OTS Holdings Limited

Condensed Interim Financial Statements For the Six-Month Period Ended 31 December 2022 ("1H2023")

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.

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Condensed Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the six-month period ended 31 December 2022 ("1H2023")

	Notes	Group		
		1H2023	**1H2022**	**Changes**
		$'000	**$'000**	**(%)**
Revenue	3	17,358	18,744	(7.4)
Cost of sales		(12,776)	(13,560)	(5.8)
Gross profit		4,582	5,184	(11.6)
Other income and gains	4	247	490	(49.6)
Marketing and distribution costs		(1,394)	(1,379)	1.1
Administrative expenses		(2,939)	(2,912)	0.9
Finance costs		(94)	(121)	(22.3)
Other losses	4	(225)	(43)	423.3
Share of loss from joint venture		(118)	(53)	122.6
Profit before income tax		59	1,166	(94.9)
Income tax expense	6	(51)	(214)	(76.2)
Profit for the period		8	952	(99.2)
Other comprehensive (loss) / income:				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of income tax		(70)	24	N.M.
Other comprehensive (loss) / income for the period, net of income tax		(70)	24	N.M.
Total comprehensive (loss) / income		(62)	976	N.M.
Earnings per share for profit for the period attributable to the owners of the Company during the year :				
Basic and diluted ($ in cents)	5	0.004	0.445	(99.2)

N.M. : Not meaningful

Condensed Interim Statements of Financial Position As At 31 December 2022

	Notes	Group		Company	
		31 December 2022	30 June 2022	31 December 2022	30 June 2022
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment		11,518	11,365	-	-
Right-of-use assets		2,937	3,130	-	-
Intangible assets		-*	-*	-	-
Investment in subsidiaries		-	-	14,971	14,971
Investment in joint venture		410	532	950	950
Other receivables		300	-	300	-
Other non-financial assets		-	205	-	-
Total non-current assets		15,165	15,232	16,221	15,921
Current assets					
Inventories		8,392	8,078	-	-
Trade and other receivables		7,417	5,133	3,203	2,802
Other non-financial assets		490	935	76	102
Cash and cash equivalents		6,582	9,518	3,214	4,613
Total current assets		22,881	23,664	6,493	7,517
Total assets		38,046	38,896	22,714	23,438
EQUITY AND LIABILITIES					
Equity					
Share capital	9	22,469	22,469	22,469	22,469
Retained earnings		6,505	6,928	46	641
Foreign currency reserve		(141)	(71)	-	-
Total equity		28,833	29,326	22,515	23,110
Non-current liabilities					
Deferred tax liabilities		567	596	-	-
Provision		588	588	-	-
Loans and borrowings	12	667	760	-	-
Lease liabilities		2,799	3,000	-	-
Other non-financial liabilities		184	46	-	-
Total non-current liabilities		4,805	4,990	-	-
Current liabilities					
Income tax payable		48	67	4	7
Trade and other payables		3,620	3,624	194	315
Loans and borrowings	12	374	506	-	-
Lease liabilities		328	324	-	-
Other non-financial liabilities		38	59	1	6
Total current liabilities		4,408	4,580	199	328
Total liabilities		9,213	9,570	199	328
Total equity and liabilities		38,046	38,896	22,714	23,438

*Below $1,000

Condensed Interim Statements of Changes in Equity
For the six-month period ended 31 December 2022 ("1H2023")

	Total equity	Share capital	Retained earnings	Foreign currency reserve
Group	**$'000**	**$'000**	**$'000**	**$'000**
Current period				
Opening balance at 1 July 2022	29,326	22,469	6,928	(71)
Changes in equity				
Total comprehensive (loss) / income for the period	(62)	-	8	(70)
Share-based payment expense (Note 11)	40	-	40	-
Dividend paid	(471)	-	(471)	-
Closing balance at 31 December 2022	28,833	22,469	6,505	(141)
Previous 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)
Company				
Current period				
Opening balance at 1 July 2022	23,110	22,469	641	-
Changes in equity				
Total comprehensive loss for the period	(124)	-	(124)	-
Dividend paid	(471)	-	(471)	-
Closing balance at 31 December 2022	22,515	22,469	46	-
Previous 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	-

Condensed Interim Consolidated Statement of Cash Flows
For the six-month period ended 31 December 2022 ("1H2023")

	Group	
	1H2023	1H2022
	$'000	$'000
Operating activities		
Profit before income tax	59	1,166
Adjustments for:		
Amortisation of deferred capital grants	(44)	(69)
Depreciation of property, plant and equipment	650	572
Depreciation of right-of-use assets	180	170
Share of loss from equity-accounted joint venture	118	53
Interest income	(28)	(10)
Interest expense	94	121
Share-based payment expense	40	-
Gain on disposal of plant and equipment	-	(12)
Net effect of exchange rate changes in consolidating subsidiaries	(53)	24
Operating cash flows before changes in working capital	1,016	2,015
Inventories	(314)	484
Trade and other receivables	(2,584)	(719)
Other non-financial assets	445	(241)
Trade and other payables	(4)	72
Other non-financial liabilities	161	-
Net cash flows from operations before tax	(1,280)	1,611
Income tax paid	(102)	(388)
Net cash flows (used in) / from operating activities	(1,382)	1,223
Investing activities		
Disposal of plant and equipment	-	12
Purchase of plant and equipment	(814)	(732)
Deposit utilised / (paid) for acquisition of plant and equipment	205	(850)
Interest received	28	10
Net cash flows used in investing activities	(581)	(1,560)
Financing activities		
Dividends paid to equity shareholders	(471)	(1,498)
Repayment on loan and borrowings	(225)	(2,834)
Lease payments - principal and interest portion paid	(261)	(260)
Net movements in amount due to related parties	-	(1,589)
Interest paid	(16)	(36)
Net cash flows used in financing activities	(973)	(6,217)
Net decrease in cash and cash equivalents	(2,936)	(6,554)
Cash and cash equivalents, beginning balance	9,518	15,867
Cash and cash equivalents, ending balance	6,582	9,313

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 2022 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 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 2022 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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 2022. 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. The condensed interim financial statements are presented in Singapore dollars, unless otherwise stated.

New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

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 disclosed with further details in the relevant notes to these condensed interim financial statements.

1. General (cont'd)

Critical judgements, assumptions and estimation uncertainties (cont'd)

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 2022.

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 expected credit loss allowance of trade receivables
- Assessment of net realisable value of inventories
- Assessment of impairment of 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:

	1H2023	1H2022
Revenue by segment	**$'000**	**$'000**
Modern Trade ("MT")	4,504	5,223
General Trade ("GT")	6,913	8,222
Food Services ("FS")	4,046	3,195
Others ("OT")	1,895	2,104
	17,358	18,744

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 from continuing operations and reconciliations

Revenue by segment

	MT	GT	FS	OT	Total
	$'000	$'000	$'000	$'000	$'000
1H2023					
Total revenue by segment	4,504	6,913	4,046	14,153	29,616
Inter-segment sales	-	-	-	(12,258)	(12,258)
Total revenue	4,504	6,913	4,046	1,895	17,358
Recurring EBITDA	(129)	610	164	412	1,057
Depreciation expenses	(178)	(274)	(160)	(218)	(830)
Amortised deferred capital grant	11	18	10	5	44
Finance costs	(25)	(37)	(22)	(10)	(94)
Share of loss from joint venture	-	-	-	(118)	(118)
Profit before income tax	(321)	317	(8)	71	59
Income tax expense					(51)
Profit for the period					8
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)
Amortised deferred capital grant	19	30	12	8	69
Finance costs	(34)	(53)	(21)	(13)	(121)
Share of loss from joint venture	-	-	-	(53)	(53)
Profit before income tax	111	465	430	160	1,166
Income tax expense					(214)
Profit for the period					952

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

2C. Assets, liabilities and reconciliations

	MT	GT	FS	OT	Total
	$'000	$'000	$'000	$'000	$'000
31 December 2022					
Segment assets	9,656	14,823	8,674	4,483	37,636
Investment in joint venture	-	-	-	410	410
Total assets	9,656	14,823	8,674	4,893	38,046
Segment liabilities	2,114	3,245	1,899	1,340	8,598
Deferred tax liabilities					567
Income tax payables					48
Total liabilities					9,213
30 June 2022					
Segment assets	10,024	17,114	6,863	4,363	38,364
Investment in joint venture	-	-	-	532	532
Total assets	10,024	17,114	6,863	4,895	38,896
Segment liabilities	2,234	3,814	1,530	1,329	8,907
Deferred tax liabilities					596
Income tax payables					67
Total liabilities					9,570

2D. Other material items and reconciliations

Expenditure for non-current assets

	MT	GT	FS	OT	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 December 2022	211	324	190	89	814
As at 31 December 2021	204	321	125	82	732

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

2E. Geographical information

	1H2023	1H2022
Revenue	**$'000**	**$'000**
Singapore	12,338	12,769
Malaysia	3,688	4,829
Others	1,332	1,146
	17,358	18,744

	31 December 2022	30 June 2022
Non-current assets	**$'000**	**$'000**
Singapore	14,196	14,062
Malaysia	559	638
Others	410	532
	15,165	15,232

3. Disaggregation of revenue

	1H2023	1H2022
	$'000	**$'000**
Sales of goods	17,244	18,606
Rental of vehicles	111	111
Miscellaneous income	3	27
	17,358	18,744

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

	1H2023	1H2022
	$'000	$'000
Other income and gains / (losses)		
- amortisation of deferred capital grants	44	69
- government grants from Job Support Scheme	-	96
- other government grants and rebates	80	193
- freight income	8	13
- miscellaneous income	59	43
- interest income	28	10
- gain on disposal of plant and equipment	-	12
- foreign exchange (loss) / gain	(225)	54
- reversal of / (allowance for) inventory obsolescence	28	(32)
- allowance for impairment of trade receivables	-	(11)
Depreciation expense		
- property, plant and equipment	(650)	(572)
- right-of-use assets	(180)	(170)
Finance costs		
- loan and borrowings	(16)	(36)
- lease liabilities	(78)	(85)

5. Earnings per share

	1H2023	1H2022
Basic / diluted earnings per share ($ cent)	0.004	0.445
Weighted average number of shares ('000)	214,000	214,000

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.

The basic and diluted earnings per share for all respective financial periods are the same as there were no other outstanding convertibles or other dilutive equity instruments.

6. Income tax

	1H2023	1H2022
	$'000	$'000
Income tax expense		
Current year tax expense	86	146
Over / (under) provision to tax in respect of prior years	-	4
Subtotal	**86**	**150**
Deferred tax (income) / expense		
Deferred tax (income) / expense	(35)	64
Subtotal	**(35)**	**64**
Total income tax expense	**51**	**214**

7. Dividends on equity shares

	1H2023	1H2022
	$'000	$'000
Declared and paid during the financial period:		
Dividends on ordinary shares:		
Final tax exempt (1-tier) dividend		
- FY2022: 0.22 Singapore cent per ordinary share	471	-
- FY2021: 0.70 Singapore cent per ordinary share	-	1,498
	471	**1,498**

8. Acquisition of subsidiary / joint venture / associate

There was no acquisition of subsidiaries, subsidiary, joint venture and associate during the period under review.

9. Share capital

	Number of shares	Share capital
	'000	$'000
Balance as at 1 July 2022 and 31 December 2022	214,000	22,469

There were no changes to the share capital of the Company since 30 June 2022. The Group has no treasury shares or subsidiary holdings or convertible instruments as at 31 December 2021 and 31 December 2022.

10. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to $814,000 (31 December 2021: $732,000) and disposed assets amounting to $Nil (31 December 2021: $12,000).

11. Share-based payment reserve

A non-recurring non-cash expense was incurred in accordance with SFRS(I) 2 relating to the transfer of shares by the ultimate parent company (BCS Development Pte. Ltd.) to 35 of the Group's employees to recognise and reward them for their past contributions and services, and to align their interests with the Group to encourage greater dedication and loyalty to the Group.

These shares will have a vesting period of 2 years from 17 July 2021 (date of listing) to 16 July 2023.

The resulting value of these shares are to be expensed over vesting period. Management has based on the fair value of the Company's shares as at 17 July 2021, and recorded an expense of $40,000 as share-based payments expense with a corresponding increase in retained earnings for the reporting period ended 31 December 2022

12. Loans and borrowings

	Secured	
	31 December 2022	30 June 2022
	$000	$000
Group		
Repayable in one year or less, or on demand:		
Bank loan 1 (secured) (Note 12A)	237	337
Bank loan 2 (secured) (Note 12A)	137	169
Subtotal	374	506
Repayable after one year:		
Bank loan 1 (secured) (Note 12A)	-	55
Bank loan 2 (secured) (Note 12A)	667	705
Subtotal	667	760
Total	1,041	1,266

The Company does not have loans and borrowings as at 31 December 2022 and 30 June 2022.

12A. 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.

13. Net assets value

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
Net assets value per ordinary share ($ cent)	13.47	13.70	10.52	10.80

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 2022 and 30 June 2022.

14. 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.

	1H2023	1H2022
	$'000	$'000
Related party		
PT Delta Bridge Food		
- sales of goods	-	7
- miscellaneous income	9	-
Other related parties		
Entity with no significant influence over the Group:		
Swee Heng Bakery Pte Ltd		
- sales of goods	747	664
Hock Eek Seng Machinery Pte Ltd		
- purchase of forklifts and maintenance and repair services	7	13

15. 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 year:

	Group		Company	
	31 December 2022	30 June 2022	31 December 2022	30 June 2022
	$000	$000	$000	$000
Financial assets:				
Financial assets at amortised cost	14,299	14,651	6,717	7,415
Financial liabilities:				
Financial liabilities at amortised cost	7,766	8,180	194	315

16. Contingent liabilities and contingent assets

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

17. 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 2022	30 June 2022
	$000	$000
Commitments to purchase plant and equipment	110	471

18. Events after the end of the reporting period

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

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

Statement of Comprehensive Income

Revenue

Business Segments
Revenue decreased by approximately $1.3 million or 7.4%, from approximately $18.7 million in 1H2022 to approximately $17.4 million in 1H2023, mainly due to the decrease in sales from Modern Trade, General Trade and Others segments, offset by an increase in sales from Food Services segment.

Revenue from the Modern Trade segment decreased by approximately $0.7 million or 13.8%, from approximately $5.2 million in 1H2022 to approximately $4.5 million in 1H2023, mainly due to weaker consumer demand.

Revenue from the General Trade segment decreased by approximately $1.3 million or 15.9%, from approximately $8.2 million in 1H2022 to approximately $6.9 million in 1H2023, mainly due to increased competition and weaker consumers' spending power in Malaysia.

Revenue from the Food Services segment increased by approximately $0.9 million or 26.6%, from approximately $3.2 million in 1H2022 to approximately $4.1 million in 1H2023, mainly due to increased demand for the Group's products as a result of the easing of COVID-19 restrictions that led to more dining out and caterings during the financial period.

Revenue from the Others segment decreased by approximately $0.2 million or 9.9%, from approximately $2.1 million in 1H2022 to approximately $1.9 million in 1H2023, mainly due to the decrease in export sales as a result of lower demand from overseas markets.

Geographical information
Revenue from the Singapore market decreased by approximately $0.5 million or 3.4%, from approximately $12.8 million in 1H2022 to approximately $12.3 million in 1H2023, mainly due to lower demand for products in the Modern Trade segment due to the change in consumers' spending preference.

Revenue from the Malaysia market decreased by approximately $1.1 million or 23.6%, from approximately $4.8 million in 1H2022 to approximately $3.7 million in 1H2023, mainly due to decrease in product sales as a result of higher competition and weakening of the consumers' spending power.

Revenue from Others segment increased by approximately $0.2 million or 16.2%, from approximately $1.1 million in 1H2022 to approximately $1.3 million in 1H2023, mainly due to sales generated by the Philippines subsidiary to various new customers, offset by a decrease in other export sales.

Cost of sales

Cost of sales decreased by approximately $0.8 million or 5.8%, from approximately $13.6 million in 1H2022 to approximately $12.8 million in 1H2023, which was relatively in line with the decrease in revenue.

Gross profit and gross profit margin

Gross profit decreased by approximately $0.6 million or 11.6% from approximately $5.2 million in 1H2022 to approximately $4.6 million in 1H2023; mainly due to lower revenue. Gross profit margin decreased by 1.3 percentage points, from 27.7% in 1H2022 to 26.4% in 1H2023, mainly due to higher cost of production attributable to raw materials, energy and depreciation costs.

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 income and gains

Other income and gains decreased by approximately $0.3 million or 49.6%, from approximately $0.5 million in 1H2022 to approximately $0.2 million in 1H2023; mainly due to a decrease in government grants recognised of approximately $0.2 million, and there was no gain on disposal of plant and equipment and foreign exchange gain recorded during 1H2023 compared with approximately $0.1 million in 1H2022.

Expenses

Marketing and distribution costs

Marketing and distribution costs increased marginally by approximately $15,000 or 1.1%, from approximately $1,379,000 in 1H2022 to approximately $1,394,000 in 1H2023, mainly due to higher advertising and delivery expenses.

Administrative expenses

Administrative expenses increased marginally by approximately $27,000 or 0.9%, from approximately $2,912,000 in 1H2022 to approximately $2,939,000 in 1H2023, mainly due to an increase in payroll-related costs.

Finance costs

Finance costs decreased by approximately $27,000 or 22.3%, from approximately $121,000 in 1H2022 to approximately $94,000 in 1H2023, due to reduction of loans and borrowings during the financial period.

Other losses

Other losses increased by approximately $182,000 or 423.3%, from approximately $43,000 in 1H2022 to approximately $225,000 in 1H2023, mainly due to translation loss on foreign exchange in relation to weakening of the Malaysian Ringgit against the Singapore Dollar.

Share of loss from joint venture

Share of loss from joint venture increased by approximately $65,000 or 122.6%, from approximately $53,000 in 1H2022 to approximately $118,000 in 1H2023, due to losses in respect of the joint venture company as a result of costs incurred as the joint venture company was still in the pilot testing phase of the new production line at the manufacturing site on Bulan Island during the financial period.

Income tax expense

Income tax expenses decreased by approximately $163,000 or 76.2%, from approximately $214,000 in 1H2022 to approximately $51,000 in 1H2023, due to reduction in taxable profit and deferred tax recognised.

Profit for the period

As a result of the above, our profit for the period decreased by approximately $944,000 from profit after tax of approximately $952,000 in 1H2022 to profit after tax of approximately $8,000 in 1H2023.

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

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 2022 and 30 June 2022.

Non-current assets

Non-current assets had remained relatively unchanged at approximately $15.2 million as at 31 December 2022 and 30 June 2022.

Property, plant and equipment increased by approximately $0.1 million from approximately $11.4 million as at 30 June 2022 to approximately $11.5 million as at 31 December 2022, mainly due to additions of PPE of approximately $0.8 million, offset by depreciation charges of approximately $0.7 million. Right-of-use assets decreased by approximately $0.2 million from approximately $3.1 million as at 30 June 2022 to approximately $2.9 million as at 31 December 2022, mainly due to depreciation charges of approximately $0.2 million. Investment in joint venture decreased by approximately $0.1 million from approximately $0.5 million as at 30 June 2022 to approximately $0.4 million as at 31 December 2022, mainly due to share of losses incurred during the financial period. Other receivables of $0.3 million as at 31 December 2022 was in relation to an interest-free loan to our joint venture company. There was an absence of non-financial assets amounting to $0.2 million due to deposit utilised.

Current assets

Current assets decreased by approximately $0.8 million from approximately $23.7 million as at 30 June 2022 to approximately $22.9 million as at 31 December 2022, mainly due to a decrease in cash and cash equivalents by approximately $2.9 million and decrease in non-financial assets of approximately $0.4 million, offset by an increase in trade and other receivables of approximately $2.3 million, increase in inventories of approximately $0.3 million.

The decrease in cash and cash equivalents will be explained under the Cash Flows Statement section. The increase in trade and other receivables was mainly due to higher sales volume in the months approaching the financial period end 31 December 2022, being the festive period. The increase in inventories was mainly due to an increase in stock levels in Singapore and Malaysia for the festive period. Other non-financial assets decreased mainly due to lower advances to suppliers.

Non-current liabilities

Non-current liabilities decreased by approximately $0.2 million from approximately $5.0 million as at 30 June 2022 to approximately $4.8 million as at 31 December 2022, mainly due to decrease in loans and borrowings of approximately $0.1 million and decrease in lease liabilities of approximately $0.2 million, offset by increase in other non-financial liabilities of approximately $0.1 million.

The decrease in loans and borrowings and lease liabilities were due to repayments made during the financial period. The increase in other non-financial liabilities was due to government grant received during the current financial period, which will be amortised in accordance with the Group's accounting policy.

Current liabilities

Current liabilities decreased by $172,000 from $4,580,000 as at 30 June 2022 to $4,408,000 as at 31 December 2022, mainly attributable to decrease in loans and borrowings of approximately $132,000 due to repayment during the financial period, and the decrease in other non-financial liabilities of approximately $21,000 was due to government grant recognised in the current financial period. Income tax payable decreased mainly due to lower taxable profits. Trade and other payables and lease liabilities were relatively unchanged.

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

Statement of Cash Flows

The Group had approximately $1.4 million of cash outflows from operating activities mainly due to operating cash inflow before working capital changes of approximately $1.0 million, reduced by net working capital outflows of approximately $2.3 million and tax paid of approximately of $0.1 million.

The net working capital outflow was mainly due to an increase in trade and other receivables of approximately $2.6 million and an increase in inventories of approximately $0.3 million, offset by a decrease in other non-financial assets of approximately $0.4 million and an increase in other non-financial liabilities of $0.2 million.

Net cash used in investing activities amounted to approximately $0.6 million, mainly due to purchase of plant and equipment of approximately $0.8 million, offset by utilisation of deposit paid of approximately $0.2 million.

Net cash flows used in financing activities amounted to approximately $1.0 million, mainly due to repayment of loan and borrowings of approximately $0.2 million, dividend paid to shareholders of approximately $0.5 million and repayment of lease liabilities of approximately $0.3 million.

As a result of the above, there was a decrease in cash and cash equivalents of approximately $2.9 million to $6.6 million as at 31 December 2022 compared with $9.5 million as at 30 June 2022.

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's operating environment remains challenging as the Group continues to experience high costs of production and intense market competition for our products. Ongoing inflationary pressures may also lower consumers' spending power. In light of these challenges, the Group will continue to review its cost structure, explore the launch of other new products and expand its distribution channels locally and overseas.

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5. Use of proceeds

	Amount allocated	Amount utilised	Balance
	$'000	**$'000**	**$'000**
Improvement and/or expansion of production efficiency and capacities, including the acquisition of new machineries and equipment	2,000	(1,693)	307
Expansion of our overseas operations, including the initial investment and set up costs of Philippines	2,500	(568)	1,932
Developing new products and engaging in research and development	500	(165)	335
General working capital purposes	1,562	(1,562) [(a)]	-
	6,562	(3,988)	2,574

[(a)] Net proceeds used for general working capital purposes are mainly in relation to payments to trade suppliers of approximately $990,000 and staff salaries of approximately $572,000.

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).

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 1H2023 as the Group continues to assess the economic environment and to conserve its cash resources for working capital purposes.

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	$746,761

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 2022 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

13 February 2023