



RE&S HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201714588N)

Unaudited Financial Statements

For the half year ended 31 December 2020

RE&S Holdings Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 22 November 2017.

Background

The Company was incorporated on 26 May 2017 in Singapore under the Singapore Companies Act as a company limited by shares under the name of “RE&S Enterprise Holdings Pte. Ltd.”. On 31 July 2017, the Company was renamed “RE&S Holdings Pte. Ltd.”. The Company was converted into a public limited company and renamed “RE&S Holdings Limited” on 8 November 2017.

The Group comprising the Company and its subsidiaries (the “**Group**”) was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of a corporate reorganisation implemented for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 15 November 2017 (“**Offer Document**”) for further details on the Restructuring Exercise.

The Group is a concept owner and operator of F&B Outlets that provides customers with authentic Japanese cuisine and dining experiences. The Group business is undertaken primarily through two business segments, namely the Full-Service Restaurants and the Quick-Service Restaurants, Convenience and Others.

PART I - INFORMATION REQUIRED FOR HALF-YEAR RESULTS ANNOUNCEMENT

- 1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statements Of Profit Or Loss And Other Comprehensive Income

	Group		
	Unaudited 1H FY2021 S\$'000	Unaudited 1H FY2020 S\$'000	Increase / (decrease) %
Revenue	64,020	66,478	(3.7%)
Raw materials and consumables used	(16,290)	(17,434)	(6.6%)
Changes in inventories of finished goods	(497)	(910)	(45.4%)
Other operating income	5,224	419	N.M.
Employee benefits expense	(21,050)	(26,763)	(21.4%)
Operating lease expenses	(863)	(643)	34.2%
Utilities expenses	(1,594)	(2,000)	(20.3%)
Depreciation expense	(12,758)	(13,923)	(8.4%)
Other operating expenses	(5,439)	(5,008)	8.6%
Other expenses – Non-operating	(502)	(2,086)	(75.9%)
Finance costs	(1,526)	(1,725)	(11.5%)
Profit / (loss) before income tax	8,725	(3,595)	N.M.
Income tax expense	(1,200)	(263)	N.M.
Profit / (loss), net of income tax	7,525	(3,858)	N.M.
<u>Other comprehensive income:</u>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of income tax	(5)	(4)	N.M.
Total comprehensive income / (loss)	7,520	(3,862)	N.M.
Profit / (loss) attributable to owners of the Company, net of income tax	7,504	(3,761)	N.M.
Profit / (loss) attributable to non-controlling interest, net of income tax	21	(97)	N.M.
Profit / (loss) net of income tax	7,525	(3,858)	N.M.
Total comprehensive income / (loss) attributable to owners of the Company	7,499	(3,765)	N.M.
Total comprehensive profit / (loss) attributable to non- controlling interest	21	(97)	N.M.
Total comprehensive income / (loss)	7,520	(3,862)	N.M.

N.M.: Not meaningful

1(a) (ii) Profit / (loss) before income tax is arrived at after charging / (crediting) the following:

	Group		
	Unaudited 1H FY2021	Unaudited 1H FY2020	Increase/ (decrease)
	S\$'000	S\$'000	%
Government grants	(3,775)	(189)	N.M.
Interest income	(13)	(126)	(89.7%)
Other income – rental rebates and others	(1,436)	(104)	N.M.
Depreciation expense			
- property, plant and equipment	3,022	3,506	(13.8%)
- right-of-use assets	9,737	10,417	(6.5%)
Loss on disposal of plant and equipment	-	44	
Plant and equipment written off	17	890	(98.1%)
Finance costs			
- interest expense on borrowings	53	130	(59.2%)
- lease-related interest expense	1,472	1,595	(7.7%)
Share-based payment ⁽¹⁾	-	2,625	N.M.

Notes:

- (1) A non-recurring, non-cash expense incurred in accordance with SFRS(I) 2 relating to the transfer of shares from Mr. Yek Hong Liat John, Executive Director ("ED"), to Mr. Foo Kah Lee, Chief Executive Officer and ED, as well as Mr. Lim Shyang Zheng, Chief Operating Officer and ED, by way of gift on 29 August 2019. This transaction was accounted for under SFRS(I) 2 as a share-based payment transaction, as the shares were being transferred to employees of the Company in exchange for services, although the shares were not transferred by the Company directly. The fair value of the shares of S\$2,625,000 has been recorded as an expense in the profit or loss with a corresponding increase in retained earnings.

N.M.: Not meaningful

1(b) (i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Statements of Financial Position

	Group		Company	
	Unaudited 31.12.2020	Audited 30.06.2020	Unaudited 31.12.2020	Audited 30.06.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	30,453	32,573	-	-
Investment in subsidiaries	-	-	21,868	21,636
Other receivables, non-current	-	-	10,671	10,671
Other assets, non-current	2,739	3,825	-	-
Deferred tax assets	-	23		
Right-of-use assets	65,457	76,085	-	-
Total non-current assets	98,649	112,506	32,539	32,307
Current assets				
Inventories	3,474	2,978	-	-
Trade and other receivables, current	1,545	2,019	4,022	5,096
Other assets, current	3,516	2,412	20	6
Cash and cash equivalents	26,624	14,918	546	312
Total current assets	35,159	22,327	4,588	5,414
Total assets	133,808	134,833	37,127	37,721
Equity and liabilities				
Share capital	32,307	32,307	32,307	32,307
Retained earnings	23,312	15,808	3,736	3,702
Merger reserve ⁽¹⁾	(18,149)	(18,149)	-	-
Foreign currency translation reserve	(39)	(34)	-	-
Equity attributable to owners of the parent	37,431	29,932	36,043	36,009
Non-controlling interest	(6)	(27)	-	-
Total equity	37,425	29,905	36,043	36,009

1(b) (i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Consolidated Statements of Financial Position (cont'd)

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.12.2020	30.06.2020	31.12.2020	30.06.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Deferred tax liabilities	913	962	-	-
Provision, non-current	1,448	1,641	-	-
Other financial liabilities, non-current	7,926	8,415	-	-
Lease liabilities, non-current	51,739	61,955	-	-
Total non-current liabilities	62,026	72,973	-	-
Current liabilities				
Income tax payable	1,086	215	13	5
Trade and other payables	12,726	10,265	1,071	1,689
Other financial liabilities, current	877	875	-	-
Other liabilities	572	1,051	-	18
Lease liabilities, current	19,096	19,549	-	-
Total current liabilities	34,357	31,955	1,084	1,712
Total liabilities	96,383	104,928	1,084	1,712
Total equity and liabilities	133,808	134,833	37,127	37,721

Notes:

- (1) The negative merger reserve relates to the difference between the consideration paid by the Company and the equity of R E & S Enterprises Pte Ltd acquired in relation to the restructuring exercise undertaken in relation to the listing of the Company on the Catalist Board of the SGX-ST ("**Restructuring Exercise**"). The acquisition of R E & S Enterprises Pte Ltd by the Company was completed on 26 October 2017.

1(b) (ii) Aggregate amount of group's borrowings and debt securities

	Group Unaudited 31.12.2020		Group Audited 30.06.2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(A) Amount repayable in one year or less, or on demand;	877	-	875	-
(B) Amount repayable after one year	7,926	-	8,415	-
	<u>8,803</u>	<u>-</u>	<u>9,290</u>	<u>-</u>

Details of any collaterals:

The banking facilities of the Group as at 31 December 2020 comprised short term and long term loans. These facilities are secured by:

- (i) Corporate guarantees from the Company;
- (ii) A legal mortgage of the subsidiary's leasehold factory building (for the bank loans and overdraft); and
- (iii) Fixed deposits placed with the bank.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

	Group	
	Unaudited 1H FY2021 S\$'000	Unaudited 1H FY2020 S\$'000
Cash flows from operating activities:		
Profit / (loss) before income tax	8,725	(3,595)
Adjustments for:		
Interest income	(13)	(126)
Interest expense on borrowings	53	130
Lease-related interest expense	1,472	1,595
Plant and equipment written off	17	890
Depreciation of property, plant and equipment	3,022	3,506
Depreciation of right of use assets	9,737	10,417
Share-based payment	-	2,625
Loss on disposal of plant and equipment	-	44
Net effect of exchange rate changes in consolidating foreign operations	(10)	(5)
Operating cash flows before changes in working capital	23,003	15,481
Inventories	(496)	(910)
Trade and other receivables, current	474	1,203
Reinstatement cost utilised	(193)	(4)
Trade and other payables, current	2,461	(678)
Other assets, current	(1,104)	211
Other liabilities	(479)	(7)
Net cash flows from operations	23,666	15,296
Income tax paid	(377)	(936)
Net cash flows from operating activities	23,289	14,360
Cash flows from investing activities:		
Purchase of plant and equipment	(915)	(3,123)
Proceeds from disposal of plant and equipment	-	4
Other assets, non-current	1,109	(1,097)
Interest received	13	126
Net cash flows from (used in) investing activities	207	(4,090)
Cash flows from financing activities:		
Cash restricted in use	2,044	-
Decrease in other financial liabilities	(487)	(311)
Interest portion of lease liabilities paid	(1,472)	(1,595)
Repayment of lease obligations	(9,778)	(9,960)
Capital contribution from a non-controlling interest	-	45
Dividend paid	-	(1,593)
Interest paid	(53)	(130)
Net cash flows used in financing activities	(9,746)	(13,544)
Net increase in cash and cash equivalents	13,750	(3,274)
Cash and cash equivalents at beginning of year	12,714	16,019
Cash and cash equivalents at end of year	26,464	12,745
Notes to Statement of Cash Flows:		
Cash and cash equivalents in the statement of financial position	26,624	14,909
Cash restricted over 3 months	(160)	(2,164)
Cash and cash equivalents as shown above	26,464	12,745

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity

	Share capital S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Attributable to parent S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
Group (Unaudited)							
Balance as at 1 July 2020	32,307	(18,149)	(34)	15,808	29,932	(27)	29,905
Total comprehensive income (loss) for the period	-	-	(5)	7,504	7,499	21	7,520
Balance as at 31 December 2020	32,307	(18,149)	(39)	23,312	37,431	(6)	37,425

	Share capital S\$'000	Merger reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Attributable to parent S\$'000	Non- controlling interest S\$'000	Total equity S\$'000
Group (Unaudited)							
Balance as at 1 July 2019, as previously reported	32,307	(18,149)	(55)	24,115	38,218	36	38,254
Impact of adopting SFRS(I) 16	-	-	-	(4,139)	(4,139)	-	(4,139)
Balance as at 1 July 2019 (Restated)	32,307	(18,149)	(55)	19,976	34,079	36	34,115
Total comprehensive income (loss) for the period	-	-	(4)	(3,761)	(3,765)	(97)	(3,862)
Capital contribution from a non-controlling interest	-	-	-	-	-	45	45
Share-based payments	-	-	-	2,625	2,625	-	2,625
Dividends paid	-	-	-	(1,593)	(1,593)	-	(1,593)
Balance as at 31 December 2019	32,307	(18,149)	(59)	17,247	31,346	(16)	31,330

- 1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statements of Changes in Equity (cont'd)

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>Company (Unaudited)</u>			
Balance as at 1 July 2020	32,307	3,702	36,009
Total comprehensive income for the period	-	34	34
Balance as at 31 December 2020	32,307	3,736	36,043

	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
<u>Company (Unaudited)</u>			
Balance as at 1 July 2019	32,307	2,297	34,604
Total comprehensive income for the period	-	(2,573)	(2,573)
Share-based payments	-	2,625	2,625
Dividends paid	-	(1,593)	(1,593)
Balance as at 31 December 2019	32,307	756	33,063

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

There had been no change in the Company's issued share capital between 30 June 2020 and 31 December 2020.

The Company has no treasury shares, subsidiary holdings or convertible instruments as at 31 December 2020 and as at 31 December 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company (Unaudited)	Company (Audited)
	31.12.2020	30.06.2020
Total number of issued shares	354,000,000	354,000,000

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

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

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

The Company did not have any subsidiary holdings during, and at the end of, the current financial period reported on.

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

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

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

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

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

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

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

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's financial statements for the financial year ended 30 June 2020 were not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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

Same as disclosed in Section 5 below, the accounting policies and methods of computation adopted in the financial statements for the reporting period are consistent with those disclosed in the most recently audited combined financial statements for the financial year ended 30 June 2020.

- 5. 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.**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards International ("SFRS(I)") and the related Interpretations ("SFRS(I)INT") that are mandatory for the accounting periods beginning on or after 1 July 2020. The adoption of these new and revised SFRS(I) and SFRS(I)INT did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. 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.

	Group	
	Unaudited 1H FY2021	Unaudited 1H FY2020
<u>Earnings/(loss) per share ("EPS")</u>		
Profit / (loss) attributable to owners of the Company (S\$'000)	7,504	(3,761)
(i) Based on weighted average number of ordinary shares in issue ('000)	354,000	354,000
(ii) On a basic and diluted basis (Singapore cents per share)	2.12	(1.06)

The basic and diluted EPS are the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31.12.2020	30.06.2020	31.12.2020	30.06.2020
Net asset value ("NAV") (S\$'000)	37,425	29,905	36,043	36,009
Number of ordinary shares in issue ('000)	354,000	354,000	354,000	354,000
Net asset value per ordinary share (Singapore cents per share)	10.57	8.45	10.18	10.17

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affect the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Consolidated Statement of Comprehensive Income
1H FY2021 compared to 1H FY2020

	Group Unaudited		Increase/ (decrease) %
	1H FY2021 S\$'000	1H FY2020 S\$'000	
<u>Revenue</u>			
Full-Service Restaurants ("FSR")	40,939	45,758	(10.5%)
Quick-Service Restaurants, Convenience and Others ("QSR")	23,081	20,720	11.4%
	64,020	66,478	

Consolidated Statement of Comprehensive Income (cont'd)
1H FY2021 compared to 1H FY2020 (cont'd)

Revenue

The Group's revenue decreased in 1H FY2021 compared with 1H FY2020, primarily due to the decrease in revenue contribution from the FSR, offset by the increase in revenue contribution from QSR.

The decrease in FSR revenue was mainly due to i) closure of 3 FSR in last quarter of FY2020, ii) revamp of certain food concepts at Jurong Point whereby another 3 FSR outlets were converted into QSR concepts, iii) social distancing restrictions in place, which resulted in fewer seats available for dine-in customers, partially offset by the re-opening of 1 outlet at Great World in February 2020.

The revenue for QSR increased mainly due to i) the revamp of certain food concepts at Jurong Point whereby 3 FSR outlets were converted into QSR concepts, ii) re-opening of outlets at Great World in February 2020, and iii) 1 new outlet at Millenia Walk, which were offset by a) social distancing restrictions in place, which resulted in fewer seats available for dine-in customers and b) closure of 5 outlets in FY2020.

Raw materials and consumables used

Raw materials and consumables used (taking into account the changes in closing inventories) were 26.2% and 27.6% of total revenue for 1H FY2021 and 1H FY2020 respectively. The decrease was mainly due to a general decrease in the average prices of raw materials and consumables.

Other operating income

Other operating income increased mainly due to an increase in government and landlords' support amounting to S\$3.4 million and S\$1.2 million respectively, in relation to the COVID-19 pandemic.

Employee benefits expense

The Group's employee benefits expense decreased in 1H FY2021 compared to 1H FY2020 which was primarily attributed to:- (i) the closure of some outlets towards the end of FY2020; and (ii) absence of a non-recurring and non-cash expense of S\$2.6 million incurred as a result of the transfer of shares amongst three Board members of the Group. Excluding the impact of this share-based payment, employee benefits expense represents 32.9% and 40.3% of total revenue for 1H FY2021 and 1H FY2020 million respectively. This decrease was mainly due to labour optimisation initiatives, as there were no major renovations during this period and the full force of labour was engaged in the Group's operations.

Utilities expenses

Utilities expenses decreased mainly due to estimated utilities readings billed by landlords which resulted in an overprovision of utilities that were subsequently reversed in 1H FY2021.

Depreciation expense

Depreciation expense decreased mainly due to the decrease in depreciation for right-of-use assets, attributable to a closure of outlet during this period.

Other operating expenses

Other operating expenses increased mainly due to an increase in commission paid to third-party food delivery companies, which is in line with the Group's expansion into the online food delivery space. The increase was offset by a decrease in general expenses such as repair, maintenance and transportation expenses.

Other expenses – Non-operating

Other expenses - non-operating decreased in 1H FY2021 mainly due to the absence of plant and equipment written-off and professional fees incurred in the revamp of outlets in Jurong Point which were incurred in 1H FY2020.

Finance costs

Finance costs decreased mainly due to a closure of outlet during this period which resulted in a decrease in lease interest.

Profit before tax

Profit before tax increased approximately S\$12.3 million, from a loss before tax of S\$3.6 million in 1H FY2020 to S\$8.7 million in 1H FY2021.

Income tax expense

Income tax expense increased by approximately S\$0.9 million, from S\$0.3 million in 1H FY2020 to S\$1.2 million in 1H FY2021.

Profit, net of income tax

As a result of the foregoing, the Group recorded a profit after tax of S\$7.5 million in 1H FY2021.

Consolidated Statements of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 December 2020 and 30 June 2020.

Non-current assets

The Group's non-current assets decreased mainly due to (i) a decrease in other assets, non-current of S\$1.1 million; (ii) a decrease in the right-of-use assets ("ROU") of S\$10.6 million and (iii) a decrease in property, plant and equipment of S\$2.1 million.

Other assets, non-current decreased by S\$1.1 million mainly due to the refundable rental deposits placed with the lessors for existing leases which were less than a year. Right-of-use assets decreased by S\$10.6 million mainly due to the depreciation charge of the ROU. The decrease in property, plant and equipment was mainly due to the depreciation charge of the fixed asset of S\$3.0 million, being partially offset by an addition of assets amounting to S\$0.9 million.

Current assets

The Group's current assets increased mainly due to (i) an increase in cash and cash equivalents of S\$11.7 million; (ii) an increase in other assets, current of S\$1.1 million; (iii) an increase in inventories of S\$0.5 million; and partially offset by (iv) a decrease in trade and other receivables, current of S\$0.5 million.

The increase in cash and cash equivalents was mainly due to increase in earnings during this period. The increase in other assets, current was mainly attributable to the existing leases for less than a year which were pending for renewal. The increase in inventories was mainly due to increase in purchasing of raw materials. The decrease in trade and other receivables, current was mainly due to decreases in the rental rebates received from the landlords.

Non-current liabilities

The Group's non-current liabilities decreased mainly due to the repayment of lease liabilities and bank borrowings.

Current liabilities

The Group's current liabilities increased mainly attributable to (i) an increase in trade and other payables of S\$2.5 million due to an increase in the purchases from suppliers, and (ii) an increase in the provision for income tax of S\$0.9 million; partially offset by (iii) a decrease in lease liabilities of S\$0.5 million due to repayment for leases less than a year from the next renewal; (iv) a decrease in other liabilities (i.e. deferred income) of S\$0.5 million mainly attributable to the recognition of the Jobs Support Scheme Grant received in 4Q FY2020.

Consolidated Statements of Cash Flows

The Group's net cash flows generated from operating activities was S\$23.3 million in 1H FY2021, mainly due to operating cash flows before changes in the working capital of S\$23.0 million, net working capital inflows of S\$0.7 million and income taxes paid of S\$0.4 million. The net working capital inflows were mainly due to (i) an increase in trade payables of S\$2.5 million; (ii) an increase in trade and other receivables, current of S\$0.5 million; partially offset by; (iii) a decrease in other liabilities of S\$0.5 million; (iv) an increase in other assets, current of S\$1.1 million; (v) an increase in inventories of S\$0.5 million; and (vi) reinstatement cost of S\$0.2 million for the reinstatement of premises leased to its original condition.

The Group's net cash inflows generated from investing activities was S\$0.2 million in 1H FY2021, mainly attributable to (i) an increase in other assets, non-current of S\$1.1 million; partially offset by (iii) the purchase of plant and equipment amounting to S\$0.9 million.

The Group's net cash flows used in financing activities was S\$11.8 million in 1H FY2021, mainly due to (i) repayment of bank borrowings of S\$0.5 million; (ii) lease payment of S\$9.8 million; and (iii) interest portion of the lease liabilities of S\$1.5 million paid.

As a result, cash and cash equivalents increased by S\$11.7 million in 1H FY2021.

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

The Group's 1H FY2021 results are in line with the profit guidance announcement dated on 3 February 2021.

- 10. 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 fight against Covid-19 is expected to be a long battle. While consumer confidence has largely increased in the wake of Phases 2 and 3 in Singapore, the Group remains cautiously optimistic and continues to enhance its preparedness in a climate of unknowns and fast-evolving situations.

While the Group expects government support for businesses to decrease in the ensuing months as the pandemic situation evolves, the Group reaffirms its commitment towards longer-term plans to grow its QSR segment. The Group will actively seeking opportunities to forge ahead with the expansion of its QSR concepts which offer a strong value proposition and serves the mid-range market segment.

- 11. If a decision regarding dividend has been made, the required information has been disclosed.**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended)**

Name of Dividend	Interim	Special
Type of Dividend	Cash	Cash
Total number of Issued ordinary shares ('000)	354,000	354,000
Dividend per share	0.50 Singapore cent	0.35 Singapore cent

- (b) Amount per share**

Please refer to 11(a) above.

- (c) Previous corresponding period**

Not applicable, as no dividend was declared in the previous corresponding period.

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

The proposed dividend is one-tier tax exempt.

- (e) The date the dividend is payable.**

4 March 2021.

- (f) 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**

25 February 2021.

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

Not applicable, the Company has declared an interim and special dividend for 1H FY2021. Please refer to 11(a) above.

- 13. If the Group has obtained 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 has not obtained a general mandate from shareholders for IPT.

14. 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) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

15. Negative Confirmation of Interim Financial Results pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company confirms that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the first half ended 31 December 2020 to be false or misleading in any material aspect.

Foo Kah Lee
Executive Director and CEO

Hiroshi Tatara
Executive Director and President

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

The Company has struck-off its 51% owned direct subsidiary, Otento Food Services Pte. Ltd., during the half-year ended 31 December 2020. Please refer to the announcement dated on 17 December 2020 for further information.

By Order of the Board

Foo Kah Lee
Executive Director and CEO
Date: 8 February 2021

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

The contact person for the Sponsor is Ms. Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.