



Sakae Holdings Ltd.

Third Quarter and Nine months Financial Statement And Dividend Announcement

The Company is mandatorily required, pursuant to the requirements of the Singapore Exchange Securities Trading Limited (“SGX-ST”), to continue with quarterly reporting of its financial statements with effect from 7 February 2020, in view of the modified opinion issued by the Company’s statutory auditors in its annual report for the financial year ended 30 June 2020.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group					
	Quarter ended			9 months ended		
	31 March 2021 (3QFY2021)	2020 (3QFY2020) (Restated*)	Increase / (Decrease) %	31 March 2021 (9MFY2021)	2020 (9MFY2020) (Restated*)	Increase / (Decrease) %
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Revenue	5,756	7,209	(20.2)	16,882	25,827	(34.6)
Cost of sales	(2,106)	(2,678)	(21.4)	(5,452)	(9,182)	(40.6)
Gross profit	3,650	4,531	(19.4)	11,430	16,645	(31.3)
Other operating income	1,374	1,009	36.2	4,773	2,976	60.4
Administrative expenses	(3,899)	(5,358)	(27.2)	(12,122)	(16,865)	(28.1)
Other operating expenses	(609)	(1,238)	(50.8)	(2,314)	(4,592)	(49.6)
Finance cost	(296)	(506)	(41.5)	(925)	(1,518)	(39.1)
Profit (Loss) before income tax	220	(1,562)	N.M.	842	(3,354)	N.M.
Income tax	(1)	-	N.M.	(6)	134	N.M.
Profit (Loss) after income tax	219	(1,562)	N.M.	836	(3,220)	N.M.
Attributable to:						
Equity holders of the company	219	(1,562)	N.M.	836	(3,220)	N.M.
Non-controlling interest	-	-	N.M.	-	-	N.M.
	219	(1,562)	N.M.	836	(3,220)	N.M.

N.M. - Not Meaningful

* 3QFY2020 and 9MFY2020 figures were restated to include the effects from the adoption of SFRS(I)16 from 1 July 2019.

A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

	Group					
	Quarter ended			9 months ended		
	31 March		Increase /	31 March		Increase /
	2021 (3QFY2021)	2020 (3QFY2020)	(Decrease)	2021 (9MFY2021)	2020 (9MFY2020)	(Decrease)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	(Restated*)			(Restated*)		
Net profit (loss) for the period	219	(1,562)	N.M.	836	(3,220)	N.M.
Other comprehensive income (loss):						
Currency translation differences	14	1	1300.0	(36)	31	N.M.
Revaluation of properties	(7)	-	N.M.	3	-	N.M.
Total comprehensive income (loss) for the period	226	(1,561)	N.M.	803	(3,189)	N.M.
Attributable to:						
Equity holders of the Company	226	(1,561)	N.M.	803	(3,189)	N.M.
Non-controlling interests	-	-	N.M.	-	-	N.M.
Total comprehensive income (loss) for the period	226	(1,561)	N.M.	803	(3,189)	N.M.

N.M. - Not Meaningful

Profit (Loss) before income tax is determined after charging (crediting) the following:

	Group					
	Quarter ended			9 months ended		
	31 March		Increase /	31 March		Increase /
	2021 (3QFY2021)	2020 (3QFY2020)	(Decrease)	2021 (9MFY2021)	2020 (9MFY2020)	(Decrease)
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	(Restated*)			(Restated*)		
Depreciation on property, plant and equipment	553	485	14.0	1,734	1,577	10.0
Depreciation on right-of-use assets	754	1,177	(35.9)	2,305	3,439	(33.0)
Depreciation on investment property	-	6	N.M.	-	18	N.M.
Loss (Gain) on disposal of plant and equipment (net)	-	22	N.M.	(54)	20	N.M.
Gain on disposal of held-for-sale assets	-	-	N.M.	(438)	-	N.M.
Write off of plant and equipment	31	(12)	N.M.	33	-	N.M.
Interest on borrowings	162	347	(53.3)	518	1,077	(51.9)
Interest on leases	135	159	(15.1)	408	442	(7.7)
Interest income	(1)	(6)	N.M.	(2)	(18)	(88.9)

N.M. - Not Meaningful

* 3QFY2020 and 9MFY2020 figures were restated to include the effects from the adoption of SFRS(I)16 from 1 July 2019.

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

	Group		Company	
	31/03/2021	30/06/2020	31/03/2021	30/06/2020
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	8,049	7,142	2,338	4,765
Trade receivables	822	1,349	174	606
Other receivables and prepayments	1,377	1,977	316	417
Inventories	456	615	13	30
Equity investments at fair value through profit or loss	28	53	-	-
Non-current assets classified as held for sale	4,082	6,425	-	-
Income tax recoverable	231	225	-	-
Total current assets	15,045	17,786	2,841	5,818
Non-current assets:				
Deposit	459	457	-	-
Subsidiaries	-	-	10	10
Due from subsidiaries	-	-	15,108	12,403
Equity investments at fair value through profit or loss	7,172	9,888	7,172	9,888
Property, plant and equipment	89,740	93,011	86,986	88,862
Goodwill	719	716	-	-
Total non-current assets	98,090	104,072	109,276	111,163
Total assets	113,135	121,858	112,117	116,981
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Bank loans	32,825	44,287	32,447	43,667
Lease liabilities	813	3,033	121	381
Trade payables	2,861	3,328	844	879
Other payables and accruals	3,832	3,874	1,318	1,941
Provisions	344	420	84	84
Due to subsidiaries	-	-	16,931	14,903
Income tax payable	1	24	-	-
Total current liabilities	40,676	54,966	51,745	61,855
Non-current liabilities:				
Bank loans	4,583	-	4,583	-
Lease liabilities	11,033	10,852	9,637	9,637
Deferred tax liabilities	10,797	10,797	10,974	10,974
Total non-current liabilities	26,413	21,649	25,194	20,611
Capital and reserves:				
Share capital	10,736	10,736	10,736	10,736
Treasury shares	(892)	(892)	(892)	(892)
Reserves	36,202	35,399	25,334	24,671
Equity attributable to equity holders of the company	46,046	45,243	35,178	34,515
Non-controlling interests	-	-	-	-
Total equity	46,046	45,243	35,178	34,515
Total liabilities and equity	113,135	121,858	112,117	116,981

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

Amount repayable in one year or less, or on demand

As at 31/03/2021		As at 30/06/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
32,030	795	43,667	620

Amount repayable after one year

As at 31/03/2021		As at 30/06/2020	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	4,583	-	-

Details of any collateral

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.

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

Please see next page.

	Group			
	Quarter ended 31 March		9 months ended 31 March	
	2021 (3QFY2021)	2020 (3QFY2020)	2021 (9MFY2021)	2020 (9MFY2020)
	S\$'000	S\$'000 (Restated*)	S\$'000	S\$'000 (Restated*)
Operating activities				
Profit (Loss) before income tax	220	(1,562)	842	(3,354)
Adjustments for:				
Depreciation of property, plant and equipment	553	485	1,734	1,577
Depreciation of right-of-use assets	754	1,177	2,305	3,439
Depreciation of investment property	-	6	-	18
Amortisation of prepaid lease	13	-	38	-
Loss (Gain) on disposal of property, plant and equipment	-	22	(54)	20
Gain on disposal of held for sale assets	-	-	(438)	-
Write-off of property, plant and equipment	31	(12)	33	-
Reversal of impairment loss on right-of-use assets	(217)	-	(217)	-
Impairment loss recognised on trade receivables	13	-	13	-
Dividend income from equity investments	(1)	(1)	(2)	(6)
Fair value gain on equity investments at FVTPL	-	-	(8)	-
Gain on termination of leases	-	-	(28)	-
Unrealised foreign exchange loss (gain)	11	(12)	(144)	91
Interest expense	297	506	926	1,519
Interest income	(1)	(6)	(2)	(18)
Operating cash flows before movements in working capital	1,673	603	4,998	3,286
Trade receivables	221	386	514	65
Other receivables and prepayments	304	312	598	288
Inventories	142	188	159	(65)
Trade payables	(435)	(217)	(467)	508
Other payables and accruals	(694)	(113)	(181)	(464)
Cash from operations	1,211	1,159	5,621	3,618
Interest paid	(297)	(506)	(926)	(1,519)
Interest received	-	6	1	18
Income taxes and withholding taxes (paid) refund	(1)	-	(6)	134
Net cash from operating activities	913	659	4,690	2,251
Investing activities				
Purchase of property, plant and equipment	-	-	(28)	(111)
Proceeds from disposal of property, plant and equipment	-	-	34	-
Proceeds from liquidation of equity investments at FVTPL	-	-	2,716	8,148
Proceeds from disposal of held for sale assets	77	-	2,894	-
Proceeds from disposal of equity investments	-	-	33	-
Dividend income from equity investments	1	1	2	6
Net cash from investing activities	78	1	5,651	8,043
Financing activity				
Repayment of leases	(710)	(1,074)	(2,567)	(3,243)
Repayment of bank loans	(951)	(1,514)	(6,259)	(5,842)
Net cash used in financing activity	(1,661)	(2,588)	(8,826)	(9,085)
Net (decrease) increase in cash and cash equivalents	(670)	(1,928)	1,515	1,209
Cash and cash equivalents at beginning of period	8,719	4,311	6,522	1,169
Effects on exchange rate changes on the balance of cash held in foreign currencies	-	2	12	7
Cash and cash equivalents at end of period	8,049	2,385	8,049	2,385

* 3QFY2020 and 9MFY2020 figures were restated to include the effects from the adoption of SFRS(I)16 from 1 July 2019.

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

	Issued capital	Treasury shares	Currency translation reserve	Revaluation reserve	Accumulated (losses) profits	Attributable to equity holders of the company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at July 1, 2019 (Restated*)	10,736	(892)	(718)	46,580	(23,447)	32,259	23	32,282
Loss for the period	-	-	-	-	(808)	(808)	-	(808)
Other comprehensive income for the period	-	-	28	4	-	32	-	32
Balance at September 30, 2019 (Restated*)	10,736	(892)	(690)	46,584	(24,255)	31,483	23	31,506
Balance at October 1, 2019 (Restated*)	10,736	(892)	(690)	46,584	(24,255)	31,483	23	31,506
Loss for the period	-	-	-	-	(850)	(850)	-	(850)
Other comprehensive income (loss) for the period	-	-	2	(4)	-	(2)	-	(2)
Balance at December 31, 2019 (Restated*)	10,736	(892)	(688)	46,580	(25,105)	30,631	23	30,654
Balance at January 1, 2020 (Restated*)	10,736	(892)	(688)	46,580	(25,105)	30,631	23	30,654
Loss for the period	-	-	-	-	(1,562)	(1,562)	-	(1,562)
Other comprehensive income for the period	-	-	1	-	-	1	-	1
Balance at March 31, 2020 (Restated*)	10,736	(892)	(687)	46,580	(26,667)	29,070	23	29,093
Balance at July 1, 2020	10,736	(892)	(722)	60,168	(24,047)	45,243	-	45,243
Profit for the period	-	-	-	-	69	69	-	69
Other comprehensive income for the period	-	-	34	10	-	44	-	44
Balance at September 30, 2020	10,736	(892)	(688)	60,178	(23,978)	45,356	-	45,356
Balance at October 1, 2020	10,736	(892)	(688)	60,178	(23,978)	45,356	-	45,356
Profit for the period	-	-	-	-	548	548	-	548
Other comprehensive loss for the period	-	-	(84)	-	-	(84)	-	(84)
Balance at December 31, 2020	10,736	(892)	(772)	60,178	(23,430)	45,820	-	45,820
Balance at January 1, 2021	10,736	(892)	(772)	60,178	(23,430)	45,820	-	45,820
Profit for the period	-	-	-	-	219	219	-	219
Other comprehensive income (loss) for the period	-	-	14	(7)	-	7	-	7
Balance at March 31, 2021	10,736	(892)	(758)	60,171	(23,211)	46,046	-	46,046

	Issued capital	Treasury shares	Currency translation reserve	Revaluation reserve	Accumulated (losses) profits	Attributable to equity holders of the company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company								
Balance at July 1, 2019 (Restated*)	10,736	(892)	-	45,696	(33,851)	21,689	-	21,689
Profit for the period	-	-	-	-	149	149	-	149
Balance at September 30, 2019 (Restated*)	10,736	(892)	-	45,696	(33,702)	21,838	-	21,838
Balance at October 1, 2019 (Restated*)	10,736	(892)	-	45,696	(33,702)	21,838	-	21,838
Loss for the period	-	-	-	-	(1,189)	(1,189)	-	(1,189)
Balance at December 31, 2019 (Restated*)	10,736	(892)	-	45,696	(34,891)	20,649	-	20,649
Balance at January 1, 2020 (Restated*)	10,736	(892)	-	45,696	(34,891)	20,649	-	20,649
Loss for the period	-	-	-	-	(1,212)	(1,212)	-	(1,212)
Balance at March 31, 2020 (Restated*)	10,736	(892)	-	45,696	(36,103)	19,437	-	19,437
Balance at July 1, 2020	10,736	(892)	-	59,229	(34,558)	34,515	-	34,515
Loss for the period	-	-	-	-	(84)	(84)	-	(84)
Balance at September 30, 2020	10,736	(892)	-	59,229	(34,642)	34,431	-	34,431
Balance at October 1, 2020	10,736	(892)	-	59,229	(34,642)	34,431	-	34,431
Loss for the period	-	-	-	-	(610)	(610)	-	(610)
Balance at December 31, 2020	10,736	(892)	-	59,229	(35,252)	33,821	-	33,821
Balance at January 1, 2021	10,736	(892)	-	59,229	(35,252)	33,821	-	33,821
Profit for the period	-	-	-	-	1,357	1,357	-	1,357
Balance at March 31, 2021	10,736	(892)	-	59,229	(33,895)	35,178	-	35,178

* 3QFY2020 and 9MFY2020 figures were restated to include the effects from the adoption of SFRS(I)16 from 1 July 2019.

- 1(d)(ii) 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 changes in the Company's Treasury shares are set out below.

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

- 1(d)(iii) 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.**

	31/03/2021	30/06/2020
Number of shares held as treasury shares	2,528,000	2,528,000
Total no. of issued shares (excluding treasury shares)	139,472,000	139,472,000

- 1(d)(iv) 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.

- 1(d)(v) 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.

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

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

- 3. 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 statutory auditors.

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

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

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

(i) Investment in GREIH

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

(ii) Matters concerning Cocosa Export

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

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

(iii) Investment in GCM

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

(iv) Matters concerning sugar trade business

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

(v) Matters concerning the prior years' adjustments

Please refer to the Company announcement dated 12 May 2021 in relation to the completion of the Cocosa Export independent audit and update on Intragroup Differences. As the

announcement relates to FY2019 financial statements, the respective reconciliations and resultant adjustments have been made to the audited financial statements in FY2020.

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

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

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

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

The Company has followed the same accounting policies and methods of computation in the financial statements for the current period with those adopted in the most recently audited financial statements for the financial year ended 30 June 2020.

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

Not applicable.

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

	Quarter ended 31 March 2021 (3QFY2021)	Quarter ended 31 March 2020 (3QFY2020)	9 months ended 31 March 2021 (9MFY2021)	9 months ended 31 March 2021 (9MFY2020)
Earnings per ordinary share for the period				
(a) Based on weighted average number of ordinary shares in issue (cents)	0.16	(1.12)	0.60	(2.31)
(b) On a fully diluted basis (cents)	0.16	(1.12)	0.60	(2.31)

**7. 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	
	31/03/2021	30/06/2020	31/03/2021	30/06/2020
Net asset value per ordinary share based on issued share capital as at the end of period (cents)	33.01	32.44	25.22	24.75

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

Financial performance (3QFY2021 vs 3QFY2020)

Group revenue for the quarter ended 31 March 2021 ("3QFY2021") totalled \$5.8 million, a decrease of 20.2% as compared to \$7.2 million in the corresponding period of the previous year ("3QFY2020"). In anticipation of weaker consumer demand and sentiment, especially in Malaysia, due to the Covid-19 pandemic, the Group has adapted its operational strategy to reduce the number of physical outlets and focus more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence reduced Group revenue.

Congruent with the reduced revenue, there was also a decrease in the cost of sales and labour costs. Notwithstanding the reduced Group revenue, the Group has seen a continued increase in its gross profit margin since 1QFY2021. Gross profit margin has increased by 0.5%, from 62.9% in 3QFY2020 to 63.4% in 3QFY2021.

Other operating income increased significantly by 36.2%, from \$1.0 million in 3QFY2020 to \$1.4 million in 3QFY2021. This is mainly due to the award of legal costs following successful litigation in court of \$0.4 million.

Administrative expenses decreased by 27.2%, from \$5.4 million in 3QFY2020 to \$3.9 million in 3QFY2021, mainly due to labour costs decreasing significantly by 31.3%, from \$3.2 million in 3QFY2020 to \$2.2 million in 3QFY2021. Other administrative expenses also decreased accordingly with the decrease in revenue.

Other operating expenses decreased by 50.8%, from \$1.2 million in 3QFY2020 to \$0.6 million in 3QFY2021, mainly due to a decrease in rental expenditure and lower utilities expenditure as a result of the reduced number of outlets.

Finance costs decreased by 41.5%, from \$0.5 million in 3QFY2020 to \$0.3 million in 3QFY2021, mainly due to the repayment of short term borrowings during the period.

Group profit before tax and net profit after tax are recorded at \$0.2 million in 3QFY2021, as a result of effective cost management and business re-strategization detailed above, compared to Group loss before tax and net loss after tax of \$1.6 million in 3QFY2020.

Financial performance (9MFY2021 vs 9MFY2020)

Group revenue for the nine months ended 31 March 2021 ("9MFY2021") totalled \$16.9 million, a decrease of 34.6% as compared to \$25.8 million in the corresponding period of the previous year ("9MFY2020"). In anticipation of weaker consumer demand and sentiment, especially in Malaysia, due to the Covid-19 pandemic, the Group has adapted its operational strategy to reduce the number of physical outlets and focus more on online and delivery sales. In this regard, some store leases were not renewed when they expired, leading to a reduced number of physical stores and hence reduced Group revenue.

Congruent with the reduced revenue, there was also a decrease in the cost of sales and labour costs. Notwithstanding the reduced Group revenue, the Group has seen a continued increase in

its gross profit margin since 1QFY2021. Gross profit margin has increased by 3.3%, from 64.4% in 9MFY2020 to 67.7% in 9MFY2021.

Other operating income increased significantly by 60.4%, from \$3.0 million in 9MFY2020 to \$4.8 million in 9MFY2021, mainly due to rental rebates of \$0.5 million, government subsidies of \$0.5 million, the award of legal costs following successful litigation in court of \$0.4 million and a net gain on disposal of properties in Malaysia of \$0.4 million.

Administrative expenses decreased by 28.1%, from \$16.9 million in 9MFY2020 to \$12.1 million in 9MFY2021, mainly due to labour costs decreasing significantly by 39.0%, from \$10.5 million in 9MFY2020 to \$6.4 million in 9MFY2021. Other administrative expenses also decreased accordingly with the decrease in revenue.

Other operating expenses decreased by 49.6%, from \$4.6 million in 9MFY2020 to \$2.3 million in 9MFY2021, mainly due to a decrease in rental expenditure and lower utilities expenditure as a result of the reduced number of outlets.

Finance costs decreased by 39.1%, from \$1.5 million in 9MFY2020 to \$0.9 million in 9MFY2021, mainly due to the repayment of short term borrowings during the period.

Group profit before tax and net profit after tax is recorded at \$0.8 million in 9MFY2021, as a result of effective cost management and business re-strategization detailed above, compared to Group loss before tax and net loss after tax of \$3.4 million and \$3.2 million respectively in 9MFY2020.

Financial position and cash flow

Group and Company cash and bank balances as at 31 March 2021 ("9MFY2021") stood at \$8.0 million and \$2.3 million respectively as compared to \$7.1 million and \$4.8 million respectively as at 30 June 2020 ("FY2020"). The Group has received a net return of \$2.7 million in relation to the partial return of capital from its investments in GREIH and GCM in 9MFY2021. In addition, the Group has reduced bank borrowings of \$6.9 million in 9MFY2021. The Group continues to exercise prudence in managing its cash flow.

Non-current assets classified as held for sale decreased by 35.9%, from \$6.4 million in FY2020 to \$4.1 million in 9MFY2021, mainly due to the completion of disposal of two properties in Malaysia.

Total trade payables decreased by 12.1%, from \$3.3 million in FY2020 to \$2.9 million in 9MFY2021. Other payables and accruals as well as provisions of the Group have decreased by 2.3%, from \$4.3 million in FY2020 to \$4.2 million in 9MFY2021, following business re-strategization of its Food & Beverage businesses.

Shareholders' equity for the Group and Company stood at \$46.0 million and \$35.2 million respectively as at 9MFY2021, as compared with \$45.2 million and \$34.5 million respectively as at FY2020.

The Group generated operating cash flows of \$4.7 million in 9MFY2021. The Group will continue to adopt a cautious approach even as it seeks continuous growth in its operations and in managing its operating costs effectively.

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

No forecast or prospect statement has been issued previously.

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

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

The Group operates primarily in Singapore and Malaysia. In Singapore, at the time of writing, the Government has re-introduced tighter social control measures that will directly and significantly affect dine-in services, consumer demand and market sentiment. The business outlook in Malaysia is more worrying as the country battles to contain the infection rate. The Malaysian government again recently extended restrictive measures with the announcement of the nationwide Movement Control Order (“MCO”) till 7 June 2021. Further extensions of such restrictive measures cannot be ruled out. Movement restrictions of people together with the associated uncertainties on business operations, will have a significant impact to the Group’s operations.

Having deliberately progressively reduced the number of physical stores, the Group is in a more nimble and agile position to recalibrate its business strategy and direction. Nonetheless, depending on the duration of the Covid-19 pandemic and its continued negative impact on the economy, the Group expects that the financial impact for the rest of the financial year ahead will be contingent on the length and intensity of the economic downturn and the speed of the subsequent economic recovery. The Group will continue to improve its performance by building on its online sales channels and efforts to digitalize its business while exploring new market opportunities, and will also continue to manage business costs cautiously through optimizing operational efficiency.

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?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for current financial period in order to conserve cash for future operations in view of the prevailing business conditions of the Group.

13. Disclosure of interested person transactions

No general mandate has been obtained from shareholders for IPTs.

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 nine months ended 31 March 2021 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 officer (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Chan Lai Yin
Company Secretary

15 May 2021