



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

Condensed Interim Financial Statements
For the Six Months Ended 31 December 2022

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

	Note	Group		Increase / (Decrease)
		6 months ended 31 December		
		2022 (HY2023) S\$'000	2021 (HY2022) S\$'000	
Revenue	4	9,209	8,418	9.4
Cost of sales		(2,937)	(2,975)	(1.3)
Gross profit		6,272	5,443	15.2
Other operating income and gains		2,161	2,872	(24.8)
Administrative expenses		(5,943)	(6,291)	(5.5)
Other operating expenses		(1,688)	(1,447)	16.7
Finance costs				
- Interest on borrowings		(528)	(282)	87.2
- Interest on leases		(261)	(259)	0.8
Profit before tax	7	13	36	(63.9)
Tax expense	8	(4)	(1)	300.0
Profit for the period		9	35	(74.3)
Profit attributable to: Equity holders of the company		9	35	(74.3)
		9	35	(74.3)
Basic and diluted profit per share (expressed in cents per share)		0.01	0.03	
Net profit for the period		9	35	(74.3)
Other comprehensive income: <i>Items that will not be reclassified subsequently to profit or loss</i> <i>Revaluation of property, plant and equipment, net of tax</i>		-	(7)	(100.0)
<i>Items that may be reclassified subsequently to profit or loss</i> Currency translation differences arising from consolidation		(161)	(33)	N.M.
Other comprehensive income for the period, net of tax		(161)	(40)	302.5
Total comprehensive income for the period		(152)	(5)	2,940.0
Attributable to: Equity holders of the Company		(152)	(5)	2,940.0
		(152)	(5)	2,940.0

B. Condensed interim statements of financial position

	Note	Group		Company	
		31/12/2022	30/06/2022	31/12/2022	30/06/2022
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and bank balances	11	3,215	7,731	109	3,569
Trade receivables		1,149	836	105	149
Other receivables and prepayments	12	999	1,022	205	191
Inventories		611	440	10	13
Non-current assets classified as held for sale	14	398	408	-	-
Income tax recoverable		227	232	-	-
Total current assets		6,599	10,669	429	3,922
Non-current assets:					
Deposits		-	5	-	-
Subsidiaries		-	-	10	10
Due from subsidiaries		-	-	2,563	2,662
Equity investments at fair value through profit or loss	13	4,496	4,496	4,496	4,496
Property, plant and equipment	15	101,829	103,742	99,238	100,461
Total non-current assets		106,325	108,243	106,307	107,629
Total assets		112,924	118,912	106,736	111,551
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Bank loans	16	23,054	25,937	23,054	25,937
Lease liabilities		1,600	1,675	377	373
Trade payables		1,901	1,639	319	399
Other payables and accruals		1,099	2,057	763	1,158
Provisions		248	250	50	50
Due to subsidiaries		-	-	6,147	5,490
Total current liabilities		27,902	31,558	30,710	33,407
Non-current liabilities:					
Bank loans	16	2,341	3,068	2,341	3,068
Lease liabilities		10,627	11,326	9,694	9,882
Deferred tax liabilities	17	13,099	13,099	13,099	13,099
Total non-current liabilities		26,067	27,493	25,134	26,049
Equity:					
Share capital	18	10,736	10,736	10,736	10,736
Treasury shares	18	(951)	(892)	(951)	(892)
Currency translation reserves		(858)	(697)	-	-
Revaluation reserves	19	72,119	72,119	72,119	72,119
Accumulated losses		(22,091)	(21,405)	(31,012)	(29,868)
Equity attributable to equity holders of the Company, total		58,955	59,861	50,892	52,095
Total equity		58,955	59,861	50,892	52,095
Total liabilities and equity		112,924	118,912	106,736	111,551

C. Condensed interim statements of changes in equity

	Share capital S\$'000	Treasury shares S\$'000	Currency translation reserve S\$'000	Revaluation reserve S\$'000	Accumulated losses (profits) S\$'000	Attributable to equity holders of the company S\$'000
Group						
Six months period ended 31 December 2021						
Balance at July 1, 2021	10,736	(892)	(705)	69,008	(21,730)	56,417
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	35	35
Other comprehensive loss for the period	-	-	(33)	(939)	932	(40)
Dividend paid	-	-	-	-	(1,674)	(1,674)
Total	-	-	(33)	(939)	(707)	(1,679)
Balance at December 31, 2021	10,736	(892)	(738)	68,069	(22,437)	54,738
Six months period ended 31 December 2022						
Balance at July 1, 2022	10,736	(892)	(697)	72,119	(21,405)	59,861
<i>Total comprehensive income for the period</i>						
profit for the period	-	-	-	-	9	9
Other comprehensive income for the period	-	-	(161)	-	-	(161)
Repurchase of shares	-	(59)	-	-	-	(59)
Dividend paid	-	-	-	-	(695)	(695)
Total	-	(59)	(161)	-	(686)	(906)
Balance at December 31, 2022	10,736	(951)	(858)	72,119	(22,091)	58,955

	Share capital S\$'000	Treasury shares S\$'000	Revaluation reserve S\$'000	Accumulated losses (profits) S\$'000	Total S\$'000
Company					
Six months period ended 31 December 2021					
Balance at July 1, 2021	10,736	(892)	68,069	(30,821)	47,092
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(330)	(330)
Dividend paid	-	-	-	(1,674)	(1,674)
Total	-	-	-	(2,004)	(2,004)
Balance at December 31, 2021	10,736	(892)	68,069	(32,825)	45,088
Six months period ended 31 December 2022					
Balance at July 1, 2022	10,736	(892)	72,119	(29,868)	52,095
<i>Total comprehensive income for the period</i>					
Loss for the period	-	-	-	(449)	(449)
Repurchase of shares	-	(59)	-	-	(59)
Dividend paid	-	-	-	(695)	(695)
Total	-	(59)	-	(1,144)	(1,203)
Balance at December 31, 2022	10,736	(951)	72,119	(31,012)	50,892

D. Condensed interim consolidated statement of cash flows

	6 months ended 31 December	
	2022 (HY2023)	2021 (HY2022)
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss) / Profit before tax	13	36
Adjustments for:		
Depreciation of property, plant and equipment	1,131	1,172
Depreciation of right-of-use assets	1,103	1,087
Amortisation of prepaid lease	-	25
Gain on disposal of property, plant and equipment	-	(33)
Gain on disposal of investment in joint venture	-	(400)
(Gain)/Loss on disposal of non-current assets classified as held for sale	(88)	38
Write-off of property, plant and equipment	(23)	(1)
Allowance for doubtful debts and bad debts, net	(12)	-
Unrealised foreign currency exchange (gain)/loss	(162)	28
Interest expense	789	541
Interest income	(10)	(1)
Operating cash flows before working capital changes	2,741	2,492
Trade receivables	(315)	(149)
Other receivables and prepayments	40	398
Inventories	(171)	(111)
Trade payables	262	4
Other payables and accruals	(751)	(234)
Cash from operations	1,806	2,400
Interest paid	(789)	(541)
Interest received	10	1
Income tax and withholding taxes refunded/(paid), net	7	(1)
Net cash from operating activities	1,034	1,859
Cash flows from investing activities		
Purchase of property, plant and equipment	(90)	(250)
Dividend income from equity investments	-	4
Receivables of partial liquidation proceed	-	3,704
Proceeds from disposal of property, plant and equipment	78	34
Proceeds from disposal of non-current assets classified as held for sale	88	211
Proceeds from disposal of joint venture	-	400
Purchase of Treasury shares	(59)	-
Net cash from investing activities	17	4,103
Cash flows from financing activities		
Repayment of leases	(1,263)	(1,235)
Repayment of bank loans	(3,610)	(715)
Dividend paid	(695)	(1,674)
Net cash used in financing activities	(5,568)	(3,624)
Net (decrease)/increase in cash and cash equivalents	(4,517)	2,338
Cash and cash equivalents at beginning of period	7,731	2,672
Effects of exchange rate changes on cash and cash equivalents	1	(1)
Cash and cash equivalents at period	3,215	5,009

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Sakae Holdings Ltd. (the “Company”) is incorporated and domiciled in Singapore. Its shares are publicly traded on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The address of its registered office and principal place of business is at 28 Tai Seng Street, Singapore 534106. These condensed interim consolidated financial statements, as at, and, for the six months ended 31 December 2022, are for the Company and its subsidiaries (collectively, the “Group”).

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

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

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore (“Standards”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last audited annual financial statements for the year ended 30 June 2022.

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

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

2.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements as at, and, for the year ended 30 June 2022.

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

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 July 2022 to 31 December 2022 ("HY2023").

4. Revenue

	Six months ended	
	31 December	
	2022	2021
	\$'000	\$'000
Types of goods and services		
Food and beverage sales	8,736	7,807
Rendering of services	473	611
Total	9,209	8,418
Timing of revenue recognition		
At a point in time	9,209	8,418

5. Segment information

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

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

5.1 Reportable segments

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

6 months ended 31 December	Revenue		Net profit	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	2,697	1,667	634	1,127
Hei Sushi	4,257	4,094	2,590	2,309
Other products and services	3,244	3,931	1,083	560
Less: Inter-segment revenue	(989)	(1,274)	-	-
Total	9,209	8,418	4,307	3,996

Central administration costs and directors' salaries	(3,432)	(4,032)
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Other operating income and gains	2,161	2,872
Depreciation	(2,234)	(2,259)
Finance costs	(789)	(541)
Profit before income tax	13	36
Income tax credit	(4)	(1)
Profit for the financial period	9	35

6 months ended 31 December	Depreciation		Additions to property, plant and equipment	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	512	692	25	76
Hei Sushi	28	400	65	174
Other products and services	421	1	-	-
Unallocated corporate items	1,273	1,166	-	-
Total	2,234	2,259	90	250

	Segment Assets		Segment Liabilities	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Sakae Sushi	14,055	19,941	30,429	35,688
Hei Sushi	2,429	2,776	2,635	2,376
Other products and services	1,945	1,699	20,905	20,987
Unallocated corporate items	94,495	94,496	-	-
Total	112,924	118,912	53,969	59,051

5.2 Disaggregation of revenue

	Revenue		Property, Plant and Equipment	
	6 months ended 31 December	31 December	30 June	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	7,836	7,395	101,485	103,274
Malaysia	1,373	1,023	344	468
	9,209	8,418	101,829	103,742

6. Financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 31 December 2022 and 30 June 2022:

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Financial assets				
At cost	-	-	2,569	2,816
At amortised cost	5,288	9,553	404	3,906
At fair value through profit or loss	4,496	4,497	4,496	2,186
	<u>9,785</u>	<u>14,050</u>	<u>7,469</u>	<u>8,908</u>
Financial liabilities				
At amortised cost	<u>40,688</u>	<u>45,817</u>	<u>42,897</u>	<u>48,352</u>

7. Profit before tax

	Group	
6 months ended 31 December	2022	2021
	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,131	1,172
Depreciation of right-of-use assets	1,103	1,087
Gain on disposal of property, plant and equipment, net	(23)	(33)
Write-off of property, plant and equipment	(8)	-
Interest on borrowings	528	282
Interest on leases	<u>261</u>	<u>259</u>

8. Tax Expense

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

	Group	
6 months ended 31 December	2022	2021
	\$'000	\$'000
Current income tax expense	(4)	(1)
Total tax expense	<u>(4)</u>	<u>(1)</u>

9. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares at the end of the:-
 (a) current financial period reported on; and,
 (b) immediately preceding financial year.

	Group		Company	
	31/12/2022	30/6/2022	31/12/2022	30/6/2022
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	42.42	42.92	36.62	37.35

10. Earnings per share

6 months ended 31 December	Group	
	2022	2021
Total profit for the year (\$'000)	9	35
Basic and diluted earnings per share (cents)	0.01	0.03

Basic earnings and diluted earnings per share are calculated by dividing the Group's profit for the financial year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

11. Cash and cash equivalents

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Cash at bank	1,362	7,710	108	3,568
Cash on hand	12	21	1	1
Fixed deposit	1,841	-	-	-
Cash and cash equivalents in consolidated statement of cash flow	3,215	7,731	109	3,569

12. Other receivables and prepayments

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Other receivables	393	431	393	393
Less: allowance for impairment loss	(393)	(393)	(393)	(393)
	-	38	-	-
Amount due from related party	1,337	1,337	1,337	1,337
Less: allowance for impairment loss	(1,337)	(1,337)	(1,337)	(1,337)
Deposits	922	947	202	188
Prepayments	77	37	3	3
Total Current	999	1,022	205	191
Deposits - Non-current	-	5	-	-
Total	999	1,027	205	191

13. Equity Investments at fair value through profit or loss

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Unquoted equity shares, at fair value	4,496	4,496	4,496	4,496

Investments in unquoted equity shares relate to the following:

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

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

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

Unquoted equity shares are classified as Level 3 (30 June 2022 : Level 3) in the fair value hierarchy.

Movement for unquoted equity shares at fair value for the financial period/year is as follow:

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial period/year	4,496	9,840	4,496	9,840
Receipts of partial liquidation proceeds	-	(7,654)	-	(7,654)
Fair value gain for the financial period/year	-	2,310	-	2,310
	4,496	4,496	4,496	4,496

14. Non-current assets classified as held for sale

	Group	
	31 December 2022	30 June 2022
	\$'000	\$'000
<u>Properties held for sale</u>		
Balance at the beginning of the financial period/year	408	4,022
Disposal	-	(3,604)
Exchange differences	(10)	(10)
Balance at the end of the financial period/year	398	408

15. Property, Plant and Equipment

During the period ended 31 December 2022, the Group acquired property, plant and equipment with an aggregate cost of \$90,000 (31 December 2021: \$250,000).

16. Bank loans

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	\$'000	\$'000	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	21,815	24,710	21,815	24,710
Unsecured	1,239	1,227	1,239	1,227
	23,054	25,937	23,054	25,937
<u>Amount repayable after one year</u>				
Unsecured	2,341	3,068	2,341	3,068

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

17. Deferred tax liabilities

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

	Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Total \$'000
<u>Group</u>			
At 1 July 2021	12,543	9	12,552
Charge to other comprehensive Income	830	-	830
(Credit) Charge to profit and loss	(283)	-	(283)
At 30 June 2022	13,090	9	13,099
Charge to other comprehensive Income	-	-	-
Credit to profit and loss	-	-	-
At 31 December 2022	13,090	9	13,099

	Revaluation reserve \$'000	Accelerated tax depreciation \$'000	Total \$'000
<u>Company</u>			
At 1 July 2021	12,543	9	12,552
Charge to other comprehensive income	830	-	830
Credit to profit or loss	(283)	-	(283)
At 30 June 2022	13,090	9	13,099
Charge to other comprehensive income	-	-	-
Credit to profit or loss	-	-	-
At 31 December 2022	13,090	9	13,099

18. Share capital

	Group and Company			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	'000	'000	\$'000	\$'000
	Number of ordinary shares		Total share capital	
Issued and paid up:				
At beginning and end of the year	142,000	142,000	10,736	10,736

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

The total number of issued shares (excluding treasury shares) was 138,972,000 (30 June 2022 : 139,472,000).

Treasury shares

The Company's Treasury shares are as set out below.

	Group and Company			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	'000	'000	\$'000	\$'000
	<u>Number of ordinary shares</u>		<u>Total share capital</u>	
At beginning of the period	3,028	2,528	892	892
Shares purchased during the period	500	-	59	-
At end of the period	<u>3,528</u>	<u>2,528</u>	<u>951</u>	<u>892</u>

During the period, the Company acquired 500,000 of its own shares through purchases on the Singapore Exchange Securities Trading Limited. The total amount paid to acquire the shares was \$59,000 and has been deducted from shareholders' equity.

19. Revaluation Reserve

The property revaluation reserve arises on the revaluation of leasehold building.

	<u>Group</u>
	\$'000
At 1 July 2021	69,008
Recognised in other comprehensive income	4,050
Reversal of revaluation reserves on disposal of non-current assets classified as held for sale	(939)
At 30 Jun 2022 & 31 December 2022	<u>72,119</u>

20. Dividend

	Group and Company	
	31 December 2022	30 June 2022
	\$'000	\$'000
A final dividend of 0.5 cents per share tax exempt one-tier on the issued and fully paid ordinary shares	695	1,674
	<u>695</u>	<u>1,674</u>

21. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

In addition to the related party information disclosed elsewhere in the notes to the financial statements, group entities entered into the following transactions with related parties during the financial period.

6 months ended 31 December	Group	
	2022 \$'000	2021 \$'000
Rental income	245	262

22. Subsequent events

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

F. Other Information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Sakae Holdings Ltd and its subsidiaries as at 31 December 2022, the related condensed profit or loss and other comprehensive income, condensed consolidated statements of changes in equity, condensed consolidated statement of cash flows for the six months period, and, certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Financial performance (HY2023 vs HY2022)

Group revenue for the half-year ended 31 December 2022 (“HY2023”) totalled \$9.2 million, an increase of 9.4% as compared to \$8.4 million in the corresponding period of the previous year (“HY2022”). With the lifting of Covid-19 restrictions and the resumption of global air travel in HY2023, the market showed signs of recovery. The Group will seek to increase restaurant offerings to capture the returning of diners.

The continuous efforts by the Group to manage inflationary food costs through effective pricing action and food cost management have enabled it to achieve a 3.4% improvement in gross profit margin from 64.7% in HY2022 to 68.1% in HY2023. The Group remains committed to its ethos of providing customers with good food at great value.

Other operating income and gains decreased by 24.8%, from \$2.9 million in HY2022 to \$2.2 million in HY2023. This is mainly due to lower rental rebates in HY2023 by \$0.3 million; and, a gain on disposal of joint venture shares of \$0.4 million in HY2022, which is not present in HY2023.

Administrative expenses decreased by 5.5%, from \$6.3 million in HY2022 to \$5.9 million in HY2023, mainly due to effective costs management, including marketing costs and professional fees.

Other operating expenses increased by 16.7%, from \$1.4 million in HY2022 to \$1.7 million in HY2023, mainly due to unrealised FX translation loss of \$0.2M.

Finance costs increased by 45.8%, from \$0.5 million in HY2022 to \$0.8 million in HY2023, mainly due to higher borrowing rates during the period.

Group profit for the period is \$0.009 million, as compared to \$0.035 million in HY2022.

Financial position of the Group

Group and Company cash and bank balances as at 31 December 2022 (“HY2023”) stood at \$3.2 million and \$0.1 million respectively, compared to \$7.7 million and \$3.6 million in FY2022 respectively. The Group has declared a final tax exempt (one-tier) dividend of \$0.7 million and reduced bank borrowings of \$3.6 million in HY2023. The Group continues to be cautious and will manage its cash flow effectively.

There are no significant movements noted in other receivables and prepayments or equity investments at fair value during the period.

Trade payables, other payables and accruals have decreased by 18.9% from 3.7 million in FY2022 to \$3.0 million in HY2023 due to settlement of accrued expenses.

Shareholders’ equity for the Group and Company stood at \$59.0 million and \$50.9 million respectively as at HY2023, as compared with \$59.9 million and \$52.1 million respectively as at FY2022.

Cash flow of the Group

The Group has operating cash outflows of \$4.5 million in HY2023, which is attributed mainly to the repayment of bank loans of \$3.6 million as well as the declaration of a final tax exempt (one-tier) dividend of \$0.7 million. The Group will continue to adopt a conservative approach even as it seeks sustainable growth in its operations and in managing its operating costs effectively.

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

Treasury shares

The Company's Treasury shares as set out below.

	Group and Company			
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	'000	'000	\$'000	\$'000
	<u>Number of ordinary shares</u>		<u>Total share capital</u>	
At beginning of the period	3,028	2,528	892	892
Share purchased during the period	500	-	59	-
At end of the period	3,528	2,528	951	892

During the period the Company acquired 500,000 of its own shares through purchases on the Singapore Exchange Securities Trading Limited. The total amount paid to acquire the shares was \$59,000 and has been deducted from shareholders' equity.

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

	31 December 2022	30 June 2022
Number of shares held as treasury shares	3,028,000	2,528,000
Total number of issued shares (excluding treasury shares)	138,972,000	139,472,000

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

Not applicable.

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

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

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

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

- 5. 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.**

Not applicable.

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

Not applicable.

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

Accounting policies and methods of computation used in the condensed interim financial statements for the period ended 31 December 2022 are consistent with those applied in the consolidated financial statements for the year ended 30 June 2022.

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

Not applicable.

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

	6 months ended 31 December	
	2022	2021
Earnings per ordinary share for the period		
(a) Based on weighted average number of ordinary shares in issue (cents)	0.01	0.03
(b) On a fully diluted basis (cents)	0.01	0.03

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

Not applicable.

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.

While the increase in revenue of HY2023 reflects optimistic signs of recovery in the Food & Beverage sector, the industry continues to grapple with challenges from rising raw material costs and tight labour conditions. The Group will continue to adopt a cautious outlook in managing its business operations, adapting to new consumer trends and demand. The Group remains hopeful that the recent opening of international travel borders in neighboring countries will contribute more to the rate of recovery.

The Group operates primarily in Singapore and Malaysia. As stated above, there is optimism that consumer demand and market sentiment will improve with the opening of international borders. However, given that the Covid-19 situation remains fluid and rapidly evolving as government policies change in tandem, the Group expects the operating environment of the food and beverage industry to remain challenging in the next 12 months. The Group will continue to closely monitor the Covid-19 pandemic situation and shall adjust and react proactively to the evolving landscape.

The Group will continue its efforts to optimize its business operations amidst these challenging times as well as adopting various measures in tandem with the dynamic commercial market, while exploring new market opportunities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in cents)	0.5 cents per share
Tax rate	Tax Exempt 1-tier

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended for current financial period. The Group will proceed conservatively in its management of resources in the uncertain global economy and will make recommendations for dividends when appropriate to do so.

13. Interested person transactions

There were no interested person transactions during the financial period ended 31 December 2022. The Company did not obtain any general mandate from its shareholders in respect of any interested person transaction.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company for the three months ended 31 December 2022 presented in this announcement, to be false or misleading in any material respect.

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

The Company confirmed that it has procured undertakings from all its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

14 February 2023