

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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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	5
C Condensed interim statements of changes in equity	6
D Condensed interim consolidated statement of cash flows	8
E Notes to the condensed interim consolidated financial statements	9
F Other information required by Catalist Rules Appendix 7C	16

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

	Six months ended			Full year ended			Note
	31-Jul-22	31-Jul-21	Inc/ (Dec) %	31-Jul-22	31-Jul-21	Inc/ (Dec) %	
	2H FY22	2H FY21		FY22	FY21		
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	183	15	>100%	220	34	>100%	4
Other operating income	80	-	N.M.	135	2,423	(94%)	
Expenses							
- Inventories and consumables used	(49)	(11)	>100%	(60)	(16)	>100%	
- Amortisation and depreciation	(44)	(4)	>100%	(45)	(10)	>100%	
- Employee benefits	(432)	(317)	36%	(834)	(717)	16%	
- Finance cost	(3)	(9)	(67%)	(3)	(11)	(73%)	
- Advertising, media and entertainment	(3)	-	N.M.	(5)	(4)	25%	
- Lease expenses	(10)	(57)	(82%)	(29)	(85)	(66%)	
- Transportation	(1)	-	N.M.	(2)	(1)	100%	
- Legal and professional fees	(181)	(31)	>100%	(312)	(302)	3%	
- Other operating expenses	(121)	(577)	(79%)	(155)	(603)	(74%)	
Total expenses	(844)	(1,006)	(16%)	(1,445)	(1,749)	(17%)	
(Loss)/Profit before income tax	(581)	(991)	(41%)	(1,090)	708	N.M.	6
- Income tax (credit)/expense	7	(16)	N.M.	7	(16)	N.M.	7
(Loss)/Profit from continuing operations for the financial period	(574)	(1,007)	43%	(1,083)	692	N.M.	
Owners of the Company	(543)	(1,007)		(1,052)	692		
Non-controlling interest	(31)	-		(31)	-		
	(547)	(1,007)		(1,083)	692		
Discontinued operations							
Owners of the Company	-	(221)	N.M.	-	1,168	N.M.	
Non-controlling interest	-	68	N.M.	-	2,146	N.M.	
(Loss)/Profit from discontinued operations for the financial period	-	(153)	N.M.	-	3,314	N.M.	6
Total (loss)/profit for the financial period	(574)	(1,160)	(51%)	(1,083)	4,006	N.M.	
Attributable to:							
Owners of the Company	(543)	(1,228)	(56%)	(1,052)	1,860	N.M.	
Non-controlling interest	(31)	68	N.M.	(31)	2,146	N.M.	
	(574)	(1,160)	(51%)	(1,083)	4,006	N.M.	
Other comprehensive income:							
Exchange differences on translating foreign operations	7	105	(93%)	(34)	176	N.M.	
Total comprehensive (loss)/income for the financial period	(567)	(1,055)	(46%)	(1,117)	4,182	N.M.	
Total comprehensive (loss)/income for the financial period attributable to:							
Owners of the Company	(536)	(1,178)	(55%)	(1,086)	1,981	N.M.	
Non-controlling interest	(31)	123	N.M.	(31)	2,201	N.M.	
	(567)	(1,055)	(46%)	(1,117)	4,182	N.M.	

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	Six months ended			Full year ended			Note
	31-Jul-22 2H FY22	31-Jul-21 2H FY21	Inc/ (Dec) %	31-Jul-22 FY22	31-Jul-21 FY21	Inc/ (Dec) %	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
(Loss)/Earnings per share attributable to owners of the Company (cents):							9
Basic and diluted (loss)/earnings per share from continuing operations	(0.03)	(0.09)		(0.05)	0.08		
Basic and diluted (loss)/earnings per share from discontinued operations	-	(0.01)		-	0.13		
Total basic and diluted (loss)/earnings per share	(0.03)	(0.10)		(0.05)	0.21		

N.M. – not meaningful

B. Condensed interim statements of financial position

	The Group		The Company		Note
	31-Jul-22	31-Jul-21	31-Jul-22	31-Jul-21	
	S\$'000	S\$'000	S\$'000	S\$'000	
<u>Current assets</u>					
Inventories	6	2	-	-	
Trade and other receivables	270	121	138	425	
Cash and cash equivalents	2,872	4,454	2,662	4,350	
	3,148	4,577	2,800	4,775	
<u>Non-current assets</u>					
Plant and equipment	70	6	3	5	11
Goodwill	19	-	-	-	12
Intangible asset	-	-	*	*	
Convertible loan receivable	-	-	144	-	13
Investments in subsidiaries	-	-	*	*	
	89	6	147	5	
Total assets	3,237	4,583	2,947	4,780	
<u>Current liabilities</u>					
Trade and other payables	702	1,001	482	1,090	
Lease liabilities	53	-	-	-	
Total liabilities	755	1,001	482	1,090	
Equity					
Share capital	69,950	69,950	69,950	69,950	14
Foreign currency translation reserve	(77)	(43)	-	-	
Equity reserve	(23)	-	-	-	
Accumulated losses	(67,377)	(66,325)	(67,485)	(66,260)	
Equity attributable to owners of the Company	2,473	3,582	2,465	3,690	
Non-controlling interest	9	-	-	-	
Total equity	2,482	3,582	2,465	3,690	
Total equity and liabilities	3,237	4,583	2,947	4,780	

* – amount less than S\$1,000

C. Condensed interim statements of changes in equity

(i) **Group**

	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Equity Reserve S\$'000	Accumulated Losses S\$'000	Non- Controlling Interest S\$'000	Total S\$'000
Balance at 1 August 2021	69,950	(43)	-	(66,325)	-	3,582
Change in stake in a subsidiary	-	-	(23)	-	40	17
Loss for the financial year	-	-	-	(1,052)	(31)	(1,083)
Other comprehensive loss for the financial year	-	(34)	-	-	-	(34)
Balance at 31 July 2022	69,950	(77)	(23)	(67,377)	9	2,482
Balance at 1 August 2020	63,074	(164)	-	(68,185)	(2,408)	(7,683)
Issuance of shares	7,131	-	-	-	-	7,131
Share issuance expenses	(255)	-	-	-	-	(255)
Profit for the financial year	-	-	-	1,860	2,146	4,006
Other comprehensive income for the financial year	-	121	-	-	55	176
Elimination of non-controlling interest at disposal of subsidiaries	-	-	-	-	207	207
Balance at 31 July 2021	69,950	(43)	-	(66,325)	-	3,582

(ii) **Company**

	Share Capital S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 August 2021	69,950	(66,260)	3,690
Loss for the financial year	-	(1,225)	(1,225)
Balance at 31 July 2022	69,950	(67,485)	2,465
Balance at 1 August 2020	63,074	(65,916)	(2,842)
Issuance of shares	7,131	-	7,131
Share issuance expenses	(255)	-	(255)
Loss for the financial year	-	(344)	(344)
Balance at 31 July 2021	69,950	(66,260)	3,690

D. Condensed interim consolidated statement of cash flows

	Full year ended	
	31-Jul-22 FY22 S\$'000	31-Jul-21 FY21 S\$'000
Cash flows from operating activities		
(Loss)/Profit before income tax from continuing operations	(1,090)	708
Profit before income tax from discontinued operations	-	3,314
<u>Adjustments for:</u>		
Depreciation of plant and equipment	45	10
Plant and equipment written off	-	2
Bad debt written off	-	167
Gain on termination of lease	-	(3,167)
Gain on disposal of subsidiaries	-	(19)
Loss on disposal of plant and equipment	-	10
Other payables written back	-	(2,137)
Reversal of provision for reinstatement cost	-	(242)
Interest expense	3	11
Operating cash flows before changes in working capital	(1,042)	(1,343)
<u>Changes in working capital</u>		
Inventories	(4)	(1)
Trade and other receivables	(129)	26
Trade and other payables	(83)	(505)
Cash flows used in operations	(1,258)	(1,823)
Income tax paid	7	(18)
Net cash flows used in operating activities	(1,251)	(1,841)
Cash flows from investing activities		
Acquisition of a subsidiary	46	-
Purchase of plant and equipment	(32)	(5)
Additions to intangible assets	-	(28)
Disposal of a subsidiary, net of cash disposed of	-	(6)
Proceed from disposal of plant and equipment	-	3
Exchange realignment	5	-
Net cash flows generated from/(used in) investing activities	19	(36)
Cash flows from financing activities		
Amount due to related parties	(274)	(773)
Interest paid	-	(4)
Repayment of lease liabilities	(43)	(150)
Proceeds from issuance of shares	-	7,131
Share issuance expenses	-	(255)
Proceeds from borrowings	-	206
Exchange realignment	(33)	71
Net cash flows (used in)/generated from financing activities	(350)	6,226
Net change in cash and cash equivalents	(1,582)	4,349
Cash and cash equivalents at beginning of the financial year	4,454	105
Cash and cash equivalents at end of the financial year	2,872	4,454

E. Notes to the condensed interim consolidated financial statements

1. Corporate Information

LifeBrandz Ltd. (the “**Company**”) (Registration Number 200311348E) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The registered office of the Company is located at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 July 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of investment holding and management consultancy to its subsidiaries. The principal activities of the respective subsidiaries are those of the food and beverage businesses.

The Group, through LB Lab Pte. Ltd., acquired a 70% stake in The Green Bar Pte. Ltd. (“**TGB**” or “**The Green Bar**”), a company incorporated in Singapore and is principally engaged in the food and beverage business, particularly the sale of gourmet salads, in April 2022. Leveraging on TGB’s brand, Superfood Kitchen Pte. Ltd. (formerly known as LB Lab Pte. Ltd.) (“**SFK**” or “**Superfood Kitchen**”), a 75% owned subsidiary of the Company, is also now focusing on making nutrition accessible to all.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 July 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last unaudited announcement for the six months ended 31 January 2022. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), except for the adoption of new and amended standards as set out in Note 2.1. The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

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 were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2021.

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

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

- Impairment assessment of investment in subsidiaries and amount due from subsidiaries (including convertible loan receivables)
- Impairment assessment of trade and other receivables
- Impairment assessment of goodwill

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's operations are substantially in food and beverage. All of its operations are in Singapore, except for two subsidiaries – Mulligan's Co., Ltd and LB F&B Sdn. Bhd. are located in Thailand and Malaysia, respectively. For management purposes, the Group is organised into business units based on their geographical locations.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Continuing Operations

	Singapore		Thailand		Malaysia		Total	
	2H FY22	2H FY21	2H FY22	2H FY21	2H FY22	2H FY21	2H FY22	2H FY21
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
Sales to external customers	132	-	51	15	-	-	183	15
Results:								
Amortisation and depreciation	44	3	-	1	-	-	44	4
Other payables written back	-	2,137	-	-	-	-	-	2,137
Segment loss for the year	(466)	(654)	(62)	(201)	(46)	(152)	(574)	(1,007)
Assets/(Liabilities):								
Plant and equipment	70	5	-	1	-	-	70	6
Segment assets	3,148	4,465	44	32	45	86	3,237	4,583
Segment liabilities	(675)	(914)	(71)	(81)	(9)	(6)	(755)	(1,001)

	Singapore		Thailand		Malaysia		Total	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
Sales to external customers	132	3	88	31	-	-	220	34
Results:								
Amortisation and depreciation	45	8	-	2	-	-	45	10
Other payables written back	-	2,137	-	-	-	-	-	2,137
Segment (loss)/profit for the year	(883)	1,046	(146)	(277)	(54)	(77)	(1,083)	692
Assets/(Liabilities):								
Plant and equipment	70	5	-	1	-	-	70	6
Segment assets	3,148	4,465	44	32	45	86	3,237	4,583
Segment liabilities	(675)	(914)	(71)	(81)	(9)	(6)	(755)	(1,001)

Discontinued Operations

	Japan		United States		Total	
	<u>2H FY22</u>	<u>2H FY21</u>	<u>2H FY22</u>	<u>2H FY21</u>	<u>2H FY22</u>	<u>2H FY21</u>
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:						
Sales to external customers	-	240	-	-	-	240
Results:						
Segment loss for the year	-	(32)	-	(121)	-	(153)
Assets/(Liabilities):						
Plant and equipment	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-
Revenue:						
Sales to external customers	-	240	-	-	-	240
Results:						
Segment profit for the year	-	177	-	3,137	-	3,314
Assets/(Liabilities):						
Plant and equipment	-	-	-	-	-	-
Segment assets	-	-	-	-	-	-
Segment liabilities	-	-	-	-	-	-

5. Financial assets and financial liabilities

Set out of below is an overview of the financial assets and financial liabilities of the Group as at 31 July 2022 and 31 July 2021:

	<u>Group</u>		<u>Company</u>	
	<u>31-Jul-22</u>	<u>31-Jul-21</u>	<u>31-Jul-22</u>	<u>31-Jul-21</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost				
Trade and other receivables	270	121	138	425
Less: Prepayments	(95)	(46)	(48)	(44)
	175	75	90	381
Cash and cash equivalents	2,872	4,454	2,662	4,350
Total	3,047	4,529	2,752	4,731
Financial liabilities at amortised cost				
Trade and other payables	702	1,001	482	1,090
Lease liabilities	53	-	-	-
Total	755	1,001	482	1,090

6. (Loss)/Profit before income tax

6.1. Significant items – Continuing Operations

	2H FY22 S\$'000	2H FY21 S\$'000	FY22 S\$'000	FY21 S\$'000
Depreciation of plant and equipment	44	4	45	10
Plant and equipment written off	-	2	-	2
Bad debt written off	-	167	-	167
Gain on disposal of subsidiaries	-	(19)	-	(19)
Loss on disposal of plant and equipment	-	10	-	10
Other payables written back	-	(2,137)	-	(2,137)
Gain on termination of lease	-	(148)	-	(148)
Reversal of provision for reinstatement cost	-	-	-	(120)
Interest expense	3	9	3	11
Government grant	(17)	(6)	(30)	(21)
Net foreign exchange (gain)/loss	2	(128)	(46)	109

6.2. Significant items – Discontinued Operations

	2H FY22 S\$'000	2H FY21 S\$'000	FY22 S\$'000	FY21 S\$'000
Gain on termination of lease	-	(3,019)	-	(3,019)
Reversal of provision for reinstatement cost	-	-	-	(122)

6.3. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

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

	2H FY22 S\$'000	2H FY21 S\$'000	FY22 S\$'000	FY21 S\$'000
Current tax (credit)/expense				
Current financial year	-	3	-	3
Under-provision for prior financial year	(7)	13	(7)	13
	<u>(7)</u>	<u>16</u>	<u>(7)</u>	<u>16</u>
Income tax (credit)/expense attributable to the following:				
- Continuing operations	(7)	16	(7)	16
- Discontinued operations	-	-	-	-
	<u>(7)</u>	<u>16</u>	<u>(7)</u>	<u>16</u>

8. Dividends

No dividend has been declared for FY2022 and FY2021.

Please refer to Notes 5, 6 and 7 in section F - Other information required by Catalist Rules Appendix 7C for further details.

9. (Loss)/Earnings per share

	2H FY22 S\$'000	2H FY21 S\$'000	FY22 S\$'000	FY21 S\$'000
Continuing Operations				
(Loss)/Earnings per share ("LPS/EPS") for the financial period attributable to the owners of the Company:	(543)	(1,007)	(1,052)	692
Discontinued Operations				
LPS/EPS for the financial period attributable to the owners of the Company:	-	(221)	-	1,168
	(543)	(1,228)	(1,052)	1,860
Weighted average number of ordinary shares ('000)	2,060,340	1,179,810	2,060,340	914,282
Based on the weighted average number of ordinary shares				
- Basic & Diluted (cents)	(0.03)	(0.10)	(0.05)	0.21
Continuing Operations				
Based on the weighted average number of ordinary shares				
- Basic & Diluted (cents)	(0.03)	(0.09)	(0.05)	0.08
Discontinued Operations				
Based on the weighted average number of ordinary shares				
- Basic & Diluted (cents)	-	(0.01)	-	0.13

Diluted LPS/EPS is the same as basic LPS/EPS as the outstanding warrants have not been included in the calculation given that they are anti-dilutive.

10. Net asset value

	Group		Company	
	31-Jul-22	31-Jul-21	31-Jul-22	31-Jul-21
Number of ordinary shares ('000)	2,060,340	2,060,340	2,060,340	2,060,340
Net assets value (attributable to the owners of the Company) per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the year reported on (cents)	0.12	0.17	0.12	0.18

11. Plant and equipment

During the financial year ended 31 July 2022, the Group acquired plant and equipment for an amount of S\$32,000 (31 July 2021: S\$5,000) and disposal and written off assets is nil (31 July 2021: S\$15,000).

12. Acquisition of subsidiary and business

On 29 April 2022, SFK acquired 70% equity interest in TGB to capitalise on its growth opportunities and prospects. The consideration of S\$17,744 has been paid in form of 250,000 ordinary shares of SFK. Following the completion of acquisition, the shareholding in SFK has diluted from 100% to 75%.

Fair values of the identifiable assets and liabilities of TGB as at the date of acquisition:

	Fair value recognised on date of acquisition S\$'000
Assets	
Trade and other receivables	21
Right-of-use assets	82
Cash and cash equivalents	46
	<hr/>
	149
Liabilities	
Trade and other payables	58
Lease liabilities	93
	<hr/>
	151
Net identifiable liabilities at fair value	(2)
Less: Total purchase consideration	<hr/>
	17
Goodwill arising from acquisition	<hr/> 19

Effects of the acquisition of the subsidiary on cash flows

	S\$'000
Total consideration for 100% equity interest acquired	17
Consideration payable in shares (As above)	<u>(17)</u>
Consideration paid in cash	-
Less: Cash and cash equivalents of subsidiary acquired	<u>(46)</u>
Net cash inflow on acquisition during the financial year ended 31 July 2022	<u>(46)</u>

TGB contributed a net loss of S\$34,000 to the Group in FY2022 from the date of acquisition. The transaction costs related to the acquisition of S\$70,000 have been included in "legal and professional expenses" in the Group's profit or loss for the current financial year and next financial year.

13. Convertible loan receivable

	Company	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
<u>At fair value through profit or loss</u>		
Convertible loan receivable	<u>144</u>	<u>-</u>

On 18 April 2022, the Company entered into a convertible loan agreement with SFK in respect of an investment by the Company in SFK by way of a grant of a convertible loan of an amount up to S\$650,000 and with maturity date on five (5) years from the drawdown date. The subsidiary bears a fixed interest rate for the convertible loan is of 5% per annum on each amount outstanding under the convertible loan from the period of the date of drawdown to the repayment date or the date that the convertible loan is converted into shares of SFK and such accrued interests shall be payable at the end of each calendar quarter from 30 June 2023 (date inclusive). The Company entitled to convert the convertible loan into shares of SFK at a conversion price of S\$0.065 per SFK share in the event of any payment that is so due but not made on or before the interest payment date(s) or the repayment date; or upon the occurrence of an event of default.

SFK has drawn down the loan totalling amounted to S\$200,000 on 20 May 2022 and 7 July 2022 respectively. The fair value of the convertible loan receivable was determined based on discounted cashflows for an equivalent financial instrument. Consequently, the fair value loss on the convertible loan receivables amounted to S\$56,000 are recognised in the Company's statement of profit or loss and other comprehensive income.

Please refer to the announcements released by the Company on 3 February 2022, 18 April 2022 and 29 April 2022 for more details.

14. Share capital

	Group and Company	
	<u>No. of shares</u>	<u>Amount</u>
	'000	S\$'000
Issued and paid-up share capital as at 1 August 2021 and 31 July 2022	2,060,340	69,950

There was no change in the Company's share capital since the end of the previous period reported on, being the period between 1 February 2022 and 31 July 2022.

There were no other outstanding convertibles, treasury shares and subsidiary holdings held or issued as at 31 July 2022, 31 January 2022, 31 July 2021 and 31 January 2021.

15. Subsequent events

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

F. Other information required by Catalyst Rules Appendix 7C

1. Review

The condensed consolidated statement of financial position of LifeBrandz Ltd. and its subsidiaries as at 31 July 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period and the full financial year then ended and certain explanatory notes have not been audited or reviewed.

The Company has a qualified opinion for its most recently audited financial statements for the financial year ended 31 July 2021 (“FY2021”). During the audit of the financial statements for FY2021, the auditors were unable to obtain sufficient appropriate audit evidence about the profit from discontinued operations and the gain on disposal recorded in other operating income arising from the disposal of two of the disposed subsidiaries, namely Sync Co., Ltd. and e-Holidays Co., Ltd., as management was unable to provide auditors pertinent and relevant supporting records and documents requested to perform audits on the aforementioned disposed subsidiaries.

2. Review of performance of the Group

Review of Income Statement

Revenue

			<u>Group</u>		
	FY2022	Contribution	FY2021	Contribution	Increase / (Decrease)
	S\$'000	%	S\$'000	%	%
Food and beverage revenue					
- Singapore	132	60%	3	9%	>100%
- Thailand	88	40%	31	91%	>100%
	<u>220</u>	<u>100%</u>	<u>34</u>	<u>100%</u>	<u>>100%</u>

The Group recorded approximately S\$0.22 million from food and beverage (“F&B”) revenue for the financial year ended 31 July 2022 (“FY2022”), an increase of S\$0.19 million compared to the financial year ended 31 July 2021 (“FY2021”).

The increase in F&B revenue from Singapore of S\$0.13 million in FY2022 was mainly due to the revenue generated from TGB that was acquired by the Group on 29 April 2022. The increase in revenue from Thailand of S\$0.06 million was due to recovery from Covid-19 pandemic in view of relaxation of Covid-19 measures and border restrictions by the Thailand Government.

Other operating income

Decrease in other operating income of S\$2.29 million was mainly due to the following transactions which occurred in FY2021 but not in FY2022: (i) waiver of loans from shareholders amounting to S\$2.14 million; and (ii) gain on termination of lease of S\$0.15 million due to cessation of operation of Hashida Sushi.

Costs & expenses

Inventories and consumables used increased by S\$0.04 million to S\$0.06 million in FY2022 which is in tandem with the increase in the Group's revenue and following the acquisition of TGB.

Amortisation and depreciation expenses increased by S\$0.04 million to S\$0.05 million in FY2022 mainly due to increase in depreciation of plant and equipment arising from acquisition of TGB.

Employee benefits increased by S\$0.11 million from S\$0.72 million in FY2021 to S\$0.83 million in FY2022 mainly due to additional employee salaries and benefits following the acquisition of TGB.

Lease expenses decreased by S\$0.06 million to S\$0.03 million mainly due to rental of short term and cost-efficient office space in FY2022.

Other operating expenses decreased by S\$0.45 million to S\$0.16 million mainly due to the following expenses recognised in FY2021 but not in FY2022: (i) bad debt expenses of S\$0.17 million; (ii) general expenses of S\$0.09 million; and (iii) professional fees for fundraising exercises of S\$0.14 million.

As a result of the factors mentioned above, the Group recorded a decrease in total expenses of S\$0.30 million to S\$1.45 million in FY2022, from S\$1.75 million in FY2021.

(Loss)/Profit before income tax

Overall, the Group's continuing operations recorded a loss before income tax of S\$1.09 million in FY2022 as compared to a profit of S\$0.71 million in FY2021 for the reasons stated above.

Excluding one off income in FY2021 from (i) waiver of loans from shareholders amounting to S\$2.14 million; (ii) gain on termination of lease of S\$0.15 million; and (iii) reversal of reinstatement cost of S\$0.12, the Group's continuing operations would have recorded a loss before income tax of S\$1.70 million in FY2021. Accordingly, the Group's loss before income tax from continuing operations would have narrowed down by S\$0.61 million in FY2022.

Review of Statement of Financial Position

Current assets

The Group's current assets decreased by S\$1.43 million to S\$3.15 million as at 31 July 2022, from S\$4.58 million as at 31 July 2021. This was mainly due to a decrease in cash and cash equivalent of S\$1.58 million arising mainly from cash used in (i) operating activities of S\$1.25 million and (ii) financing activities of S\$0.35 million. The decrease was partially offset by an increase in trade and other receivables of S\$0.15 million, mainly due to rental deposits placed for new outlets.

Non-current assets

Non-current assets increased by S\$0.08 million to S\$0.09 million as at 31 July 2022 from S\$0.01 million as at 31 July 2021. This was mainly due to additions to plant and equipment and goodwill arising from the acquisition of TGB.

Current liabilities

The Group's current liabilities decreased by S\$0.25 million, to S\$0.75 million as at 31 July 2022 from S\$1.0 million as at 31 July 2021 mainly due to repayment of amount due to shareholders of S\$0.27 million, offset by addition of lease liabilities of S\$0.05 million from the acquisition of TGB.

Non-current liabilities

There are no non-current liabilities for the Group as at 31 July 2022 and 31 July 2021.

Total Equity

Equity attributable to owners of the Company amounted to S\$2.47 million as at 31 July 2022, decreased by S\$1.11 million from S\$3.58 million as at 31 July 2021. The decrease was mainly due to (i) a net loss of S\$1.05 million recorded in FY2022; (ii) decrease in foreign currency translation reserve of S\$0.03 million; and (iii) recognition of equity reserve of S\$0.02 million due to change in stake in subsidiary.

Review of Statement of Cash Flows

The Group's net cash flows used in operating activities in FY2022 was S\$1.25 million, mainly due to net operating cash outflow before changes in working capital of S\$1.04 million and net working capital outflow of S\$0.22 million.

The net cash flows generated from investing activities in FY2022 was S\$0.02 million, mainly due to acquisition of TGB of S\$0.05 million, partially offset by purchase of plant and equipment of S\$0.03 million.

The net cash flows used in from financing activities in FY2022 was S\$0.35 million, mainly due to the repayment of amount due to shareholders of S\$0.27 million and lease liabilities of S\$0.04 million.

As a result, cash and cash equivalents stood at S\$2.87 million as at 31 July 2022.

3. 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 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 operating period and the next 12 months

On 26 April 2022, most of the Covid-19 measures were lifted by the Singapore Government. Covid-19 measures were further lifted on 29 August 2022, where masks were no longer required in most places, no limits to group sizes and the removal of social distancing. This bodes well for the F&B sector, and is expected to improve customer flows from locals, office crowd and foreign visitors. Singapore has also seen an increase of tourists since the relaxing of border restrictions.

TGB specialises in homemade gourmet salads. To leverage on TGB's brand, the Group will be launching Superfood Kitchen before the end of 2022. Superfood Kitchen is a nutrition-focused takeout concept featuring delicious homemade recipes at wallet-friendly prices. The first Superfood Kitchen is targeted to be opened in Raffles City Shopping Mall. There are plans to open more outlets thereafter. A cloud kitchen has also been set up to support the expansion of Superfood Kitchen and TGB.

The Group continues to monitor its F&B business in Pattaya, Thailand which has been affected by the Covid-19 pandemic. On 1 July 2022, the Thailand Government has eased various Covid-19 restrictions such as lifting the requirement for visitors to apply for a Thailand Pass before travelling to Thailand, and the removal of countrywide mask mandate. Restaurants and other venues are also permitted to reopen at normal operating hours. With the re-opening of international borders, more international travellers are expected to travel to Thailand.

Notwithstanding the positive outlook of the F&B sector in Singapore and Thailand, the Group still faced with several challenges, including manpower crunch and higher cost of operations arising from inflationary pressures. The ongoing global geopolitics conflicts has also impacted global economies as supply chains are disrupted.

Despite these challenges, the Group is cautiously optimistic about the prospects of the Group's businesses and will continue to explore possible opportunities to deliver sustainable value to shareholders.

5. Dividend

- (a) **Current Financial Period Reported On**
Any dividend declared for the current financial period reported on?

None.

- (b) **Corresponding Period of the Immediately Preceding Financial Year**
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

- (c) **Date payable**

Not applicable.

- (d) **Record date**

Not applicable.

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

No dividend has been declared/recommended for the financial period under review in view of the negative earnings.

7. Breakdown of total annual dividend

No dividend has been declared for FY2022 and FY2021.

8. Interested person transactions ("IPT")

The Group has not obtained any IPT mandate from the shareholders. There is no IPT which amounted to more than S\$100,000 entered into FY2022.

9. A breakdown of sale

	Group Year ended 31 July		Increase/ (Decrease) %
	2022	2021	
	S\$'000	S\$'000	
Revenue reported for the first half year			
- Continuing operations	37	19	95%
- Discontinued operations	-	-	N.M.
Operating (loss)/profit after tax reported for the first half year			
- Continuing operations	(509)	1,699	N.M.
- Discontinued operations	-	3,467	N.M.
Revenue reported for the second half year			
- Continuing operations	183	15	>100%
- Discontinued operations	-	240	N.M.
Operating (loss)/profit after tax reported for the second half year			
- Continuing operations	(574)	(1,007)	(43%)
- Discontinued operations	-	(153)	N.M.

10. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to note 2 of Section F of this announcement for the review of the performance of the Group.

11. Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company has received undertaking from all its Directors and Executive Officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules. If there are no such persons, the issuer must make an appropriate negative statement.

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company as at the date of this announcement.

13. Use of Proceeds

The 2nd Proposed Subscriptions

The Company had, on 8 February 2021, entered into separate subscription agreements with nine individuals who are not related to the Group to raise S\$1,530,000 by way of issuing 306,000,000 new ordinary shares in the capital of the Company (the “**2nd Proposed Subscriptions**”) for the repayment of debts and liabilities and general working capital purposes. The 2nd Proposed Subscriptions was completed on 9 March 2021 and 306,000,000 ordinary shares were allotted. Please refer to the Company’s circular dated 9 February 2021 and announcements dated 9 February 2021, 23 February 2021 and 9 March 2021 for further information on the 2nd Proposed Subscriptions.

Please refer to the Company’s announcements dated 10 March 2021, 15 March 2022, 13 July 2021, 28 September 2021, 10 November 2021 and 16 March 2022 (the “**Announcements**”) for the disclosure on the use of proceeds from the 2nd Proposed Subscription.

Further to the Announcements, the Board wishes to provide an update on the usage of the Net Proceeds of S\$1.53 million as follows:

Intended use of Net Proceeds	Balance as at 13 July 2021 per earlier announcements (S\$' million)	Re-allocated as at the date of this announcement (S\$' million)	Amount utilised as at the date of this announcement (S\$' million)	Balance as at the date of this announcement (S\$' million)
Repayment of the remaining settlement sum to Bounty Blue	0.14	(0.10)	(0.04)	-
General working capital purposes	-	0.10	(0.10)	-
Total	0.14	-	(0.14)	-

The amount utilised of S\$0.10 million for general working capital purposes are in relation to trade and other payables to professional parties. The S\$0.10 million is re-allocated to general working capital as priority payments to certain trade creditors. As at the date of this announcement, the Net Proceeds of S\$1.53 million from the 2nd Proposed Subscription have been fully utilised.

The Rights cum Warrants Issue

The Company has on 22 June 2021 completed the renounceable non-underwritten rights cum warrants issue of 1,030,170,246 new ordinary shares (“**Rights Shares**”) at the issue price of S\$0.005 for each Rights Share, with 515,085,057 free detachable and transferable warrants (“**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share (“**New Share**”) at the exercise price of S\$0.010 for each New Share, on the basis of one (1) Rights Share for every one (1) existing Share held by entitled shareholders as at the record date, with one (1) free detachable Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded (“**Rights cum Warrants Issue**”). The Company has raised net proceeds of approximately S\$4.97 million (after deducting estimated expenses of approximately S\$0.19 million) from the Rights cum Warrants Issue (the “**RI Net Proceeds**”). Please refer to the Company’s Offer Information Statement dated 28 May 2021 and announcements dated 15 March 2021, 7 May 2021, 18 May 2021, 19 May 2021, 28 May 2021, 18 June 2021 and 23 June 2021 for further information on the Rights cum Warrants Issue.

The following table summarises the utilisation of RI Net Proceeds raised from the Rights cum Warrants Issue as at the date of this announcement:

Intended use of RI Net Proceeds	Allocation of the RI Net Proceeds (S\$' million)	Amount utilised as at the date of this announcement (S\$' million)	Balance as at the date of this announcement (S\$' million)
Repayment of the Group’s existing and outstanding liabilities to external creditors	0.93	(0.73)	0.20
General working capital purposes	2.11	(1.61) ⁽¹⁾	0.50
Business expansion	1.93	(0.62) ⁽²⁾	1.31
Total	4.97	(2.96)	2.01

Notes:

- (1) A breakdown of the use of RI Net Proceeds for general working capital purposes of the Group is as follows:

	Amount S\$'000
Professional fees	477
Payroll related expenses	747
Working capital support for overseas subsidiary (Thailand)	52
Other operating expenses	331
Total	1,607

- (2) A breakdown of the use of RI Net Proceeds for business expansion purposes of the Group is as follows:

	Amount S\$'000
Professional fees in relation to the acquisition of TGB	68
Working capital and other operating expenses for SFK and TGB	550
Total	618

The use of proceeds is in accordance with the stated use disclosed in the Company’s announcement dated 18 June 2021 in relation to the Rights cum Warrants Issue.

14. Disclosure pursuant to Rule 706A of the Catalyst Rules

Please refer to notes 1 and 12 to the interim financial statements in Section E of this announcement for details on the acquisition of TGB and dilution of the Group's shareholding in SFK. Please also refer to the Company's announcements dated 18 April 2022 and 29 April 2022 for further details.

Save as disclosed, there were no acquisition or realisation of shares thereby resulting (i) in a change in the shareholding percentage in any subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during financial period under review. Neither was there any incorporation of new subsidiary or associated company by the Group during the financial period under review.

By Order of the Board

Lam Siew Kee
Executive Chairman and Chief Executive Officer
28 September 2022