

ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE (“FY”) 2022

This announcement has been prepared by ST Group Food Industries Holdings Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “Sponsor”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist (the “Catalist Rules”).

This announcement has not been examined or approved by the SGX-ST. 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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Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning ascribed to them in the offer document of ST Group Food Industries Holdings Limited dated 26 June 2019 (the “Offer Document”).

Background

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

Founded in 2011, ST Group holds the exclusive franchise and licence rights to six internationally popular food and beverage (“F&B”) brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, in various territories. ST Group has developed two of its own brand concepts, “PAFU” and “KURIMU”, which were launched in December 2017 and July 2019, respectively. ST Group had also opened a “Go Noodle House” outlet in Melbourne, Australia in November 2020.

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

As at 30 June 2022, ST Group has a network of 147 outlets comprising 49 Group-owned outlets and 98 outlets owned and operated by its sub-franchisees and sub-licensees across its key geographical markets.

Number of outlets by brands (as at the end of the financial year)

	FY2022		FY2021	
	Owned	Sub-franchised/ sub-licensed	Owned	Sub-franchised/ sub-licensed
PappaRich				
- Australia	8	23	8	25
- New Zealand	-	4	-	4
NeNe Chicken				
- Australia	4	27	4	18
- Malaysia	-	-	-	5
Gong Cha				
- New Zealand	11	15	11	12
- United Kingdom	5	5	4	-
Hokkaido Baked Cheese Tart				
- Australia	6	10	7	8
iDarts				
- Australia	-	4	-	4
PAFU				
- Australia	5	4	5	4
IPPUDO				
- Australia	2	-	2	-
- New Zealand	2	-	2	-
KURIMU				
- Australia	5	6	4	2
Go Noodle House				
- Australia	1	-	1	-
Total	49	98	48	82

Table of Contents

A. Condensed interim consolidated statements of comprehensive income	4
B. Condensed interim statements of financial position	6
C. Condensed interim statements of changes in equity	8
D. Condensed interim consolidated statement of cash flows	11
E. Notes to the condensed interim consolidated financial statements	13
F. Other information required under Appendix 7C of the Catalist Rules	32

A. Condensed interim consolidated statements of comprehensive income

Note	Group						
	2H FY2022 ⁽¹⁾	2H FY2021 ⁽²⁾	Increase/ (Decrease)	FY2022	FY2021	Increase/ (Decrease)	
	(AUD)	(AUD)	(%)	(AUD)	(AUD)	(%)	
Continuing operations							
Revenue	4.2	26,694,323	24,261,403	10.0	46,971,933	44,883,352	4.7
Other income		705,212	1,215,369	(42.0)	3,525,400	3,604,921	(2.2)
Expenses							
Changes in inventories		982,448	608,289	61.5	676,711	76,750	NM
Purchases of inventories		(9,187,594)	(7,987,160)	15.0	(15,599,089)	(14,016,885)	11.3
Franchise restaurants and stores related establishment costs		(289,342)	(739,907)	(60.9)	(607,875)	(1,426,753)	(57.4)
Rental (expenses)/credit		(402,242)	(74,179)	NM	86,369	437,121	(80.2)
Staff costs		(10,114,649)	(8,705,162)	16.2	(18,287,416)	(15,651,905)	16.8
Depreciation expense							
- Property, plant and equipment		(1,521,538)	(1,531,302)	(0.6)	(3,097,833)	(2,832,912)	9.4
- Right-of-use assets		(2,537,821)	(2,647,590)	(4.1)	(5,212,576)	(5,063,370)	2.9
Amortisation of intangible assets		(205,376)	(260,094)	(21.0)	(415,374)	(396,026)	4.9
Finance costs							
- Lease liabilities		(589,953)	(716,322)	(17.6)	(1,258,972)	(1,403,728)	(10.3)
- Borrowings and others		(28,304)	(35,701)	(20.7)	(44,690)	(79,500)	(43.8)
Impairment losses on							
- Trade and other receivables		(99,240)	(112,951)	(12.1)	(181,037)	(112,951)	(60.3)
- Property, plant and equipment		(210,554)	(67,172)	NM	(278,313)	(67,172)	NM
- Right-of-use assets		-	(91,027)	NM	-	(91,027)	NM
Other expenses		(3,719,376)	(2,263,177)	64.3	(6,842,892)	(5,449,164)	25.6
Share of results of associated company		2,528	20,889	(87.9)	31,409	20,889	50.4
Share of results of joint venture		(50)	-	NM	(50)	-	NM
(Loss)/profit before tax		(521,528)	874,206	NM	(534,295)	2,431,640	NM
Tax credit/(expense)	6	284,743	(207,601)	NM	340,661	(841,853)	NM
(Loss)/profit from continuing operations, net of tax		(236,785)	666,605	NM	(193,634)	1,589,787	NM
Profit/(loss) from discontinued operations, net of tax		10,425	(123,684)	NM	(145,481)	(865,143)	(83.2)
(Loss)/profit for the period/year	5	(226,360)	542,921	NM	(339,115)	724,644	NM
Other comprehensive income/(loss)							
<i>Item that is or may be reclassified subsequently to profit or loss:</i>							
- Currency translation differences on consolidation		18,357	(57,953)	NM	(36,409)	46,837	NM
Other comprehensive income/(loss) for the period/year, net of tax		18,357	(57,953)	NM	(36,409)	46,837	NM
Total comprehensive income/(loss) for the period/year		(208,003)	484,968	NM	(375,524)	771,481	NM
Profit/(loss) attributable to:							
Equity holders of the Company		172,662	684,878	(74.8)	528,212	1,129,969	(53.3)
Non-controlling interests		(399,022)	(141,957)	NM	(867,327)	(405,325)	NM
(Loss)/profit for the period/year		(226,360)	542,921	NM	(339,115)	724,644	NM

Note	Group					
	2H FY2022 ⁽¹⁾	2H FY2021 ⁽²⁾	Increase/ (Decrease)	FY2022	FY2021	Increase/ (Decrease)
	(AUD) (Unaudited)	(AUD) (Unaudited)	%	(AUD) (Unaudited)	(AUD) (Audited)	(Decrease) %
Profit/(loss) attributable to equity holders of the Company relates to:						
Profit from continuing operations	162,353	853,118	(81.0)	559,076	1,612,191	(65.3)
Profit/(loss) from discontinued operations	10,309	(168,240)	NM	(30,864)	(482,222)	(93.6)
	172,662	684,878	(74.8)	528,212	1,129,969	(53.3)
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	191,019	626,925	(69.5)	491,803	1,176,806	(58.2)
Non-controlling interests	(399,022)	(141,957)	NM	(867,327)	(405,325)	NM
Total comprehensive (loss)/income for the period/year	(208,003)	484,968	NM	(375,524)	771,481	NM
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company						
From continuing and discontinued operations						
Basic and diluted (cents)	7	0.07	0.28	0.22	0.47	
From continuing operations						
Basic and diluted (cents)	7	0.07	0.35	0.23	0.66	
From discontinued operations						
Basic and diluted (cents)	7	0.00	(0.07)	(0.01)	(0.20)	

NM: Not meaningful

Notes:

(1) "2H FY2022" refers to six months period ended 30 June 2022

(2) "2H FY2021" refers to six months period ended 30 June 2021

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at 30 June 2022 (AUD) (Unaudited)	As at 30 June 2021 (AUD) (Audited)	As at 30 June 2022 (AUD) (Unaudited)	As at 30 June 2021 (AUD) (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	10	11,155,550	13,089,857	-	-
Right-of-use assets	11	17,408,639	23,058,452	-	-
Intangible assets	12	2,825,320	3,042,385	-	-
Investment in subsidiaries	13	-	-	22,786,335	29,220,712
Investment in associated company		46,378	36,889	-	-
Investment in joint venture		-	-	-	-
Deferred tax asset		3,538,206	3,111,085	406,572	402,262
Fixed deposits		2,488,162	2,370,019	-	-
Trade and other receivables		1,174,568	1,381,512	-	-
Total non-current assets		38,636,823	46,090,199	23,192,907	29,622,974
Current assets					
Contract assets		108,000	98,000	-	-
Inventories		3,190,342	2,513,631	-	-
Trade and other receivables		4,905,766	3,893,199	13,179,797	11,368,075
Other investments		200,000	-	200,000	-
Fixed deposits		-	998,233	-	998,233
Cash and bank balances		7,761,188	8,766,959	1,440,116	1,271,714
		16,165,296	16,270,022	14,819,913	13,638,022
Disposal group assets classified as held for sale		-	672,034	-	-
Total current assets		16,165,296	16,942,056	14,819,913	13,638,022
Total assets		54,802,119	63,032,255	38,012,820	43,260,996
EQUITY AND LIABILITIES					
Equity					
Share capital	14	57,200,620	57,200,620	57,200,620	57,200,620
Treasury shares		(48,254)	(722,827)	(48,254)	(722,827)
Other reserves		(40,227,327)	(40,214,835)	(479,202)	(112,092)
Retained earnings		4,007,633	3,894,549	(19,088,213)	(13,444,191)
Reserve of disposal group classified as held for sale		-	4,837	-	-
Equity attributable to equity holders of the Company, total		20,932,672	20,162,344	37,584,951	42,921,510
Non-controlling interests		(329,255)	1,894,218	-	-
Total equity		20,603,417	22,056,562	37,584,951	42,921,510
Non-current liabilities					
Borrowings	15	1,131,055	349,712	-	-
Lease liabilities	11	16,286,986	22,126,135	-	-
Contract liabilities		1,021,451	674,936	-	-
Total non-current liabilities		18,439,492	23,150,783	-	-
Current liabilities					
Trade and other payables		6,810,814	7,210,242	427,841	339,486
Contract liabilities		574,696	426,210	-	-
Borrowings	15	1,178,857	466,971	-	-
Lease liabilities	11	6,568,256	7,206,542	-	-
Tax payable		626,587	1,755,773	28	-
		15,759,210	17,065,738	427,869	339,486
Liabilities directly associated with disposal group classified as held for sale		-	759,172	-	-
Total current liabilities		15,759,210	17,824,910	427,869	339,486
Total liabilities		34,198,702	40,975,693	427,869	339,486
Total equity and liabilities		54,802,119	63,032,255	38,012,820	43,260,996

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

Amount repayable in one year or less, or on demand

	As at 30 June 2022 (AUD)		As at 30 June 2021 (AUD)	
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,178,857	-	404,058	62,913
Equipment finance lease classified as lease liabilities	17,697	-	317,340	-

Amount repayable after one year

	As at 30 June 2022 (AUD)		As at 30 June 2021 (AUD)	
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,131,055	-	349,712	-
Equipment finance lease classified as lease liabilities	34,735	-	111,957	-

Details of any collateral

As at 30 June 2022, the Group's borrowings were secured by way of:

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

C. Condensed interim statements of changes in equity

Group	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Reserve of disposal group classified as held for sale (AUD)	Equity attributable to equity holders of the Company (AUD)	Non- controlling interests (AUD)	Total equity (AUD)
At 1 July 2021	57,200,620	(722,827)	(40,214,835)	3,894,549	4,837	20,162,344	1,894,218	22,056,562
Profit/(loss) for the year	-	-	-	528,212	-	528,212	(867,327)	(339,115)
Other comprehensive loss								
Currency translation differences on consolidation	-	-	(36,409)	-	-	(36,409)	-	(36,409)
Total comprehensive (loss)/income for the year	-	-	(36,409)	528,212	-	491,803	(867,327)	(375,524)
<i>Transactions with owners recognised directly in equity</i>								
Purchases of treasury shares	-	(163,654)	-	-	-	(163,654)	-	(163,654)
Treasury shares re-issued	-	838,227	(367,110)	-	-	471,117	-	471,117
Dividends	-	-	-	(415,128)	-	(415,128)	(49,000)	(464,128)
<i>Changes in ownership interest in subsidiaries</i>								
Acquisition of non-controlling interests in subsidiaries without change in control	-	-	(6,892)	-	-	(6,892)	(1,386,552)	(1,393,444)
Disposal of subsidiaries	-	-	397,919	-	(4,837)	393,082	79,406	472,488
At 30 June 2022	57,200,620	(48,254)	(40,227,327)	4,007,633	-	20,932,672	(329,255)	20,603,417

Group	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Reserve of disposal group classified as held for sale (AUD)	Equity attributable to equity holders of the Company (AUD)	Non- controlling interests (AUD)	Total equity (AUD)
At 1 July 2020	57,200,620	(899,238)	(39,509,084)	3,128,294	-	19,920,592	1,866,669	21,787,261
Profit/(loss) for the year	-	-	-	1,129,969	-	1,129,969	(405,325)	724,644
Other comprehensive income								
Currency translation differences on consolidation	-	-	46,837	-	-	46,837	-	46,837
Total comprehensive income/(loss) for the year	-	-	46,837	1,129,969	-	1,176,806	(405,325)	771,481
Reserve attributable to disposal group classified as held for sale	-	-	(4,837)	-	4,837	-	-	-
<i>Transactions with owners recognised directly in equity</i>								
Treasury shares re-issued for purchase of subsidiary's assets	-	192,092	(112,092)	-	-	80,000	-	80,000
Purchases of treasury shares	-	(15,681)	-	-	-	(15,681)	-	(15,681)
Dividends	-	-	-	(363,714)	-	(363,714)	(49,000)	(412,714)
<i>Changes in ownership interest in subsidiaries</i>								
Acquisition of non-controlling interests in subsidiaries without change in control	-	-	(635,659)	-	-	(635,659)	481,874	(153,785)
At 30 June 2021	57,200,620	(722,827)	(40,214,835)	3,894,549	4,837	20,162,344	1,894,218	22,056,562

Company	Share capital (AUD)	Treasury shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Total equity (AUD)
At 1 July 2021	57,200,620	(722,827)	(112,092)	(13,444,191)	42,921,510
Loss and total comprehensive loss for the financial year	-	-	-	(5,228,894)	(5,228,894)
Purchases of treasury shares	-	(163,654)	-	-	(163,654)
Treasury shares re-issued	-	838,227	(367,110)	-	471,117
Dividends	-	-	-	(415,128)	(415,128)
At 30 June 2022	57,200,620	(48,254)	(479,202)	(19,088,213)	37,584,951
At 1 July 2020	57,200,620	(899,238)	-	(4,343,998)	51,957,384
Loss and total comprehensive loss for the financial year	-	-	-	(8,736,479)	(8,736,479)
Treasury shares re-issued for purchase of subsidiary's assets	-	192,092	(112,092)	-	80,000
Purchases of treasury shares	-	(15,681)	-	-	(15,681)
Dividends	-	-	-	(363,714)	(363,714)
At 30 June 2021	57,200,620	(722,827)	(112,092)	(13,444,191)	42,921,510

D. Condensed interim consolidated statement of cash flows

	Group	
	FY2022	FY2021
	(AUD) (Unaudited)	(AUD) (Audited)
Cash flows from operating activities		
(Loss)/profit before tax from continuing operations	(534,295)	2,431,640
Loss before tax from discontinued operations	(145,481)	(839,614)
	<u>(679,776)</u>	<u>1,592,026</u>
Adjustments for:-		
Depreciation		
- Property, plant and equipment	3,097,833	2,929,138
- Right-of-use assets	5,212,576	5,218,675
Amortisation	415,374	400,473
Gain on termination of leases	-	(108,683)
Impairment losses on		
- Trade and other receivables	181,037	112,951
- Property, plant and equipment	278,313	67,172
- Right-of-use assets	-	91,027
Interest income	(50,793)	(66,949)
Interest expenses	1,303,662	1,556,696
Loss on disposal of subsidiaries	145,481	-
Gain on disposal of property, plant and equipment	-	(29,596)
Property, plant and equipment written off	89,777	567,504
Intangible assets written off	-	7,487
Right-of-use assets written off	-	42,870
Rent concessions from lessors	(1,399,288)	(1,576,294)
Share of results from associated company	(31,409)	(20,889)
Share of results from joint venture	50	-
Unrealised exchange loss	42,013	156,562
Operating cash flow before working capital changes	<u>8,604,850</u>	<u>10,940,170</u>
Inventories	(676,711)	(30,040)
Receivables and contract assets	(403,426)	442,141
Payables and contract liabilities	533,161	1,611,680
Currency translation adjustments	(55,706)	116,146
Cash generated from operations	<u>8,002,168</u>	<u>13,080,097</u>
Income tax paid	(1,165,218)	(1,040,549)
Net cash generated from operating activities	<u>6,836,950</u>	<u>12,039,548</u>
Cash flows from investing activities		
Deposits received for disposal of subsidiaries	-	223,986
Dividends received from an associated company	21,920	-
Acquisition of other investments	(200,000)	-
Interest received	24,327	23,846
Investment in associated company	-	(16,000)
Investment in joint venture	(50)	-
Net cash outflow from disposal of subsidiaries	(1,136)	-
Proceeds from disposal of property, plant and equipment	-	32,207
Purchases of intangible assets	(179,690)	(178,471)
Purchases of property, plant and equipment	(1,249,014)	(4,094,932)
Net cash used in investing activities	<u>(1,583,643)</u>	<u>(4,009,364)</u>

Note	Group	
	FY2022	FY2021
	(AUD)	(AUD)
	(Unaudited)	(Audited)
Cash flows from financing activities		
Acquisition of non-controlling interests in subsidiaries	(1,393,440)	(153,785)
Lease incentives (provided)/received	(743,349)	169,514
Proceeds from borrowings	2,157,017	300,000
Repayment of borrowings	(512,944)	(822,953)
Repayment of lease liabilities	(4,865,965)	(3,948,858)
Advances from non-controlling interests/ third parties	11,916	43,529
Repayment to related parties/ non-controlling interests	(253,221)	(237,092)
Dividends paid to shareholders	(415,128)	(363,714)
Dividends paid to non-controlling interests	(49,000)	(49,000)
Interest paid	(1,235,885)	(1,257,762)
Increase in fixed deposits pledged	(118,143)	(293,776)
Purchases of treasury shares	(163,654)	(15,681)
Proceeds from treasury shares re-issued	471,117	-
Net cash used in financing activities	(7,110,679)	(6,629,578)
Net (decrease)/increase in cash and cash equivalents	(1,857,372)	1,400,606
Cash and cash equivalents at beginning of the financial year	9,618,505	8,227,895
Effect of exchange rate changes on cash and cash equivalents	55	(9,996)
Cash and cash equivalents at end of the financial year	7,761,188	9,618,505

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

Cash and bank balances		
- Continuing operations	7,761,188	8,766,959
- Discontinued operations	-	1,136
Fixed deposits	2,488,162	3,368,252
Less: Bank overdraft	-	(147,823)
	10,249,350	11,988,524
Less: Fixed deposits (pledged)	(2,488,162)	(2,370,019)
	7,761,188	9,618,505

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

ST Group Food Industries Holdings Pte. Ltd. (the “**Company**”) (Co. Reg. No. 201801590R) was incorporated in Singapore on 11 January 2018 for the purpose of acquiring the existing companies pursuant to the restructuring exercise on the preparation of the listing of the Company. On 10 June 2019, the Company was converted into a public company limited by shares and changed its name to ST Group Food Industries Holdings Limited. The Company is listed on Catalist of the SGX-ST on 3 July 2019. These condensed interim consolidated financial statements as at and for the six months and full year ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The registered office of the Company is at 9 Straits View, #06-07 Marina One West Tower, Singapore 018937.

The principal activities of the Group consist of the business of investment holding, processing, sales and distribution of foods and supplies, trading and management of sub-franchisees, operator of restaurants, food and beverage outlets and management of marketing funds.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months and full year ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

2.1 New and amended standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) (“**SFRS(I) INT**”) that are relevant to its operations and effective for the current financial year. In addition, the Group has also early adopted the Amendment to FRS 116 COVID-19-Related Rent Concessions beyond 30 June 2021. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

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

2.2 Use of estimates and judgements

In preparing the condensed interim and full year 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 30 June 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 financial period are included in the following notes:

- Note 12 – Impairment test of goodwill: key assumptions underlying recoverable amounts

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

- Food and beverage retails;
- Supply chain;
- Franchise; and
- Others

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

4.1 Reportable segment

FY2022	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation total (AUD)
Segment revenue						
Sales to external customers	31,349,427	10,096,963	5,315,362	210,181	-	46,971,933
Intersegment sales	-	4,192,046	864,845	-	(5,056,891)	-
Total revenue from continuing operations	<u>31,349,427</u>	<u>14,289,009</u>	<u>6,180,207</u>	<u>210,181</u>	<u>(5,056,891)</u>	<u>46,971,933</u>
Share of results of associated company	-	-	-	31,409	-	31,409
Share of results of joint venture	-	-	-	(50)	-	(50)
Tax credit/(expense)	169,176	453,510	(277,259)	(4,766)	-	340,661
Net (loss)/profit from continuing operations, net of tax	(584,622)	(1,044,229)	1,062,332	(5,447,005)	5,819,890	(193,634)
Net loss from discontinued operations, net of tax						<u>(145,481)</u>
Loss for the year						<u><u>(339,115)</u></u>
Other significant non-cash expense:						
Depreciation of property, plant and equipment and amortisation of intangible assets	2,897,888	224,821	325,627	98,562	(33,691)	3,513,207
Depreciation of right-of-use assets	4,551,909	658,198	2,469	-	-	5,212,576
Impairment losses on property, plant and equipment	278,313	-	-	-	-	278,313
Impairment losses on trade and other receivables	-	-	181,037	-	-	181,037
Property, plant and equipment written off	73,279	16,499	-	-	-	89,778
Interest expense	1,179,864	130,011	57,191	151,831	(215,235)	1,303,662
Interest income	44,532	7,895	22,490	191,111	(215,235)	50,793
Segment assets	37,256,498	12,158,713	11,426,262	64,535,136	(72,135,335)	53,241,274
Unallocated assets						<u>1,560,845</u>
Total assets						<u><u>54,802,119</u></u>
Segment assets include additions to:						
- Property, plant and equipment	973,096	269,040	6,878	-	-	1,249,014
- Right-of-use assets	-	-	72,086	-	-	72,086
- Intangible assets	-	-	179,690	-	-	179,690
- Other investments	-	-	-	200,000	-	200,000
Segment liabilities	37,826,912	4,252,518	7,248,660	24,188,989	(41,278,961)	32,238,118
Unallocated liabilities						<u>1,960,584</u>
Total liabilities						<u><u>34,198,702</u></u>

FY2021	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation total (AUD)
Segment revenue						
Sales to external customers	30,359,418	8,856,645	5,397,643	269,646	-	44,883,352
Intersegment sales	-	3,857,063	1,394,130	-	(5,251,193)	-
Total revenue from continuing operations	<u>30,359,418</u>	<u>12,713,708</u>	<u>6,791,773</u>	<u>269,646</u>	<u>(5,251,193)</u>	<u>44,883,352</u>
Share of results of associated company	-	-	-	20,889	-	20,889
Tax (expense)/credit	(180,924)	152,043	(662,531)	(150,441)	-	(841,853)
Net profit/(loss) from continuing operations, net of tax	287,218	(482,439)	1,490,725	(8,490,119)	8,784,402	1,589,787
Net loss from discontinued operations, net of tax						<u>(865,143)</u>
Profit for the year						<u><u>724,644</u></u>
Other significant non-cash expense:						
Depreciation of property, plant and equipment and amortisation of intangible assets	2,583,941	220,172	316,061	117,364	(8,600)	3,228,938
Depreciation of right-of-use assets	4,429,590	633,780	-	-	-	5,063,370
Gain on disposal of property, plant and equipment	(9,160)	-	-	-	-	(9,160)
Gain on termination of leases	(43,112)	-	-	-	-	(43,112)
Impairment losses on property, plant and equipment	67,172	-	-	-	-	67,172
Impairment losses on right-of-use assets	91,027	-	-	-	-	91,027
Impairment losses on trade and other receivables	-	-	113,999	(1,048)	-	112,951
Intangible assets written off	-	-	7,487	-	-	7,487
Property, plant and equipment written off	61,659	-	-	-	-	61,659
Interest expense	1,359,466	192,542	50,670	69,540	(188,989)	1,483,229
Interest income	59,870	1,193	5,170	189,705	(188,989)	66,949
Right-of-use written off	42,870	-	-	-	-	42,870

FY2021	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation total (AUD)
Segment assets	45,059,283	11,244,503	9,547,723	66,228,769	(71,433,469)	60,646,809
Unallocated assets						1,713,412
Disposal group assets classified as held for sale						672,034
Total assets						<u>63,032,255</u>
Segment assets include additions to:						
- Property, plant and equipment	4,136,744	21,106	17,082	-	-	4,174,932
- Right-of-use assets	4,848,769	424,870	-	-	-	5,273,639
- Intangible assets	32,888	-	145,583	-	-	178,471
- Investment in associated company	-	-	-	16,000	-	16,000
Segment liabilities	44,000,865	3,762,043	6,572,621	20,036,782	(35,340,996)	39,031,315
Unallocated liabilities						1,185,206
Liabilities directly associated with disposal group classified as held for sale						759,172
Total liabilities						<u>40,975,693</u>

2H FY2022	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation total (AUD)
Segment revenue						
Sales to external customers	17,738,070	5,808,926	3,020,555	126,772	-	26,694,323
Intersegment sales	-	2,795,141	525,837	-	(3,320,978)	-
Total revenue from continuing operations	<u>17,738,070</u>	<u>8,604,067</u>	<u>3,546,392</u>	<u>126,772</u>	<u>(3,320,978)</u>	<u>26,694,323</u>
Share of results of associated company	-	-	-	2,528	-	2,528
Share of results of joint venture	-	-	-	(50)	-	(50)
Tax credit/(expense)	185,306	256,817	(184,854)	27,474	-	284,743
Net (loss)/profit from continuing operations, net of tax	(735,285)	(462,708)	800,366	(6,026,371)	6,187,213	(236,785)
Net profit from discontinued operations, net of tax						10,425
Profit for the period						<u>(226,360)</u>
Other significant non-cash expense:						
Depreciation of property, plant and equipment and amortisation of intangible assets	1,402,349	116,882	188,572	26,326	(7,215)	1,726,914
Depreciation of right-of-use assets	2,207,384	327,968	2,469	-	-	2,537,821
Impairment losses on property, plant and equipment	210,554	-	-	-	-	210,554
Impairment losses on trade and other receivables	-	-	13,703	-	-	13,703
Property, plant and equipment written off	72,085	16,499	-	-	-	88,584
Interest expense	555,089	60,599	31,136	90,985	(119,552)	618,257
Interest income	23,913	7,895	22,450	94,490	(119,552)	29,196
Segment assets	37,256,498	12,158,713	11,426,262	64,535,136	(72,135,335)	53,241,274
Unallocated assets						1,560,845
Total assets						<u>54,802,119</u>
Segment assets include additions to:						
- Property, plant and equipment	587,413	207,435	1,574	-	-	796,422
- Right-of-use assets	-	-	72,086	-	-	72,086
- Intangible assets	-	-	87,341	-	-	87,341
- Other investments	-	-	-	200,000	-	200,000
Segment liabilities	37,826,912	4,252,518	7,248,660	24,188,989	(41,278,961)	32,238,118
Unallocated liabilities						1,960,584
Total liabilities						<u>34,198,702</u>

2H FY2021	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation total (AUD)
Segment revenue						
Sales to external customers	16,973,157	4,088,167	3,045,139	154,940	-	24,261,403
Intersegment sales	-	2,545,947	1,061,407	-	(3,607,354)	-
Total revenue from continuing operations	16,973,157	6,634,114	4,106,546	154,940	(3,607,354)	24,261,403
Share of results of associated company	-	-	-	20,889	-	20,889
Tax (expense)/credit	(10,168)	474,039	(429,519)	(241,953)	-	(207,601)
Net profit/(loss) from continuing operations, net of tax	172,258	(1,063,855)	1,358,902	(8,585,102)	8,784,402	666,605
Net loss from discontinued operations, net of tax						(123,684)
Profit for the period						542,921
Other significant non-cash expense:						
Depreciation of property, plant and equipment and amortisation of intangible assets	1,410,249	110,892	242,718	36,137	(8,600)	1,791,396
Depreciation of right-of-use assets	2,316,574	331,016	-	-	-	2,647,590
Gain on disposal of property, plant and equipment	(9,160)	-	-	-	-	(9,160)
Gain on termination of leases	(43,112)	-	-	-	-	(43,112)
Impairment losses on property, plant and equipment	67,172	-	-	-	-	67,172
Impairment losses on right-of-use assets	91,027	-	-	-	-	91,027
Impairment losses on trade and other receivables	-	-	113,999	(1,048)	-	112,951
Intangible assets written off	-	-	7,487	-	-	7,487
Property, plant and equipment written off	61,659	-	-	-	-	61,659
Interest expense	680,202	99,629	31,038	37,314	(96,159)	752,024
Interest income	24,369	1,193	4,031	96,579	(96,159)	30,013
Right-of-use written off	42,870	-	-	-	-	42,870

2H FY2021	Food and beverage retails (AUD)	Supply chain (AUD)	Franchise (AUD)	Others (AUD)	Eliminations (AUD)	Consolidation total (AUD)
Segment assets	45,059,283	11,244,503	9,547,723	66,228,769	(71,433,469)	60,646,809
Unallocated assets						1,713,412
Disposal group assets classified as held for sale						672,034
Total assets						<u>63,032,255</u>
Segment assets include additions to:						
- Property, plant and equipment	1,999,464	17,606	15,817	-	-	2,032,887
- Right-of-use assets	1,989,517	424,870	-	-	-	2,414,387
- Intangible assets	-	-	145,583	-	-	145,583
- Investment in associated company	-	-	-	16,000	-	16,000
Segment liabilities	44,000,865	3,762,043	6,572,621	20,036,782	(35,340,996)	39,031,315
Unallocated liabilities						1,185,206
Liabilities directly associated with disposal group classified as held for sale						759,172
Total liabilities						<u>40,975,693</u>

4.2 Disaggregation of revenue

	2H FY2022 AUD	2H FY2021 AUD	FY2022 AUD	FY2021 AUD
Sales to external customers				
Australia	19,133,383	17,481,815	33,352,686	32,192,117
New Zealand	5,482,114	5,925,086	9,987,105	11,276,969
United Kingdom	2,078,826	854,502	3,632,142	1,414,266
	<u>26,694,323</u>	<u>24,261,403</u>	<u>46,971,933</u>	<u>44,883,352</u>
Timing of revenue recognition				
At a point in time	23,673,768	21,216,264	41,656,571	39,485,709
Over time	3,020,555	3,045,139	5,315,362	5,397,643
	<u>26,694,323</u>	<u>24,261,403</u>	<u>46,971,933</u>	<u>44,883,352</u>

4.3 Information about major customers

The Group did not have any single customer contributing 10% or more to its revenue for FY2022 and FY2021.

5. (Loss)/profit for the period/year

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

	Continuing operations		Discontinued operations		Total	
	2H FY2022 (AUD)	2H FY2021 (AUD)	2H FY2022 (AUD)	2H FY2021 (AUD)	2H FY2022 (AUD)	2H FY2021 (AUD)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Impairment of property, plant and equipment	(210,554)	(67,172)	-	-	(210,554)	(67,172)
Impairment of right-of-use assets	-	(91,027)	-	-	-	(91,027)
Impairment of trade and other receivables	(13,703)	(80,000)	10,279	-	(3,424)	(80,000)
Amortisation of intangible assets	(205,376)	(260,094)	-	(2,165)	(205,376)	(262,259)
Bad debts written off	(85,537)	(29,602)	-	-	(85,537)	(29,602)
Depreciation expense						
- Property, plant and equipment	(1,521,538)	(1,531,302)	-	(28,847)	(1,521,538)	(1,560,149)
- Right-of-use assets	(2,537,821)	(2,647,590)	-	(36,421)	(2,537,821)	(2,684,011)
Foreign exchange loss	(175,533)	(32,403)	-	28,876	(175,533)	(3,527)
Gain on disposal of property, plant and equipment	-	9,160	-	20,436	-	29,596
Gain on termination of leases	-	-	-	43,112	-	43,112
Grant income	93,402	806,924	-	-	93,402	806,924
Interest income	29,196	30,013	-	-	29,196	30,013
Intangible assets written off	-	7,487	-	-	-	7,487
Property, plant and equipment written off	(88,583)	(47,504)	-	(138,380)	(88,583)	(185,884)
Rebates from suppliers	537,334	471,934	-	-	537,334	471,934
Right-of-use assets written off	-	(42,870)	-	-	-	(42,870)
Royalty fees	(725,967)	(511,984)	-	(4,610)	(725,967)	(516,594)
Adjustment for over/(under) provision of tax in respect of prior years :-						
- Income tax	305,247	228,303	-	-	305,247	228,303
- Deferred tax	138,758	(203,251)	-	(25,529)	138,758	(228,780)

	Continuing operations		Discontinued operations		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Impairment of property, plant and equipment	(278,313)	(67,172)	-	-	(278,313)	(67,172)
Impairment of right-of-use assets	-	(91,027)	-	-	-	(91,027)
Impairment of trade and other receivables	(95,500)	(80,000)	-	-	(95,500)	(80,000)
Amortisation of intangible assets	(415,374)	(396,026)	-	(4,447)	(415,374)	(400,473)
Bad debts written off	(85,537)	(32,951)	-	-	(85,537)	(32,951)
Depreciation expense						
- Property, plant and equipment	(3,097,833)	(2,832,912)	-	(96,226)	(3,097,833)	(2,929,138)
- Right-of-use assets	(5,212,576)	(5,063,370)	-	(155,305)	(5,212,576)	(5,218,675)
Foreign exchange loss	(42,013)	(156,562)	-	-	(42,013)	(156,562)
Gain on disposal of property, plant and equipment	-	9,160	-	20,436	-	29,596
Gain on termination of leases	-	65,571	-	43,112	-	108,683
Grant income	2,380,589	2,628,333	-	-	2,380,589	2,628,333
Intangible assets written off	-	7,487	-	-	-	7,487
Interest income	50,793	66,949	-	-	50,793	66,949
Loss on disposal of subsidiaries	-	-	(145,481)	-	(145,481)	-
Property, plant and equipment written off	(89,777)	(61,659)	-	(505,845)	(89,777)	(567,504)
Rebates from suppliers	939,253	815,978	-	-	939,253	815,978
Right-of-use assets written off	-	(42,870)	-	-	-	(42,870)
Royalty fees	(1,274,616)	(903,342)	-	(10,734)	(1,274,616)	(914,076)
Adjustment for over/(under) provision of tax in respect of prior years :-						
- Income tax	366,542	228,303	-	-	366,542	228,303
- Deferred tax	146,301	(203,251)	-	(25,529)	146,301	(228,780)

6. Tax credit/(expense)

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

	Continuing operations		Discontinued operations		Total	
	2H FY2022	2H FY2021	2H FY2022	2H FY2021	2H FY2022	2H FY2021
	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current year						
- Income tax	(61,560)	(710,973)	-	14,079	(61,560)	(696,894)
- Deferred tax	(79,632)	484,842	-	-	(79,632)	484,842
Over/(under) provision in respect of previous financial period/year						
- Income tax	305,247	228,303	-	-	305,247	228,303
- Deferred tax	138,758	(203,251)	-	(25,529)	138,758	(228,780)
Withholding tax	(18,070)	(6,522)	-	-	(18,070)	(6,522)
	284,743	(207,601)	-	(11,450)	284,743	(219,051)

	Continuing operations		Discontinued operations		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)	(AUD)
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current year						
- Income tax	(457,174)	(976,716)	-	-	(457,174)	(976,716)
- Deferred tax	303,062	116,333	-	-	303,062	116,333
Over/(under) provision in respect of previous financial period/year						
- Income tax	366,542	228,303	-	-	366,542	228,303
- Deferred tax	146,301	(203,251)	-	(25,529)	146,301	(228,780)
Withholding tax	(18,070)	(6,522)	-	-	(18,070)	(6,522)
	340,661	(841,853)	-	(25,529)	340,661	(867,382)

7. Earnings/(loss) per share

	Group			
	2H FY2022	2H FY2021	FY2022	FY2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
From continuing and discontinued operations				
Net profit attributable to equity holders of the Company (AUD)	172,662	684,878	528,212	1,129,969
Weighted average number of ordinary shares in issue	244,712,556 ⁽¹⁾	242,850,309 ⁽²⁾	243,856,313 ⁽¹⁾	242,675,718 ⁽²⁾
Basic and diluted earnings per share (AUD cents)	0.07	0.28	0.22	0.47
From continuing operations				
Net profit attributable to equity holders of the Company (AUD)	162,353	853,118	559,076	1,612,191
Weighted average number of ordinary shares in issue	244,712,556 ⁽¹⁾	242,850,309 ⁽²⁾	243,856,313 ⁽¹⁾	242,675,718 ⁽²⁾
Basic and diluted earnings per share (AUD cents)	0.07	0.35	0.23	0.66
From discontinued operations				
Net profit/(loss) attributable to equity holders of the Company (AUD)	10,309	(168,240)	(30,864)	(482,222)
Weighted average number of ordinary shares in issue	244,712,556 ⁽¹⁾	242,850,309 ⁽²⁾	243,856,313 ⁽¹⁾	242,675,718 ⁽²⁾
Basic and diluted earnings/(loss) per share (AUD cents)	0.00	(0.07)	(0.01)	(0.20)

The fully diluted earnings/(loss) per share and basic earnings/(loss) per share are the same because there is no dilutive share.

Note:

- (1) Between 27 September 2021 and 29 June 2022, the Company conducted multiple share buyback exercises amounting to 1,345,400 shares in total. On 24 February 2022 and 9 June 2022, the Company sold treasury shares amounting to 3,802,200 shares in total. These share buybacks and treasury shares re-issued have been factored in arriving at the weighted average number of ordinary shares in issue for 2H FY2022 and FY2022.

- (2) Between 22 July 2020 and 24 July 2020, the Company conducted multiple share buyback exercises amounting to 226,500 shares in total and on 22 March 2021, the Company transferred 669,000 shares to an unrelated third party as consideration for acquisition of assets. These share buybacks and share transfer have been factored in arriving at the weighted average number of ordinary shares in issue for 2H FY2021 and FY2021.

8. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities as at 30 June 2022 and 30 June 2021:

	Group		Company	
	As at 30 June 2022 (Unaudited)	As at 30 June 2021 (Audited)	As at 30 June 2022 (Unaudited)	As at 30 June 2021 (Audited)
<i>Financial assets</i>				
Financial assets at amortised cost	14,973,291	16,239,354	14,610,176	13,616,255
Financial assets at fair value through profit or loss	200,000	-	200,000	-
	<u>15,173,291</u>	<u>16,239,354</u>	<u>14,810,176</u>	<u>13,616,255</u>
<i>Financial liabilities</i>				
At amortised cost	<u>29,121,390</u>	<u>34,263,682</u>	<u>101,934</u>	<u>107,810</u>

Fair value measurement

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Other investments

Other investments represents the Group's interest in private equity funds that focus on investments in the construction industry. The Group expects to earn returns on the investment by way of distribution of income. Management has assessed the fair value based on the net asset value of the underlying income fund as at 31 December 2021. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

9. Net asset value

	Group		Company	
	As at 30 June 2022 (Unaudited)	As at 30 June 2021 (Audited)	As at 30 June 2022 (Unaudited)	As at 30 June 2021 (Audited)
Net asset value ("NAV") (AUD)	20,932,672	20,162,344	37,584,951	42,921,510
Number of ordinary shares excluding treasury shares	<u>245,602,800</u>	<u>243,146,000</u>	<u>245,602,800</u>	<u>243,146,000</u>
NAV per ordinary share (AUD cents)	<u>8.5</u>	<u>8.3</u>	<u>15.3</u>	<u>17.7</u>

10. Property, plant and equipment

Group	Machinery and equipment (AUD)	Furniture and fittings (AUD)	Office equipment (AUD)	Motor vehicles (AUD)	Renovation (AUD)	Total (AUD)
Cost						
At 1 July 2021	4,234,043	6,974,418	382,710	137,570	11,251,704	22,980,445
Additions	420,188	369,253	9,342	-	450,231	1,249,014
Write-off	(17,751)	-	-	-	(145,023)	(162,774)
Reclassified from right-of-use assets	802,754	43,864	-	-	114,852	961,470
Currency translation differences	(32,722)	(65,970)	(703)	(2,889)	(132,392)	(234,676)
At 30 June 2022	5,406,512	7,321,565	391,349	134,681	11,539,372	24,793,479
Accumulated depreciation and impairment loss						
At 1 July 2021	2,122,217	2,438,833	245,845	77,060	5,006,633	9,890,588
Depreciation charge	528,648	752,455	25,397	12,391	1,778,942	3,097,833
Write-off	(12,231)	-	-	-	(60,766)	(72,997)
Reclassified from right-of-use assets	451,873	17,935	-	-	73,892	543,700
Currency translation differences	(14,719)	(19,707)	(397)	(1,320)	(63,365)	(99,508)
Impairment loss	-	-	-	-	278,313	278,313
At 30 June 2022	3,075,788	3,189,516	270,845	88,131	7,013,649	13,637,929
Representing:						
Accumulated depreciation	3,075,788	3,189,516	270,845	88,131	6,677,505	13,301,785
Accumulated impairment	-	-	-	-	336,144	366,144
	3,075,788	3,189,516	270,845	88,131	7,013,649	13,637,929
Net carrying value						
At 30 June 2022	2,330,724	4,132,049	120,504	46,550	4,525,723	11,155,550

Group	Machinery and equipment (AUD)	Furniture and fittings (AUD)	Office equipment (AUD)	Motor vehicles (AUD)	Renovation (AUD)	Total (AUD)
Cost						
At 1 July 2020	3,794,864	5,247,749	384,261	146,718	10,571,078	20,144,670
Additions	895,874	1,808,681	17,082	-	1,453,295	4,174,932
Write-off	(419,735)	(70,937)	(5,793)	-	(754,795)	(1,251,260)
Disposal	(4,372)	-	-	-	-	(4,372)
Reclassification as held for sale	(17,944)	(2,825)	(11,833)	(9,599)	(12,928)	(55,129)
Currency translation differences	(14,644)	(8,250)	(1,007)	451	(4,946)	(28,396)
At 30 June 2021	4,234,043	6,974,418	382,710	137,570	11,251,704	22,980,445
Accumulated depreciation						
At 1 July 2020	1,839,372	1,630,153	228,629	65,517	3,861,979	7,625,650
Depreciation charge	491,368	890,886	27,168	17,251	1,502,465	2,929,138
- Continuing operations	451,801	887,137	25,166	15,571	1,453,237	2,832,912
- Discontinued operations	39,567	3,749	2,002	1,680	49,228	96,226
Write-off	(190,586)	(76,636)	(3,697)	-	(412,837)	(683,756)
Disposal	(1,761)	-	-	-	-	(1,761)
Reclassification as held for sale	(10,000)	(1,705)	(5,885)	(5,772)	(8,440)	(31,802)
Currency translation differences	(6,176)	(3,865)	(370)	64	(3,706)	(14,053)
Impairment loss	-	-	-	-	67,172	67,172
At 30 June 2021	2,122,217	2,438,833	245,845	77,060	5,006,633	9,890,588
Representing:						
Accumulated depreciation	2,122,217	2,438,833	245,845	77,060	4,939,461	9,823,416
Accumulated impairment	-	-	-	-	67,172	67,172
	2,122,217	2,438,833	245,845	77,060	5,006,633	9,890,588
Net carrying value						
At 30 June 2021	2,111,826	4,535,585	136,865	60,510	6,245,071	13,089,857

11. Right-of-use assets and lease liabilities

The Group's leasing activities comprise the following:

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

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

Group	FY2022 (AUD)	FY2021 (AUD)
<i>Amounts recognised in statements of financial position</i>		
<i>Carrying amount of right-of-use assets</i>		
Food and beverage outlets	15,374,072	20,045,822
Central kitchen and office buildings	1,588,779	2,143,513
Plant and equipment	274,081	850,868
Motor vehicles	171,707	18,249
	<hr/>	<hr/>
	17,408,639	23,058,452
 <i>Carrying amount of lease liabilities</i>		
Current	6,568,256	7,206,542
Non-current	16,286,986	22,126,135
	<hr/>	<hr/>
	22,855,242	29,332,677
 Additions to right-of-use assets		
	<hr/>	<hr/>
	72,086	5,273,639

12. Intangible assets

Group	FY2022 (AUD)	FY2021 (AUD)
Goodwill arising on business combination	945,937	945,937
Franchise rights	1,879,383	2,096,448
	<hr/>	<hr/>
	2,825,320	3,042,385

Impairment test for goodwill

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

	Group	
	FY2022 (AUD)	FY2021 (AUD)
Food and beverage retails		
- PPR Ryde (NSW) Pty Ltd	725,783	725,783
- JCT (Chadstone) Pty Ltd	220,154	220,154
	<hr/>	<hr/>
	945,937	945,937

Key assumptions used in value-in-use calculation

The recoverable amounts of the CGUs are based on their value-in-use, determined by discounting the pre-tax future cash flows to be generated from the continuing operations of the CGUs. The key assumptions used in the estimation of value-in-use were as follows:

	PPR Ryde (NSW) Pty Ltd		JCT (Chadstone) Pty Ltd	
	FY2022	FY2021	FY2022	FY2021
Forecast revenue growth	49% growth in year 2023 from year 2022, 0% growth in year 2023 and 4% growth per year thereafter	7% growth in year 2022 from year 2021, 36% growth in year 2023 and 4% growth per year thereafter	49% growth in year 2023 from year 2022, 0% growth in year 2024 and 2% growth per year thereafter	18% growth in year 2022 from year 2021, 14% growth in year 2023 and 6% growth per year thereafter
Gross profit margin	65%	65%	64%	64%
Terminal value growth rate	1.5%	1.5%	1.2%	1.2%
Discount rate	15.3%	12.4%	13.9%	13.2%

The Group's value-in-use calculations used cash flow forecasts covering a five years period. Forecast revenue for the next five years was projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years. These key inputs and assumptions were estimated by management based on prevailing market, economic and other conditions at the end of the reporting period, and based on management's estimations of the recovery in business conditions amidst the current COVID-19 pandemic.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and which is adjusted for the risks specific to the CGUs.

13. Investment in subsidiaries

Company	FY2022 (AUD)	FY2021 (AUD)
Unquoted equity share, at cost		
Balance at beginning of year	40,196,030	40,195,930
Incorporation of subsidiaries	-	100
	<u>40,196,030</u>	<u>40,196,030</u>
Less: Accumulated impairment losses	<u>(17,409,695)</u>	<u>(10,975,318)</u>
Balance at end of the year	<u>22,786,335</u>	<u>29,220,712</u>
<i>Movement in accumulated impairment losses</i>		
Balance at beginning of year	10,975,318	1,832,425
Impairment loss for the year	6,434,377	9,142,893
Balance at end of the year	<u>17,409,695</u>	<u>10,975,318</u>

14. Share capital

<i>Ordinary shares</i>	Number of issued shares		Issued share capital	
	FY2022	FY2021	FY2022	FY2021
	(Unaudited)	(Audited)	(AUD)	(AUD)
<i>Issued and paid up</i>				
At 1 July	243,146,000	242,703,500	57,200,620	57,200,620
Purchases of treasury shares	(1,345,400) ⁽¹⁾	(226,500) ⁽²⁾	-	-
Purchase of assets	-	669,000 ⁽³⁾	-	-
Treasury shares re-issued	3,802,200 ⁽⁴⁾	-	-	-
At 30 June	245,602,800	243,146,000	57,200,620	57,200,620

	Number of Shares	Percentage of the aggregate number of the treasury shares against the total number of shares outstanding
<i>Treasury Shares</i>		
As at 1 July 2020	3,296,500	1.4%
Purchase of treasury shares	226,500 ⁽²⁾	
Treasury shares re-issued for purchase of subsidiary's assets	(669,000) ⁽³⁾	
As at 30 June 2021 and 1 July 2021	2,854,000	1.2%
Purchase of treasury shares	1,345,400 ⁽¹⁾	
Treasury shares re-issued	(3,802,200) ⁽⁴⁾	
As at 30 June 2022	397,200	0.2%

There were no outstanding convertibles and subsidiary holdings held by the Company as at 30 June 2022 and 30 June 2021. The number of shares held as treasury shares as at 30 June 2022 and 30 June 2021 were 397,200 and 2,854,000 treasury shares respectively. The percentage of the aggregate number of treasury shares held against the total number of outstanding shares as at 30 June 2022 and 30 June 2021 was 0.2% and 1.2% respectively.

Notes:

- (1) Between 27 September 2021 and 29 June 2022, the Company conducted multiple share buyback exercises amounting to 1,345,400 shares in total.
- (2) Between 1 July 2020 and 31 December 2020, the Company conducted multiple share buyback exercises amounting to 226,500 shares in total. No share buyback exercise was conducted between 1 January 2021 and 30 June 2021.
- (3) On 22 March 2021, the Company transferred 669,000 shares to an unrelated third party as consideration for an acquisition of assets.
- (4) On 24 February 2022 and 9 June 2022, the Company sold 3,802,200 treasury shares for working capital proceeds.

15. Borrowings

Group	FY2022 (AUD)	FY2021 (AUD)
<i>Non-current</i>		
Bank loans (secured)	1,131,055	349,712
<i>Current</i>		
Bank overdrafts (secured)	-	147,823
Bank loans (secured)	1,178,857	256,234
Other loans (unsecured)	-	62,914
	1,178,857	466,971
Total borrowings	2,309,912	816,683

The Group's secured bank loans are secured over all assets of certain subsidiaries and personal guarantee by certain directors of the Company and subsidiaries. Interest is payable at 2.07% to 6.68% (FY2021: 5.03% to 6.88%) per annum in FY2022.

The secured bank overdrafts of the Group are secured over personal guarantee by certain directors of the Company and subsidiaries and all assets of certain subsidiaries. Interest is payable at 5.59% per annum in FY2021.

Some of the Group's loan agreements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. In August 2022, one of the subsidiaries, Papparich Australia Pty Ltd did not fulfil the "Leverage ratio is to be less than 1.40x at all times", "Debt service cover is to be greater than 2.50x at all times" and "Fixed charge cover is to be greater than 1.50x at all times" covenant clauses as required in the contract for a term loan of A\$1.0 million, of which the Group has fully drawn down.

Due to this breach of the covenant clauses, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of A\$1.0 million. The outstanding balance was presented as a current liability as at 30 June 2022. The bank had not requested for early repayment of the loan as of the date of this announcement.

Pursuant to Rule 704(34) of the Catalist Rules, the board of directors of the Company is of the opinion that the aforementioned breach of the covenant clauses does not have a significant impact on the operations of the Group nor will it result in the Group facing a cash flow problem.

16. Discontinued operations and disposal group classified as held for sale

On 5 April 2021, the Group's subsidiaries, STG Food Industries Malaysia Sdn Bhd ("**STGFIM**") and TGR Food Industries Sdn Bhd ("**TGRFI**"), entered into a term sheet with two external parties (the "**Purchasers**"), to establish the intention of all parties to undertake a restructuring exercise of NNC Food Industries Malaysia Sdn Bhd ("**NNCFI**") and its subsidiaries ("**NNCFI disposal group**") which were indirect subsidiaries of the Group. A refundable deposit of RM700,000 (equivalent to A\$223,986) was received from the Purchasers in May 2021. The Purchasers are not related to any of the directors or controlling shareholders of the Company.

On 12 July 2021, a Sale and Purchase Agreement was entered into between STGFIM, TGRFI and the Purchasers to dispose of STGFIM's and TGRFI's shareholding of 8.0% and 84.0% in NNCFI, respectively for a total consideration of RM700,001. Upon completion of the transaction in September 2021, STGFIM held 3.0% shares in NNCFI and NNCFI ceased to be a subsidiary of the Company.

The assets and liabilities directly related to the NNCFI disposal group have been presented in the consolidated statement of financial position as at 30 June 2021 as “Disposal group assets classified as held for sale” and “Liabilities directly associated with disposal group classified as held for sale”. The entire results from the NNCFI disposal group have been presented separately on the consolidated statement of comprehensive income for FY2022 and FY2021 as “Loss from discontinued operations, net of tax” and comparative figures have been restated.

An analysis of the results of discontinued operations, and the results recognised on the remeasurement of disposal group is as follows:

Group	FY2022 (AUD) (Unaudited)	FY2021 (AUD) (Audited)
Revenue	-	609,027
Other income	-	30,100
Expenses	(145,481)	(1,478,741)
Loss before tax from discontinued operations	(145,481)	(839,614)
Tax expense	-	(25,529)
Loss after tax from discontinued operations	(145,481)	(865,143)

Group	As at 30 June 2021 (AUD) (Audited)
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Details of disposal group classified as held for sale are as follows:

Disposal group assets classified as held for sale:

Property, plant and equipment	23,327
Intangible assets	107,115
Deferred tax assets	35,583
Trade and other receivables	144,101
Inventories	360,772
Cash and cash equivalents	1,136
	<u>672,034</u>

Liabilities directly associated with disposal group classified as held for sale:

Trade and other payables	676,799
Contract liabilities	82,373
	<u>759,172</u>

Reserve of disposal group classified as held for sale:

Foreign currency translation reserve	<u>4,837</u>
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17. Subsequent events

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

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

1. Review

The condensed consolidated statement of financial position of the Group as at 30 June 2022, the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six-month period and full year ended 30 June 2022, and, certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Financial performance (2H FY2022 vs 2H FY2021)

Revenue

Revenue increased by A\$2.4 million or 10.0%, from A\$24.3 million in 2H FY2021 to A\$26.7 million in 2H FY2022 as the Group started to show signs of recovery from the impact of the COVID-19 pandemic. The contributions from the respective major revenue segments were as follows: -

- (i) revenue from F&B retail sales increased by A\$0.8 million or 4.5% from A\$17.0 million in 2H FY2021 to A\$17.7million in 2H FY2022;
- (ii) revenue from supply chain sales (comprising the sale of F&B ingredients and other supplies to our sub-franchisees and sub-licensees) increased by A\$1.7 million or 42.1%, from A\$4.1 million in 2H FY2021 to A\$5.8 million in 2H FY2022 in line with the increase in number of sub-franchised outlets, from 82 as at the end of 2H FY2021 to 98 as at the end of 2H FY2022; and
- (iii) franchise revenue remained relatively stable at A\$3.0 million in both 2H FY2021 and 2H FY2022. Franchise royalty income increased by A\$0.6 million or 29.6%, from A\$1.9 million in 2H FY2021 to A\$2.5 million in 2H FY2022, in line with the increase in number of sub-franchised outlets. However, project income decreased from A\$1.1 million in 2H FY2021 to A\$0.5 million in 2H FY2022.

Other Income

Other income decreased by A\$0.5 million or 42.0% from A\$1.2 million in 2H FY2021 to A\$0.7 million in 2H FY2022 mainly due to a decrease in various COVID-19 grant income received amounting to A\$0.1 million in 2H FY2022 as compared to A\$0.8 million in 2H FY2021.

Changes in inventories

Changes in inventories amounted to A\$1.0 million in 2H FY2022 and A\$0.6 million in 2H FY2021. The fluctuations in the balance of our inventories were mainly due to timing of purchases and consumption of inventories.

Purchases of inventories

Purchases of inventories increased by A\$1.2 million or 15.0%, from A\$8.0 million in 2H FY2021 to A\$9.2 million in 2H FY2022, due to the overall increase in our F&B retail and supply chain sales mentioned above.

Franchise restaurants and stores related establishment costs

Franchise restaurants and stores related establishment costs decreased by A\$0.4 million or 60.9% from A\$0.7 million in 2H FY2021 to A\$0.3 million in 2H FY2022, largely due to the decrease in project income from A\$1.1 million in 2H FY2021 to A\$0.5 million in 2H FY2022.

Rental expenses on operating leases

The Group recorded an increase in rental expenses on operating leases from A\$0.1 million in 2H FY2021 to A\$0.4 million in 2H FY2022 in line with the reduction in rent concessions received from major landlords as the Group's operations gradually recover from the impact of COVID-19 pandemic.

Staff costs

Staff costs increased by A\$1.4 million or 16.2% from A\$8.7 million in 2H FY2021 to A\$10.1 million in 2H FY2022, mainly due to the normalisation of staff costs in 2H FY2022 after staff costs rationalisation exercises carried out in 2H FY2021 in response to COVID-19 pandemic and an increase in F&B retail and supply chain operations as the Group recovers from the impact of COVID-19 pandemic.

Depreciation expense

Depreciation expense decreased marginally by A\$0.1 million from A\$4.2 million in 2H FY2021 to A\$4.1 million in 2H FY2022, as the Group recorded depreciation on right-of-use assets of A\$2.5 million and depreciation on property, plant and equipment of A\$1.5 million in 2H FY2022.

Amortisation expense

Amortisation expense on intangible assets decreased slightly by A\$0.1 million or 21.0% from A\$0.3 million in 2H FY2021 to A\$0.2 million in 2H FY2022.

Finance costs

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

Total finance costs decreased from A\$0.8 million in 2H FY2021 to A\$0.6 million in 2H FY2022 in line with the reduction in lease liabilities. The Group had also repaid its overdraft facilities during the year which further reduced the total finance costs in 2H FY2022.

Impairment losses

The Group recorded an impairment loss of A\$0.3 million in both 2H FY2022 and 2H FY2021, as the Group provided for impairment loss on property, plant and equipment of A\$0.2 million on loss-making outlets in 2H FY2022.

Other expenses

Other expenses increased by A\$1.5 million or 64.3% from A\$2.3 million in 2H FY2021 to A\$3.7 million in 2H FY2022, as the Group's operations gradually recover from the impact of COVID-19 pandemic. The Group witnessed an increase in royalty fees expense, outlet and warehouse supplies, utilities and maintenance expenses in 2H FY2022 as business activities increased in 2H FY2022 and various discounts and concessions provided by suppliers, landlords and government bodies to offset such expenses in 2H FY2021 had ceased in 2H FY2022 with the further easing of COVID-19 restrictions.

Share of results of associated company

The Group invested in an associated company, Beef Musketeers (Aust) Pty Ltd, on 24 February 2021. The share of results of associated company recorded for 2H FY2022 amounted to approximately A\$2,500 compared to approximately A\$20,900 in 2H FY2021. The management does not consider the associated company to be material to the Group.

Share of results of joint venture

The Group invested in a joint venture company, TST (Aust) Pty Ltd, on 20 January 2022. The joint venture company had not commenced operations as at end of 2H FY2022. The management does not consider the joint venture to be material to the Group.

(Loss)/profit before tax from continuing operations

Due to the reasons above, the Group posted loss before tax from continuing operations of A\$0.5 million in 2H FY2022 as compared to profit before tax from continuing operations of A\$0.9 million in 2H FY2021.

Tax credit/(expense)

Tax credit of A\$0.3 million were recorded for 2H FY2022, as compared to tax expense of A\$0.2 million in 2H FY2021. Majority of the tax credit recorded in 2H FY2022 were attributable to overprovision of tax expense in respect of prior years of A\$0.4 million.

(Loss)/profit for the period from continuing operations, net of tax

After accounting for tax credit/(expense), the Group posted loss after tax from continuing operations of approximately A\$0.2 million in 2H FY2022 as compared to profit after tax of A\$0.7 million in 2H FY2021.

Profit attributable to equity holders of the Company

Excluding the losses attributable to non-controlling interest, profit attributable to equity holders of the Company amounted to A\$0.2 million in 2H FY2022 and A\$0.7 million in 2H FY2021.

Financial performance (FY2022 vs FY2021)

Revenue

Revenue increased by A\$2.1 million or 4.7%, from A\$44.9 million in FY2021 to A\$47.0 million in FY2022, mainly due to an increase in group-owned outlets and franchised outlets during the financial year. The contributions from the respective major revenue segments were as follows: -

- (i) revenue from F&B retail sales increased by A\$0.9 million or 3.3% from A\$30.4 million in FY2021 to A\$31.3 million in FY2022 as the Group-owned outlets' performance improved significantly in 2H FY2022 following the easing of COVID-19 restrictions in the major geographical segments that the Group operates in. The number of Group-owned outlets increased from 48 as at the end of FY2021 to 49 as at the end of FY2022;
- (ii) revenue from supply chain sales (comprising the sale of F&B ingredients and other supplies to our sub-franchisees and sub-licensees) increased by A\$1.2 million or 14.0% from A\$8.9 million in FY2021 to A\$10.1 million in FY2022 in line with the increase in number of sub-franchised outlets, from 82 as at the end of FY2021 to 98 as at the end of FY2022; and
- (iii) franchise revenue decreased by A\$0.1 million from A\$5.4 million in FY2021 to A\$5.3 million in FY2022. The decrease in franchise revenue was mainly due to decrease in franchise project income of A\$1.0 million, which was netted off by the increase in franchise fee and royalty income of A\$0.9 million.

In FY2022, the Group had 6 new "Gong Cha" outlets in England, United Kingdom, being 1 Group-owned outlet and 5 sub-franchised outlets, which resulted in an increase in percentage of revenue contributed by outlets outside of Australia, from 28.3% in FY2021 to 29.0% in FY2022.

Other income

Other income decreased by A\$0.1 million or 2.2% from A\$3.6 million in FY2021 to A\$3.5 million in FY2022 mainly due to: -

- (i) decrease in various COVID-19 grant income received from A\$2.6 million in FY2021 to A\$2.4 million in FY2022; and
- (ii) partially offset by an increase in supplier rebate income of A\$0.1 million or 15.1%, from A\$0.8 million in FY2021 to A\$0.9 million in FY2022, due to the general increase in supply chain sales and number of sub-franchised outlets.

Changes in inventories

Changes in inventories amounted to A\$0.7 million in FY2022 and A\$0.1 million in FY2021. The fluctuations in the balance of our inventories were mainly due to timing of purchases and consumption of inventories.

Purchases of inventories

Purchases of inventories increased by A\$1.6 million or 11.3%, from A\$14.0 million in FY2021 to A\$15.6 million in FY2022, due to the overall increase in F&B retail sales and supply chain sales mentioned above.

Franchise restaurants and stores related establishment costs

Franchise restaurants and stores related establishment costs decreased by A\$0.8 million or 57.4% from A\$1.4 million in FY2021 to A\$0.6 million in FY2022, in line with the decrease in project income in FY2022.

Rental credit on operating leases

Rental credit on operating leases decreased by A\$0.3 million from A\$0.4 million rental credit in FY2021 to A\$0.1 million rental credit in FY2022 as rent concessions received from major landlords in relation to the COVID-19 pandemic slowly tapered off with the improvement of the Group's business operations.

Staff costs

Staff costs increased by A\$2.6 million or 16.8% from A\$15.7 million in FY2021 to A\$18.3 million in FY2022, mainly due to the normalisation of staff costs in FY2022 after staff costs rationalisation exercises carried out in FY2021 in response to COVID-19 pandemic and an increase in F&B retail and supply chain operations in FY2022 which required more employee headcount at the central kitchen and outlets.

Depreciation expense

Depreciation expense comprised depreciation on right-of-use assets and depreciation on property, plant and equipment.

Depreciation on right-of-use assets increased by A\$0.1 million or 2.9% from A\$5.1 million in FY2021 to A\$5.2 million in FY2022.

Depreciation on property, plant and equipment increased by A\$0.3 million or 9.4% from A\$2.8 million in FY2021 to A\$3.1 million in FY2022, mainly due to addition of new equipment, furniture and fittings for new outlets opened by the Group in FY2022 and full year depreciation of outlets opened in FY2021.

Amortisation expense

Amortisation expense remained consistent at A\$0.4 million in both FY2022 and FY2021.

Finance costs

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

Total finance costs decreased by A\$0.2 million or 12.1% from A\$1.5 million in FY2021 to A\$1.3 million in FY2022 in line with the reduction in lease liabilities. The Group had also repaid its overdraft facilities during the year which further reduced the finance costs in FY2022.

Impairment losses

The Group recorded an impairment loss of A\$0.5 million in FY2022 compared to an impairment loss of A\$0.3 million in FY2021, as the Group provided for impairment loss on property, plant and equipment of A\$0.3 million on loss-making outlets and impairment loss of A\$0.2 million on trade and other receivables in FY2022.

Other expenses

Other expenses increased by A\$1.4 million or 25.6% from A\$5.4 million in FY2021 to A\$6.8 million in FY2022 as the Group's operations gradually recovered from the impact of COVID-19 pandemic. The Group witnessed an increase in royalty fees expense, outlet and warehouse supplies, utilities and maintenance expenses in FY2022 as business activities increased in FY2022 and various discounts and concessions provided by suppliers, landlords and government bodies to offset such expenses in FY2021 had ceased in FY2022 with the further easing of COVID-19 restrictions.

Share of results of associated company

The Group invested in an associated company, Beef Musketeers (Aust) Pty Ltd, on 24 February 2021. The share of results of associated company recorded for FY2022 amounted to approximately A\$31,400 compared to approximately A\$20,900 in FY2021. The management does not consider the associated company to be material to the Group.

Share of results of joint venture

The Group invested in a joint venture company, TST (Aust) Pty Ltd, on 20 January 2022. The joint venture company had not commenced operations as at end of FY2022. The management does not consider the joint venture to be material to the Group.

Loss/(profit) before tax from continuing operations

Due to the reasons above, the Group recorded a loss before tax from continuing operations of A\$0.5 million in FY2022 as compared to a profit before tax from continuing operations of A\$2.4 million in FY2021.

Tax credit/(expense)

The Group recorded tax credit of A\$0.3 million in FY2022 and tax expense of A\$0.8 million in FY2021. Majority of the tax credit recorded in FY2022 were attributable to overprovision of tax expense in respect of prior years of A\$0.5 million.

Loss/(profit) for the year from continuing operations, net of tax

After accounting for tax credit/(expense), the Group posted loss after tax from continuing operations of approximately A\$0.2 million in FY2022 as compared to profit after tax of A\$1.6 million in FY2021.

Profit attributable to equity holders of the Company

Excluding losses attributable to non-controlling interests, profit attributable to equity holders of the Company decreased by A\$0.6 million or 53.3% from A\$1.1 million in FY2021 to A\$0.5 million in FY2022. Notwithstanding the increase in revenue of 4.7% in FY2022, the increase was offset by purchases of inventories, staff costs and other expenses which increased more than proportionally as compared to revenue in FY2022. This was largely due to rising freight costs and manpower shortage encountered in the major geographical segments that the Group operates in.

Review of the Group's financial position

Non-current Assets

The Group's non-current assets decreased by A\$7.5 million or 16.2% from A\$46.1 million as at 30 June 2021 to A\$38.6 million as at 30 June 2022, mainly attributable to the following:

- (i) a decrease in property, plant and equipment of A\$1.9 million, a decrease in right-of-use assets of A\$5.6 million and a decrease in intangible assets of A\$0.2 million, mainly due to depreciation expenses and amortisation expenses recognised in FY2022; and
- (ii) partially offset by an increase in deferred tax assets of A\$0.4 million due to recognition of deferred tax on unutilised tax losses and an increase in fixed deposit placed with licensed financial institutions by A\$0.1 million.

Current Assets

Current assets decreased by A\$0.8 million or 4.6%, from A\$16.9 million as at 30 June 2021 to A\$16.2 million as at 30 June 2022, mainly due to:

- (i) a decrease in cash and bank balances by A\$1.0 million and a decrease in fixed deposit placed with a licensed financial institution of A\$1.0 million;
- (ii) a decrease in disposal group assets classified as held for sales of A\$0.6 million upon completion of the divestment of NNCFI disposal group in September 2021; and
- (iii) partially offset by an increase in inventories of A\$0.7 million and an increase trade and other receivables of A\$1.0 million as the Group's operations gradually recovered from the impact of COVID-19 pandemic.

Non-current Liabilities

The Group's non-current liabilities decreased by A\$4.7 million or 20.4%, from A\$23.2 million as at 30 June 2021 to A\$18.4 million as at 30 June 2022, mainly due to a decrease in lease liabilities of A\$5.8 million attributable to lease payments made during the year for our leases, partially offset by an increase in borrowings and contract liabilities of A\$0.8 million and A\$0.3 million respectively. The increase in borrowings was mainly for working capital purposes.

Current Liabilities

The Group's current liabilities decreased by A\$2.1 million or 11.6%, from A\$17.8 million as at 30 June 2021 to A\$15.8 million as at 30 June 2022, mainly due to:

- (i) a decrease in trade and other payables of A\$0.4 million;
- (ii) a decrease in lease liabilities of A\$0.6 million as the Group repaid most of its equipment financing in FY2022;
- (iii) a decrease in tax payable of A\$1.1 million due to lower tax provision for FY2022 and repayment of tax liabilities during the year;

- (iv) a decrease in liabilities directly associated with disposal group classified as held for sale of A\$0.8 million upon completion of the divestment of NNCFI disposal group in September 2021; and
- (v) partially offset by an increase in borrowings and contract liabilities of A\$0.7 million and A\$0.1 million respectively.

Working Capital

The Group recorded positive working capital of A\$0.4 million as at 30 June 2022 and a negative working capital of A\$0.9 million as at 30 June 2021.

Review of the Group's cashflows

The Group generated net cash from operating activities before changes in working capital of A\$8.6 million. Net cash used for working capital purposes amounted to A\$0.6 million, mainly due to an increase in inventories of A\$0.7 million, an increase in trade and other receivables and contract assets of A\$0.4 million and partially offset by an increase in trade and other payables and contract liabilities of A\$0.5 million.

Net cash used in investing activities amounted to A\$1.6 million, mainly due to additions to property, plant and equipment of A\$1.2 million as we expanded our supply chain operations and invested in future new outlets.

Net cash used in financing activities amounted to A\$7.1 million, mainly due to (i) repayment of bank borrowings of A\$0.5 million; (ii) repayment of lease liabilities of A\$4.9 million; (iii) interest paid on lease liabilities and bank facilities of \$1.2 million; (iv) dividends paid to shareholders and non-controlling interests of A\$0.5 million; (v) lease incentives provided of A\$0.7 million; (vi) acquisition of non-controlling interest in subsidiary of A\$1.4 million; (vii) repayment of advances from non-controlling interest of A\$0.3 million; and (viii) offset by drawdown of bank facilities of A\$2.2 million and proceeds from sale of treasury shares of A\$0.5 million for working capital purpose.

As a result of the above, net cash and cash equivalents decreased by A\$1.9 million in FY2022.

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

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

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

The COVID-19 pandemic continued to adversely affect the operations of the Group in FY2022, especially during the first nine months of FY2022. The Group's operating environment remained challenging as the Group's outlets continue to operate under restrictions imposed by the various jurisdictions that the Group has presence in during most of FY2022. However, towards the end of FY2022, the Group had witnessed relaxation of border restrictions and return of international travellers in the major geographical segments that the Group operates in, which resulted in a general increase in sales revenue.

The Group is in a strong cash surplus position with relatively low gearing, and continues to be on the lookout for favourable leases for potential new outlets. As at the date of this announcement, the Group had a network of 148 outlets comprising 50 Group-owned outlets and 98 outlets owned by its sub-franchisees and sub-licensees. In addition, the Group has signed contracts to open at least 6 Group-owned and sub-franchised/sub-licensed outlets by December 2022.

5. Dividend

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

No.

(b) (i) Amount per share

Not applicable.

(ii) Previous corresponding period

No.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

The Company had paid an interim dividend in respect of the six-month period ended 31 December 2021 of A\$0.0017 per ordinary share on 11 March 2022.

No dividend has been declared or recommended for FY2022 as the Group plans to conserve cash for future outlet expansions.

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

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

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

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers.

9. **A breakdown of sales**

	Group		Increase/ (Decrease) %
	FY2022 AUD	FY2021 AUD	
Sales reported for first half year	20,277,610	20,621,949	(1.7)
Operating (loss)/profit after tax before deducting minority interests reported for first half year	(112,755)	181,723	NM
Sales reported for second half year	26,694,323	24,261,403	10.0
Operating (loss)/profit after tax before deducting minority interests reported for second half year	(226,360)	542,921	NM

The Group reported operating loss after tax before deducting minority interests of A\$0.2 million for 2H FY2022 as compared to operating loss after tax before deducting minority interests of A\$0.1 million for 1H FY2022 as COVID-19 grant and rent concessions slowly tapers off with the improvement of the Group's business operations .

10. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:**

	Group	
	FY2022 AUD	FY2021 AUD
Ordinary	415,128	363,714

11. **Use of IPO proceeds**

The Company received proceeds from the IPO of approximately S\$6.2 million after deducting expenses in relation to the Placement (the "Net Proceeds"). As at the date of this announcement, the Net Proceeds have been utilised as follows:

	Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)	Reallocation of Net Proceeds during the year (S\$'000)	Net Proceeds utilised as at the date of this announcement (S\$'000)	Balance of Net Proceeds (S\$'000)
Expansion of franchise network and introduction of new brands and concepts	4,000	1,600	(4,000)	1,600
Acquisition of new equipment and machinery and expansion of our existing Central Kitchen and corporate office in Australia	1,000	(1,000)	-	-
Establishing a new central kitchen and corporate office in Malaysia	600	(600)	-	-
General working capital purposes	600	-	(487)	113
Total	6,200	-	(4,487)	1,713

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Tee Ooi	47	Spouse of Saw Lee Ping, Executive Director and Chief Administrative Officer	Operations Manager, responsible for overall management and oversight of operations of outlet since the Group was founded in 2011.	Nil

BY ORDER OF THE BOARD

Saw Tatt Ghee
Executive Chairman and Chief Executive Officer

25 August 2022