PRESERVING TRADITIONS, INSPIRING GENERATIONS

OTS Holdings Limited

Condensed Interim Financial Statements
For the six-month period ended 31 December 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Charmian Lim (Telephone: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Contents **Page**

Condensed interim consolidated statement of profit or loss and other comprehensive income 1

Condensed interim statements of financial position 2

Condensed interim statements of changes in equity 3

Condensed interim consolidated statement of cash flows 4

Notes to the condensed interim consolidated financial statements 5

Other information required by Catalist Rule Appendix 7C 14

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six-month period ended 31 December 2021 ("1H2022")

	Note	For the six-month period ended 31 December		
		2021 $'000	2020 $'000	Changes (%)
Revenue	3	18,744	21,118	(11.2)
Cost of sales		(13,560)	(14,465)	(6.3)
Gross profit		5,184	6,653	(22.1)
Other income and gains	4	490	687	(28.7)
Marketing and distribution costs		(1,379)	(1,108)	24.5
Administrative expenses		(2,912)	(2,334)	24.8
Finance cost		(121)	(148)	(18.2)
Other losses	4	(43)	(160)	(73.1)
Share of loss from joint venture		(53)	(63)	(15.9)
Profit before income tax		1,166	3,527	(66.9)
Income tax expense	6	(214)	(650)	(67.1)
Profit for the period		952	2,877	(66.9)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax		24	8	200.0
Other comprehensive income for the period, net of tax		24	8	200.0
Total comprehensive income		976	2,885	(66.2)
Earnings per share for profit for the period attributable to the owners of the Company during the year:				
Basic and diluted (SGD in cents)	5	0.44	1.61	(1.17)

Condensed Interim Statements of Financial Position
As at 31 December 2021

	Notes	Group		Company	
		31 December 2021	30 June 2021 (Audited)	31 December 2021	30 June 2021 (Audited)
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment		11,057	10,897	101	140
Right-of-use assets		3,323	3,317	-	-
Intangible assets		-*	-*	-	-
Investments in subsidiaries		-	-	14,771	14,771
Investment in joint venture		707	760	950	950
Total non-current assets		15,087	14,974	15,822	15,861
Current assets					
Inventories		7,331	7,815	-	-
Trade and other receivables		6,701	5,982	2,368	338
Other non-financial assets		1,636	545	140	26
Cash and cash equivalents		9,313	15,867	4,994	9,030
Total current assets		24,981	30,209	7,502	9,394
Total assets		40,068	45,183	23,324	25,255
EQUITY AND LIABILITIES					
Equity					
Share capital	9	22,469	22,469	22,469	22,469
Retained earnings		6,665	7,211	671	941
Foreign currency reserve		(16)	(40)	-	-
Total equity		29,118	29,640	23,140	23,410
Non-current liabilities					
Deferred tax liabilities		508	435	9	-
Provision		588	588	-	-
Loans and borrowings	10	451	3,238	-	-
Lease liabilities		3,162	3,175	-	-
Other non-financial liabilities		74	105	-	6
Total non-current liabilities		4,783	7,541	9	6
Current liabilities					
Income tax payable		261	508	-	-
Trade and other payables		4,462	5,979	173	1,831
Loans and borrowings	10	1,037	1,084	-	-
Lease liabilities		331	317	-	-
Other non-financial liabilities		76	114	2	8
Total current liabilities		6,167	8,002	175	1,839
Total liabilities		10,950	15,543	184	1,845
Total equity and liabilities		40,068	45,183	23,324	25,255

* Below $1,000

Condensed Interim Statements of Changes in Equity
For the six-month period ended 31 December 2021

Group	Total equity $'000	Share capital $'000	Retained earnings $'000	Foreign currency translation reserve $'000
Current period				
Opening balance at 1 July 2021	29,640	22,469	7,211	(40)
Changes in equity				
Total comprehensive income for the period	976	-	952	24
Dividend paid	(1,498)	-	(1,498)	-
Closing balance at 31 December 2021	29,118	22,469	6,665	(16)
Previous period				
Opening balance at 1 July 2020	19,984	14,771	5,226	(13)
Changes in equity				
Total comprehensive income for the period	2,885	-	2,877	8
Closing balance at 31 December 2020	22,869	14,771	8,103	(5)

Company				
Current period				
Opening balance at 1 July 2021	23,410	22,469	941	-
Changes in equity				
Total comprehensive income for the period	1,228	-	1,228	-
Dividend paid	(1,498)	-	(1,498)	-
Closing balance at 31 December 2021	23,140	22,469	671	-
Previous period				
Opening balance at 1 July 2020	15,295	14,771	524	-
Changes in equity				
Total comprehensive income for the period	1,024	-	1,024	-
Closing balance at 31 December 2020	16,319	14,771	1,548	-

Condensed Interim Consolidated Statement of Cash Flows
For the six-month period ended 31 December 2021

	For the six-month period ended 31 December	
	2021	**2020**
	$'000	**$'000**
Cash flows from operating activities		
Profit before income tax	1,166	3,527
Adjustments for:		
Amortisation of deferred capital grants	(69)	(62)
Depreciation of property, plant and equipment	572	491
Depreciation of right-of-use assets	170	155
Interest income	(10)	(3)
Interest expense	121	148
Gain on disposal of plant and equipment	(12)	-
Plant and equipment written-off	-	4
Share of loss from equity-accounted joint venture	53	63
Net effect of exchange rate change in consolidating subsidiaries	24	8
Operating cash flows before changes in working capital	2,015	4,331
Inventories	484	788
Trade and other receivables	(719)	(1,616)
Other non-financial assets	(241)	(448)
Trade and other payables	72	(1,120)
Net cash flows generated from operations	1,611	1,935
Income taxes paid	(388)	(128)
Net cash flows generated from operating activities	1,223	1,807
Cash flows used in investing activities		
Purchase of plant and equipment	(732)	(650)
Deposit paid for purchase of plant and equipment	(850)	-
Disposal of plant and equipment	12	-
Net movements in amount due from joint venture	-	(200)
Interest received	10	3
Net cash flows used in investing activities	(1,560)	(847)
Cash flows from financing activities		
Dividend paid to equity shareholders	(1,498)	(517)
Increase in new borrowings	-	500
Repayment of loans and borrowings	(2,834)	(900)
Lease payments – principal and interest portion paid	(260)	(237)
Net movements in amount due to related parties	(1,589)	145
Interest paid	(36)	(59)
Net cash flows used in financing activities	(6,217)	(1,068)
Net decrease in cash and cash equivalents	(6,554)	(108)
Cash and cash equivalents, beginning balance	15,867	5,044
Cash and cash equivalents, ending balance	9,313	4,936

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended 31 December 2021

1. General

OTS Holdings Limited (the "Company") is incorporated in Singapore with limited liability. It is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

The financial statements are presented in Singapore dollar ("$") and they cover the Company and its subsidiaries (collectively, the "Group"). All balances in the financial statements are rounded to the nearest thousand except when otherwise indicated.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are the manufacturing and sale of halal and non-halal meat products.

The condensed interim statements of financial position of the Group as at 31 December 2021 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the auditors.

The latest audited annual financial statements for the reporting year ended 30 June 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

COVID-19 related disclosures

Other than addressed in specific notes, the COVID-19 pandemic has mainly affected our sales in Malaysia as reflected in our financial statements. There is no significant impact to the Singapore market as at 31 December 2021. Overall, our strategy with regards to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates has not changed.

Basis of preparation

These condensed interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the provisions of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules"). The Company's separate financial statements have been prepared on the same basis, and as permitted by the Catalist Rules, the Company's separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those of the latest audited annual financial statements for the reporting year ended 30 June 2021. However, the typical notes and information included in the latest audited annual financial statements are not included in these condensed interim financial statements except for the selected explanatory notes included to explain events and transactions that are significant to an understanding of the changes in the performance and financial position of the Group since the latest audited annual financial statements.

1. General (cont'd)

Critical judgements, assumptions and estimation uncertainties

These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates. The nature and the carrying amount of such significant assets and liabilities are disclose with further details in the relevant Notes to these condensed interim financial statements.

The critical 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 latest audited annual 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 interim period are as follows:

- Assessment of impairment of trade receivables
- Assessment of impairment of inventories
- Assessment of impairment of property, plant and equipment and right-of-use assets
- Assessment of useful lives of property, plant and equipment

2. Financial information by operating segments

2A. Information about reportable segment profit or loss, assets and liabilities

The segments and the types of products and services are as follows:

	For the six-month period ended 31 December	
	2021 $'000	2020 $'000
Revenue by segment		
Modern Trade ("MT")	5,223	5,216
General Trade ("GT")	8,222	10,294
Food Services ("FS")	3,195	3,224
Others ("OT")	2,104	2,384
	18,744	21,118

1. Modern Trade ("MT") refers to sales generated from major supermarkets.
2. General Trade ("GT") refers to sales generated from convenience stores, provision shops and wholesalers.
3. Food Services ("FS") refers to sales generated from hotels, restaurants, hawker centres, food courts, food and beverages stores, and caterers.
4. Others ("OT") refers to sales that are mainly generated from e-commerce platforms and the export markets. The OT segment also includes other income such as vehicle rental income and miscellaneous income.

2. Financial information by operating segments (cont'd)

2B. Profit or loss for the financial period ended 31 December 2021 from continuing operations and reconciliations

	MT $'000	GT $'000	FS $'000	OT $'000	Total $'000
Revenue by segment					
1H2022					
Total revenue by segment	5,223	8,222	3,195	6,039	22,679
Inter-segment sales	-	-	-	(3,935)	(3,935)
Total revenue	5,223	8,222	3,195	2,104	18,744
Recurring EBITDA	295	755	543	420	2,013
Depreciation expenses	(169)	(267)	(104)	(202)	(742)
Amortisation of deferred capital grants	19	30	12	8	69
Finance costs	(34)	(53)	(21)	(13)	(121)
Share of loss from joint venture	-	-	-	(53)	(53)
Profit before tax	111	465	430	160	1,166
Income tax expense					(214)
Profit, net of income tax					952
1H2021					
Total revenue by segment	5,216	11,008	3,224	10,433	29,881
Inter-segment sales	-	(714)	-	(8,049)	(8,763)
Total revenue	5,215	10,294	3,224	2,384	21,118
Recurring EBITDA	726	1,760	837	999	4,322
Depreciation expenses	(137)	(271)	(85)	(153)	(646)
Amortisation of deferred capital grants	15	31	10	6	62
Finance costs	(37)	(73)	(23)	(15)	(148)
Share of loss from joint venture	-		-	(63)	(63)
Profit before tax	567	1,447	739	774	3,527
Income tax expense					(650)
Profit, net of income tax					2,877

2. Financial information by operating segments (cont'd)

2C. Assets and reconciliations

	MT $'000	GT $'000	FS $'000	OT $'000	Total $'000
31 December 2021					
Segment assets	10,824	17,040	6,621	4,876	39,361
Investment in joint venture	-	-	-	707	707
Total assets	10,824	17,040	6,621	5,583	40,068
Segment liabilities	2,684	4,225	1,642	1,630	10,181
Deferred tax liabilities					508
Income tax payable					261
Total liabilities					10,950
30 June 2021 (Audited)					
Segment assets	11,340	21,751	6,810	4,522	44,423
Investment in joint venture	-	-	-	760	760
Total assets	11,340	21,751	6,810	5,282	45,183
Segment liabilities	3,601	6,907	2,162	1,930	14,600
Deferred tax liabilities					435
Income tax payable					508
Total liabilities					15,543

2D. Other material items and reconciliations

	MT $'000	GT $'000	FS $'000	OT $'000	Total $'000
Expenditure for non-current assets					
As at 31 December 2021	204	321	125	82	732
As at 31 December 2020	163	321	101	65	650

2E. Geographical information

	1H2022 $'000	1H2021 $'000
Revenue		
Singapore	12,769	12,284
Malaysia	4,829	7,526
Other	1,146	1,308
	18,744	21,118

	31 December 2021 $'000	30 June 2021 (Audited) $'000
Non-current assets		
Singapore	13,724	13,690
Malaysia	656	524
Other	707	760
	15,087	14,974

3. Disaggregation of revenue

	1H2022 $'000	1H2021 $'000
Sales of goods	18,606	20,778
Rental of vehicles	111	111
Miscellaneous income	27	229
	18,744	21,118

4. Profit, net of tax and total comprehensive income is arrived after crediting/(charging) the following:

	1H2022 $'000	1H2021 $'000
Other income		
- amortisation of deferred capital grants	69	62
- governments grant from job support scheme	96	361
- other government grants and rebate	193	212
- freight income	13	-
- miscellaneous income	43	9
- interest income	10	3
Depreciation expense		
- property plant and equipment	(572)	(491)
- right-of-use assets	(170)	(155)
Finance cost		
- interest expense on borrowings	(36)	(59)
- lease-related interest expense	(85)	(89)
Gain on disposal of plant and equipment	12	-
Plant and equipment written-off	-	(4)
Foreign exchange gain	54	40
Allowance for inventory obsolescence	(32)	-
Allowance for impairment of trade receivables	(11)	-
IPO expenses	-	(156)

5. Earnings per share

	1H2022	1H2021
Basic / diluted earnings per share $ cent	0.44	1.61
Weighted average number of shares ('000)	214,000	178,652

The earnings per share is computed by dividing the profit after tax attributable to owners of the Company against the weighted average number of shares, taking into account the share split for the respective reporting periods.

The basic and diluted earnings per share for all respective financial periods are the same as the share option and performance shares granted are anti-dilutive taking into account the share split and there were no other outstanding convertibles or other dilutive equity instruments.

6. Income tax

	1H2022 $'000	1H2021 $'000
Income tax expense		
Current year tax expense	146	592
Under provision to tax in respect of prior years	4	-
Subtotal	150	592
Deferred tax expense		
Deferred tax expense	64	58
Subtotal	64	58
Total income tax expense	214	650

7. Dividends on equity shares

Declared and paid during the financial period:	1H2022 $'000	1H2021 $'000
Dividends on ordinary shares: Final tax exempt (1-tier)		
- Dividend for FY2021: 0.70 Singapore cent per ordinary share	1,498	-
- Dividend for FY2020: 3.50 Singapore cent per ordinary share	-	517
	1,498	517

8. Acquisition of subsidiaries / subsidiary / joint venture / associate

There was no acquisition of subsidiaries, subsidiary, joint venture and associate other than as disclosed under Note 16.

9. Share capital

	Number of shares '000	Share capital $'000
Ordinary shares		
Balance as at 1 July 2021 and 31 December 2021	214,000	22,469

There were no changes to the share capital of the Company since 30 June 2021. The Group has no treasury shares or subsidiary holdings or convertible instruments as at 31 December 2020 and 31 December 2021.

10 Loans and borrowings

	Secured		Unsecured	
	31 December 2021	30 June 2021 (Audited)	31 December 2021	30 June 2021 (Audited)
	$'000	$'000	$'000	$'000
Group				
Repayable in one year or less, or on demand:				
Bank loan 1 (secured) (Note 10A)	309	304	-	-
Bank loan 2 (secured) (Note 10A)	142	141	-	-
Bank loan 3 (unsecured) (Note 10B)	-	-	-	393
Bank loan 4 (unsecured) (Note 10B)	-	-	-	246
Subtotal	451	445	-	639
Repayable after one year:				
Bank loan 1 (secured) (Note 10A)	235	392	-	-
Bank loan 2 (secured) (Note 10A)	802	873	-	-
Bank loan 3 (unsecured) (Note 10B)	-	-	-	1,229
Bank loan 4 (unsecured) (Note 10B)	-	-	-	744
Subtotal	1,037	1,265	-	1,973
Total	1,488	1,710	-	2,612

The Company does not have loans and borrowings as at 31 December 2021 and 30 June 2021.

10A. Bank loan 1 and 2 (secured)

The loans are secured by legal mortgage over the property at 30 Senoko South Road, Singapore 758088 and the corporate guarantee from the Company.

10B. Bank loan 3 and 4 (unsecured)

The loans are covered by existing joint and several personal guarantee from certain directors and controlling shareholder of the group and have since been fully repaid.

11. Net assets value

	Group		Company	
	31 December 2021	30 June 2021 (Audited)	31 December 2021	30 June 2021 (Audited)
Net assets value per ordinary share ($ cents)	13.61	13.85	10.81	10.94

The net asset value per ordinary share of the Group and the Company have been calculated based on the total issued number of ordinary shares of 214,000,000 as at 31 December 2021 and 30 June 2021.

12. Related party transactions

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these consolidated financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Related party	1H2022 $'000	1H2021 $'000
PT Delta Bridge Food		
- sales of goods	7	65
- miscellaneous income	-	15
Other related parties- entity with no significant influence over the group		
Swee Heng Bakery Pte Ltd		
- sales of goods	664	642
Hock Eek Seng Machinery Pte Ltd		
- purchase of forklifts and maintenance and repair services	13	26

13. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting period/ year:

	Group		Company	
	31 December 2021 $'000	30 June 2021 (Audited) $'000	31 December 2021 $'000	30 June 2021 (Audited) $'000
Financial assets:				
Financial assets at amortised cost	16,014	21,849	7,362	9,368
Financial liabilities:				
Financial liabilities at amortised cost	9,410	13,715	173	1,831

14. Contingent liabilities and contingent assets

There are no contingent liabilities and contingent assets as at date of this set of condensed interim financial statements.

15. Capital commitments

Estimated amounts committed at the end of the financial year for future capital expenditure but not recognised in the condensed interim financial statements are as follows:

	31 December 2021	30 June 2021 (Audited)
	$'000	$'000
Commitments to purchase plant and equipment	656	1,288
Investment in subsidiary	-	276
	656	1,564

16. Events after the end of the reporting period

The Group has incorporated a wholly-owned subsidiary, OTS International Pte Ltd ("OTSI") in Singapore on 1 January 2022 with a paid-up capital of $200,000.00 comprising 200,000 ordinary shares held by the Company. The principle activities of OTSI are those of wholesale of food products and groceries including retail sales via internet.

17. Changes and adoption of financial reporting standards

The same accounting policies and methods of computation used in the latest audited annual financial statements have been applied.

OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business

1H2022 vs 1H2021

Statement of Comprehensive Income

Revenue

Business Segments
Revenue decreased by approximately $2.38 million or 11.2%, from approximately $21.12 million in 1H2021 to approximately $18.74 million in 1H2022, mainly due to decrease in sales from General Trade, Food Services and Others.

Revenue from the Modern Trade segment remained relatively constant in 1H2022 and 1H2021.

Revenue from the General Trade segment decreased by approximately $2.07 million or 20.1%, from approximately $10.29 million in 1H2021 to approximately $8.22 million in 1H2022, mainly due to decrease in product sales in Malaysia as a result of the weaker consumers' spending power.

Revenue from the Food Services segment decreased marginally by approximately $0.03 million or 0.9%, from approximately $3.22 million in 1H2021 to approximately $3.19 million in 1H2022 due to the absence of an ad-hoc purchase in Singapore that was made in the previous reporting period.

Revenue from the Others segment decreased by approximately $0.28 million or 11.7%, from approximately $2.38 million in 1H2021 to approximately $2.10 million in 1H2022, mainly due to decrease in export sales as a result of the pro-longed pandemic, which had impacted the global economy.

Geographical information
Revenue from the Singapore segment increased by approximately $0.49 million or 3.9%, from approximately $12.28 million in 1H2021 to approximately $12.77 million in 1H2022, mainly due to higher demand for our products in the Modern Trade as a result of absence of Singapore Government's decision to reduce the national stockpile level of major supermarkets.

Revenue from the Malaysia segment decreased by approximately $2.70 million or 35.8%, from approximately $7.53 million in 1H2021 to approximately $4.83 million in 1H2022, mainly due to decrease in product sales to existing customers as a result of weakening of the consumers' spending power.

Revenue from the other segment decreased by approximately $0.16 million or 12.4%, from approximately $1.31 million in 1H2021 to approximately $1.15 million in 1H2022, mainly due to decrease in export sales to existing customers as a result of the pro-longed pandemic, which had impacted the global economy.

Cost of sales

Cost of sales decreased by approximately $0.91 million or 6.3%, from approximately $14.47 million in 1H2021 to approximately $13.56 million in 1H2022, mainly due to decrease in raw material purchases in line with the decrease in revenue.

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)

Gross profit and gross profit margin

As a result of the above, gross profit decreased by $1.50 million or 22.1% from $6.65 million in 1H2021 to $5.18 million in 1H2022. Gross profit margin decreased by 3.8% from 31.5% in 1H2021 to 27.7% in 1H2022, mainly due to lower cost efficiency as a result of declined production output.

Other income

Other income decreased by approximately $0.20 million or 28.7%, from approximately $0.69 million in 1H2021 to approximately $0.49 million in 1H2022, mainly due to (a) decrease in job support scheme ("JSS") of approximately $0.26 million, and (b) decrease in other government subsidies of approximately $0.01 million, offset by (a) an increase in miscellaneous income of approximately $0.06 million, and (b) gain on disposal of plant and equipment of $0.01 million.

Expenses

Marketing and distribution

Our marketing and distribution costs increased by approximately $0.27 million or 24.5%, from approximately $1.11 million in 1H2021 to approximately $1.38 million in 1H2022, mainly due to (a) an increase in marketing expenses of approximately $0.22 million spent on branding of new product lines, and (b) an increase in supermarket listing fees of approximately $0.08 million for launching of our products in Hong Kong, offset by a decrease in advertising and promotion expenses of approximately $0.03 million.

Administrative expense

Administrative expenses increased by approximately $0.58 million or 24.8%, from approximately $2.33 million in 1H2021 to approximately $2.91 million in 1H2022, mainly due to (a) an increase in employee salaries and benefit by $0.22 million, (b) an increase in professional expenses by $0.19 million, and (c) an increase in other expenses of approximately $0.17 million.

Depreciation of plant and equipment and right-of-use assets

Depreciation of plant and equipment and right-of-use-assets increased by $0.09 million from $0.65 million in 1H2021 to $0.74 million in 1H2022 due to acquisition of assets during the financial period under review.

The depreciation expenses are charged to cost of sales and administrative expenses.

Amortisation of deferred grants

Amortisation of deferred grants increased by approximately $7,000 from $62,000 in 1H2021 to $69,000 million in 1H2022.

Finance cost

Finance costs decreased by approximately $27,000 or 18.2%, from approximately $148,000 in 1H2021 to approximately $121,000 in 1H2022, mainly due to (a) decrease in term loan interest by $23,000 as a result of repayment of loans and borrowings, and (b) decrease in lease liabilities interest by $4,000.

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)

Other losses

Other losses decreased by approximately $0.12 million or 73.1%, from approximately $0.16 million in 1H2021 to approximately $0.04 million in 1H2022, mainly due to an absence of IPO expense of approximately $0.16 million recognised in 1H2021, offset by (a) allowance for inventory obsolescence of $32,000, and (b) allowance for impairment of trade receivables of approximately $11,000.

Income tax expense

Income tax expenses decreased by approximately $0.44 million or 67.1%, from approximately $0.65 million in 1H2021 to approximately $0.21 million in 1H2022, mainly due to reduction in profit before tax.

Share of loss from joint venture

Share of loss from joint ventures decreased by approximately $0.01 million or 15.9%, from approximately $0.06 million in 1H2021 to approximately $0.05 million in 1H2022, mainly due to the losses suffered by Delta Bridge Pte. Ltd., a 50% joint venture of the Company, as a result of slow market penetration in Indonesia caused by the pro-longed pandemic, which had impacted the global economic.

Profit for the period

As a result of the above, our profit for the period decreased by approximately $1.93 million or 66.9% from approximately $2.88 million in 1H2021 to approximately $0.95 million in 1H2022.

Statement of Financial Position

The comparative commentary for both the assets and liabilities are based on the Group's financial statements as at 31 December 2021 and 30 June 2021.

Non-current assets

Non-current assets increased by approximately $0.12 million from $14.97 million as at 30 June 2021 to $15.09 million as at 31 December 2021. The differences in breakdown are mainly due to (a) property, plant and equipment ("PPE") increased by approximately $0.16 million as a result of capital expenditure incurred in relation to purchase of equipment offset by the depreciation during the financial period, and (b) decrease in investment in joint venture, Delta Bridge Pte Ltd of approximately $0.05 million, due to share of loss during the financial period.

Current assets

Current assets decreased by approximately $5.23 million from approximately $30.21 million as at 30 June 2021 to approximately $24.98 million as at 31 December 2021, mainly due to (a) decrease in cash and cash equivalents by $6.55 million, and (b) decrease in inventories by approximately $0.49 million; offset by (a) advance payment made for purchase of plant and equipment and raw material of approximately $0.85 million and $0.24 million respectively, and (b) increase in trade and other receivables by approximately $0.72 million.

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business (cont'd)

Non-current liabilities

The Group's non-current liabilities decreased by approximately $2.76 million from approximately $7.54 million as at 30 June 2021 to approximately $4.78 million as at 31 December 2021, mainly due to (a) decreased in loans and borrowings of approximately $2.79 million in 1H2022, (b) decreased in deferred capital grant of approximately $0.03 million, and (c) the repayment of lease liabilities of approximately $0.01 million, offset by an increased in deferred tax liabilities from PPE acquired of approximately $0.07 million, due to the difference between accounting policies of the Group and local tax legislation.

Current liabilities

Current liabilities decreased by approximately $1.83 million from approximately $8.00 million as at 30 June 2021 to approximately $6.17 million as at 31 December 2021 mainly due to (a) decreased in trade and other payables of approximately $1.52 million mainly arising from decreased net movements in amounts due to related parties amounting to $1.59 million, offset by an increase in trade payables of $0.07 million, (b) decreased in provision of tax payable of approximately $0.25 million, (c) decreased in loans and borrowings of approximately $0.05 million, and (d) decreased in deferred capital grant recognised of approximately $0.04 million, offset by an increase in lease liabilities of approximately $0.01 million.

1H2022 vs 1H2021

Statement of Cash Flows

In 1H2022, the Group's net cash flow generated from operating activities of approximately $1.22 million was due to (a) operating cash inflow before working capital changes of approximately $2.01 million, and (b) tax paid of approximately of $0.39 million, adjusted for net working capital outflow of approximately $0.40 million. The net working capital outflow was mainly due to (a) an increase in trade and other receivables of approximately $0.72 million, (b) an increase in other non-financial assets of approximately $0.24 million, (c) an increase in trade and other payable of approximately $0.07 million, offset by a decrease in inventories of approximately $0.48 million.

Net cash used in investing activities amounted to approximately $1.56 million was due to (a) deposit paid for production equipment of approximately $0.85 million, and (b) purchase of production equipment, office equipment and renovation of approximately $0.73 million, offset by (a) proceeds from disposal of plant and equipment of approximately $12,000, and (b) interest received of approximately $10,000.

Net cash flows used in financing activities amounted to approximately $6.22 million was due to (a) repayment of loans and borrowings of approximately $2.83 million, (b) net movement in amount due to related party of approximately $1.59 million, (c) dividend paid to equity shareholders of approximately $1.50 million, (d) repayment of finance lease of approximately $0.26 million, and (e) interest payment on loans and borrowings of approximately $0.04 million.

As a result of the above, there was a net decrease of approximately $6.55 million in cash and cash equivalents. As at 31 December 2021, our cash and cash equivalents amounted to approximately $9.31 million.

2. Seasonal operations

The Group's businesses activities are generally subject to seasonal fluctuations in the demand for our product, which increases during festive periods.

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 Group remains cautiously optimistic on the outlook for the next 12 months in view of the prolonged pandemic which has resulted in economic uncertainties, business disruptions and inflationary pressures in many countries, including in our overseas markets, Malaysia and Philippines. The Group will continue to monitor the situation and take necessary precautions and measures in light of the evolving conditions.

5. Use of proceeds

	Amount allocated $'000	Amount utilised $'000	Balance $'000
Improvement and/or expansion of production efficiency and capacities, including the acquisition of new machineries and equipment	2,000	(1,243)	757
Expansion of our overseas operations, including the initial investment and set up costs of Philippines	2,500	(268)	2,232
Developing new products and engaging in research and development	500	(165)	335
General working capital purposes	1,562	(16) [(a)]	1,546
	6,562	(1,692)	4,870

Note:

[(a)] Net proceeds used for general working capital purposes are mainly payments to trade suppliers.

6. Dividend

(a) Any interim (final) ordinary dividend declared has been declared (recommended)?

No dividend was declared.

(b) (i) Amount per share (cents)

Not applicable

(ii) Previous corresponding period (cents)

Not applicable

(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).The date the dividend is payable.

Not applicable

(d) The date the dividend is payable.

Not applicable

(e) Record date

Not applicable

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

No dividend has been declared or recommended for 1H2022 as the Group continues to assess the economic environment and will make a decision during the full financial year results announcement. Notwithstanding, the Group remains committed to distributing not less than 40% of our net profit attributable to owners of our Company for the full financial year ended 30 June 2022 as stated in the Company's Offer Document dated 8 June 2021.

8. Interested person transactions

The Group has adopted a general mandate from shareholders of the Company for the selling of food products to Swee Heng Bakery Pte Ltd ("**Swee Heng**").

Swee Heng is an associate of the Company's Directors, Ong Bee Chip and Ong Chew Yong, and the Group's Controlling Shareholder, Ong Bee Song, being a company in which Ong Chu Eng (the sister of Ong Bee Chip, Ong Bee Song and Ong Chew Yong) holds a 50.0% shareholding interest and Ng Chai Huat (the brother-in-law of Ong Bee Chip, Ong Bee Song and Ong Chew Yong) holds a 30.0% shareholding interest. Accordingly, Swee Heng is deemed as an Interested Person.

Name of interested person	**Nature of relationship**	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
Swee Heng	Refer to above description	Nil	$664,332

9. Negative confirmation pursuant to Rule 705(5)

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim condensed interim financial statements for the financial period ended 31 December 2021 to be false or misleading in any material aspect.

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

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Catalist Rules.

By order of the board

Dr. Yu Lai Boon
Non-Executive Chairman and Independent Director

Mr. Ong Bee Chip
Managing Director

14 February 2022