OTS Holdings Limited

Condensed Interim Financial Statements
For the Second Half Year ("2H2023") and Full Year ("FY2023") Ended 30 June 2023

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 Audrey Mok (Telephone: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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Condensed Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the Second Half Year ("2H2023") and Full Year ("FY2023") Ended 30 June 2023

	Notes	Group			Group		
		2H2023	2H2022	Changes	FY2023	FY2022	Changes
		$'000	$'000	(%)	$'000	$'000	(%)
Revenue	3	13,306	15,392	(13.6)	30,664	34,136	(10.2)
Cost of sales		(10,146)	(11,018)	(7.9)	(22,922)	(24,578)	(6.7)
Gross profit		3,160	4,374	(27.8)	7,742	9,558	(19.0)
Other income and gains	4	301	390	(22.8)	520	826	(37.0)
Marketing and distribution costs		(1,115)	(985)	13.2	(2,509)	(2,364)	6.1
Administrative expenses		(2,933)	(2,988)	(1.8)	(5,872)	(5,900)	(0.5)
Finance costs		(117)	(111)	5.4	(211)	(232)	(9.1)
Other losses	4	(793)	(135)	487.4	(990)	(124)	698.4
Share of loss from joint venture		(406)	(176)	130.7	(524)	(229)	128.8
(Loss) / profit before income tax		(1,903)	369	N.M.	(1,844)	1,535	N.M.
Income tax expense	6	(7)	(201)	(96.5)	(58)	(415)	(86.0)
(Loss) / profit for the period		(1,910)	168	N.M.	(1,902)	1,120	N.M.
Other comprehensive (loss) / income:							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations, net of income tax		(60)	(55)	9.1	(130)	(31)	319.4
Other comprehensive loss for the period, net of income tax		(60)	(55)	9.1	(130)	(31)	319.4
Total comprehensive (loss) / income		(1,970)	113	N.M.	(2,032)	1,089	N.M.
(Losses) / earnings per share for profit for the period attributable to the owners of the Company during the year :							
Basic and diluted ($ in cents)	5	(0.89)	0.08	N.M.	(0.89)	0.52	N.M.

N.M. : Not meaningful

Condensed Interim Statements of Financial Position as at 30 June 2023

	Notes	Group		Company	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment		11,138	11,365	-	-
Right-of-use assets		2,779	3,130	-	-
Intangible assets		-*	-*	-	-
Investment in subsidiaries		-	-	14,971	14,971
Investment in joint venture		-	532	-	950
Other non-financial assets		-	205	-	-
Total non-current assets		13,917	15,232	14,971	15,921
Current assets					
Inventories		7,940	8,078	-	-
Trade and other receivables		4,595	5,133	3,846	2,802
Other non-financial assets		446	935	51	102
Cash and cash equivalents		8,949	9,518	2,314	4,613
Total current assets		21,930	23,664	6,211	7,517
Total assets		35,847	38,896	21,182	23,438
EQUITY AND LIABILITIES					
Equity					
Share capital	9	22,469	22,469	22,469	22,469
Retained earnings / (accumulated losses)		4,630	6,928	(1,459)	641
Foreign currency reserve		(201)	(71)	-	-
Total equity		26,898	29,326	21,010	23,110
Non-current liabilities					
Deferred tax liabilities		387	596	-	-
Provision		650	588	-	-
Loans and borrowings	12	590	760	-	-
Lease liabilities		2,678	3,000	-	-
Other non-financial liabilities		841	46	-	-
Total non-current liabilities		5,146	4,990	-	-
Current liabilities					
Income tax payable		112	67	-	7
Trade and other payables		3,060	3,624	172	315
Loans and borrowings	12	218	506	-	-
Lease liabilities		328	324	-	-
Other non-financial liabilities		85	59	-	6
Total current liabilities		3,803	4,580	172	328
Total liabilities		8,949	9,570	172	328
Total equity and liabilities		35,847	38,896	21,182	23,438

*Below $1,000

Condensed Interim Statements of Changes in Equity
For the Second Half Year ("2H2023") and Full Year ("FY2023") Ended 30 June 2023

	Total equity	Share capital	Retained earnings / (accumulated losses)	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)
Total comprehensive loss for the period	(1,970)	-	(1,910)	(60)
Share-based payment expense (Note 11)	35	-	35	-
Closing balance at 30 June 2023	26,898	22,469	4,630	(201)
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)
Total comprehensive income / (loss) for the period	113	-	168	(55)
Share-based payment expense (Note 11)	95	-	95	-
Closing balance at 30 June 2022	29,326	22,469	6,928	(71)
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	-
Total comprehensive loss for the period	(1,505)	-	(1,505)	-
Closing balance at 30 June 2023	21,010	22,469	(1,459)	-
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	-
Total comprehensive loss for the period	(30)	-	(30)	-
Closing balance at 30 June 2022	23,110	22,469	641	-

Condensed Interim Consolidated Statement of Cash Flows
For the Second Half Year ("2H2023") and Full Year ("FY2023") Ended 30 June 2023

	Group	
	FY2023	FY2022
	$'000	$'000
Operating activities		
(Loss) / profit before income tax	(1,844)	1,535
Adjustments for:		
Amortisation of deferred capital grants	(151)	(114)
Depreciation of property, plant and equipment	1,287	1,190
Depreciation of right-of-use assets	360	352
Plant and equipment written-off	3	2
Share of loss from equity-accounted joint venture	524	229
Interest income	(73)	(24)
Interest expense	211	232
Share-based payment expense	75	95
Gain on disposal of plant and equipment	(8)	(28)
Gain on early termination of right-of-use assets	(5)	-
Net effect of exchange rate changes in consolidating subsidiaries	(95)	(27)
Operating cash flows before changes in working capital	284	3,442
Inventories	138	(263)
Trade and other receivables	538	849
Other non-financial assets	489	(390)
Trade and other payables	(564)	(717)
Other non-financial liabilities	972	-
Net cash flows from operations before tax	1,857	2,921
Income tax paid	(228)	(696)
Net cash flows from operating activities	1,629	2,225
Investing activities		
Disposal of plant and equipment	8	85
Purchase of plant and equipment	(1,023)	(1,721)
Deposit utilised / (paid) for acquisition of plant and equipment	205	(205)
Interest received	73	24
Net cash flows used in investing activities	(737)	(1,817)
Financing activities		
Dividends paid to equity shareholders	(471)	(1,498)
Repayment on loan and borrowings	(458)	(3,056)
Lease payments - principal and interest portion paid	(504)	(505)
Net movements in amount due to related parties	-	(1,638)
Interest paid	(28)	(60)
Net cash flows used in financing activities	(1,461)	(6,757)
Net decrease in cash and cash equivalents	(569)	(6,349)
Cash and cash equivalents, beginning balance	9,518	15,867
Cash and cash equivalents, ending balance	8,949	9,518

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 Company and the Group as at 30 June 2023 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 and full year 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 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 Committee 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:

	2H2023	2H2022	FY2023	FY2022
Revenue by segment	**$'000**	**$'000**	**$'000**	**$'000**
Modern Trade ("MT")	3,604	3,795	8,108	9,018
General Trade ("GT")	4,770	7,174	11,683	15,396
Food Services ("FS")	3,376	2,980	7,422	6,175
Others ("OT")	1,556	1,443	3,451	3,547
	13,306	15,392	30,664	34,136

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
FY2023					
Total revenue by segment	8,108	11,683	7,422	27,992	55,205
Inter-segment sales	-	-	-	(24,541)	(24,541)
Total revenue	8,108	11,683	7,422	3,451	30,664
Recurring EBITDA	(435)	178	(21)	665	387
Depreciation expenses	(360)	(519)	(329)	(439)	(1,647)
Amortisation of deferred capital grant	40	57	37	17	151
Finance costs	(56)	(80)	(51)	(24)	(211)
Share of loss from joint venture	-	-	-	(524)	(524)
Loss before income tax	(811)	(364)	(364)	(305)	(1,844)
Income tax expense					(58)
Loss for the year					(1,902)
FY2022					
Total revenue by segment	9,018	15,396	6,175	11,069	41,658
Inter-segment sales	-	-	-	(7,522)	(7,522)
Total revenue	9,018	15,396	6,175	3,547	34,136
Recurring EBITDA	454	1,323	827	820	3,424
Depreciation expenses	(334)	(570)	(229)	(409)	(1,542)
Amortisation of deferred capital grant	30	51	21	12	114
Finance costs	(61)	(105)	(42)	(24)	(232)
Share of loss from joint venture	-	-	-	(229)	(229)
Profit before income tax	89	699	577	170	1,535
Income tax expense					(415)
Profit for the year					1,120

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

2B. Profit or loss from continuing operations and reconciliations (cont'd)

Revenue by segment (cont'd)

	MT	GT	FS	OT	Total
	$'000	$'000	$'000	$'000	$'000
2H2023					
Total revenue by segment	3,604	4,770	3,376	13,839	25,589
Inter-segment sales	-	-	-	(12,283)	(12,283)
Total revenue	3,604	4,770	3,376	1,556	13,306
Recurring EBITDA	(306)	(432)	(185)	253	(670)
Depreciation expenses	(182)	(245)	(169)	(221)	(817)
Amortisation of deferred capital grant	29	39	27	12	107
Finance costs	(31)	(43)	(29)	(14)	(117)
Share of loss from joint venture	-	-	-	(406)	(406)
Loss before income tax	(490)	(681)	(356)	(376)	(1,903)
Income tax expense					(7)
Loss for the period					(1,910)
2H2022					
Total revenue by segment	3,795	7,174	2,980	5,030	18,979
Inter-segment sales	-	-	-	(3,587)	(3,587)
Total revenue	3,795	7,174	2,980	1,443	15,392
Recurring EBITDA	159	568	284	400	1,411
Depreciation expenses	(165)	(303)	(125)	(207)	(800)
Amortisation of deferred capital grant	11	21	9	4	45
Finance costs	(27)	(52)	(21)	(11)	(111)
Share of loss from joint venture	-	-	-	(176)	(176)
(Loss) / profit before income tax	(22)	234	147	10	369
Income tax expense					(201)
Profit for the period					168

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

2C. Assets, liabilities and reconciliations

	MT	GT	FS	OT	Total
	$'000	$'000	$'000	$'000	$'000
30 June 2023					
Segment assets	9,420	13,573	8,623	4,231	35,847
Investment in joint venture	-	-	-	-	-
Total assets	9,420	13,573	8,623	4,231	35,847
Segment liabilities	2,169	3,126	1,986	1,169	8,450
Deferred tax liabilities					387
Income tax payables					112
Total liabilities					8,949
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 30 June 2023	287	413	263	122	1,085
As at 30 June 2022	455	776	311	179	1,721

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

2E. Geographical information

	2H2023	2H2022	FY2023	FY2022
Revenue	**$'000**	**$'000**	**$'000**	**$'000**
Singapore	10,658	10,887	22,996	23,656
Malaysia	1,831	3,871	5,519	8,700
Others	817	634	2,149	1,780
	13,306	15,392	30,664	34,136

	30 June 2023	30 June 2022
Non-current assets	**$'000**	**$'000**
Singapore	13,438	14,062
Malaysia	479	638
Others	-	532
	13,917	15,232

3. Disaggregation of revenue

	2H2023	2H2022	FY2023	FY2022
	$'000	**$'000**	**$'000**	**$'000**
Sales of goods	13,144	15,156	30,388	33,762
Rental of vehicles	111	111	222	222
Miscellaneous income	51	125	54	152
	13,306	15,392	30,664	34,136

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

	2H2023	2H2022	FY2023	FY2022
	$'000	$'000	$'000	$'000
Other income and gains / (losses)				
- amortisation of deferred capital grants	107	45	151	114
- government grants from Job Support Scheme	-	83	-	179
- other government grants and rebates	111	163	191	356
- freight income	3	3	11	16
- miscellaneous income	22	66	81	109
- interest income	45	14	73	24
- gain on disposal of plant and equipment	8	16	8	28
- gain on early termination of right-of-use assets	5	-	5	-
- plant and equipment written-off	(3)	(2)	(3)	(2)
- foreign exchange adjustment	(206)	(123)	(431)	(69)
- bad debt written-off of trade receivables	(21)	(7)	(21)	(7)
- allowance for inventory obsolescence	(76)	(3)	(48)	(35)
- allowance for impairment of trade receivables	(487)	-	(487)	(11)
Depreciation expense				
- property, plant and equipment	(637)	(618)	(1,287)	(1,190)
- right-of-use assets	(180)	(182)	(360)	(352)
Finance costs				
- loan and borrowings	(12)	(25)	(28)	(60)
- lease liabilities	(105)	(86)	(183)	(172)

5. Earnings/(Losses) per share

	2H2023	2H2022	FY2023	FY2022
Basic / diluted earnings/(losses) per share ($ cent)	(0.89)	0.08	(0.89)	0.52
Weighted average number of shares ('000)	214,000	214,000	214,000	214,000

The earnings/(losses) 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/(losses) 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

	2H2023	2H2022	FY2023	FY2022
	$'000	$'000	$'000	$'000
Income tax expense				
Current year tax expense	147	83	233	229
Under provision to tax in respect of prior years	34	21	34	25
Subtotal	**181**	**104**	**267**	**254**
Deferred tax (income) / expense				
Deferred tax (income) / expense	(251)	124	(286)	188
Under / (over) provision to tax in respect of prior years	77	(27)	77	(27)
Subtotal	**(174)**	**97**	**(209)**	**161**
Total income tax expense	**7**	**201**	**58**	**415**

7. Dividends on equity shares

	2H2023	2H2022	FY2023	FY2022
	$'000	$'000	$'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 / Sale of share of subsidiary / joint venture / associate

There was no acquisition or sale of shares in the Group's subsidiaries, joint venture or associate during the period under review.

9. Share capital

	Number of shares	Share capital
	'000	$'000
Balance as at 1 July 2022 and 30 June 2023	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 30 June 2022 and 30 June 2023.

10. Property, plant and equipment

During the financial year ended 30 June 2023, the Group acquired assets amounting to $1,085,000 (30 June 2022: $1,721,000) and disposed / written-off assets with net book value amounting to $3,000 (30 June 2022: $59,000).

11. Share-based payment reserve

A 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).

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 $75,000 as share-based payments expense with a corresponding increase in retained earnings for the reporting period ended 30 June 2023.

12. Loans and borrowings

	Secured		Unsecured	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	$000	$000	$000	$000
Group				
Repayable in one year or less, or on demand:				
Bank loan 1 (secured) (Note 12A)	79	337	-	-
Bank loan 2 (secured) (Note 12A)	139	169	-	-
Subtotal	218	506	-	-
Repayable after one year:				
Bank loan 1 (secured) (Note 12A)	-	55	-	-
Bank loan 2 (secured) (Note 12A)	590	705	-	-
Subtotal	590	760	-	-
Total	808	1,266	-	-

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	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net assets value per ordinary share ($ cent)	12.57	13.70	9.82	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 30 June 2023 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.

	2H2023	2H2022	FY2023	FY2022
	$'000	$'000	$'000	$'000
Related party				
PT Delta Bridge Food				
- sales of goods	13	-	13	-
- miscellaneous income	45	97	54	104
Other related parties				
Entity with no significant influence over the Group:				
Swee Heng Bakery Pte Ltd				
- sales of goods	774	631	1,521	1,295
Hock Eek Seng Machinery Pte Ltd				
- purchase of forklifts and maintenance and repair services	1	6	8	19

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	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	$000	$000	$000	$000
Financial assets:				
Financial assets at amortised cost	13,544	14,651	6,160	7,415
Financial liabilities:				
Financial liabilities at amortised cost	6,855	8,180	172	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:

	30 June 2023	30 June 2022
	$000	$000
Commitments to purchase plant and equipment	16	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

FY2023 vs FY2022

Statement of Comprehensive Income

Revenue

Business Segments
Revenue decreased by approximately $3.4 million or 10.2%, from approximately $34.1 million in FY2022 to approximately $30.7 million in FY2023, mainly due to decrease in sales from Modern Trade and General Trade, offset by an increase in sales from Food Services segment. Revenue for Others segment was relatively unchanged.

Revenue from the Modern Trade segment decreased by approximately $0.9 million or 10.1%, from approximately $9.0 million in FY2022 to approximately $8.1 million in FY2023, mainly due to muted consumer demand amidst increased product varieties in the market.

Revenue from the General Trade segment decreased by approximately $3.7 million or 24.1%, from approximately $15.4 million in FY2022 to approximately $11.7 million in FY2023, mainly due to slow product offtake because of fierce market competition and weaker consumers' spending power in Malaysia.

Revenue from the Food Services segment increased by approximately $1.2 million or 20.2%, from approximately $6.2 million in FY2022 to approximately $7.4 million in FY2023, mainly due to higher demand for the Group’s products as a result of the lifting of COVID-19 restrictions that allowed operators in this segment to resume their capacities.

Revenue from the Others segment was relatively unchanged at approximately $3.5 million for both FY2022 and FY2023.

Geographical information
Revenue from the Singapore market decreased by approximately $0.7 million or 2.8%, from approximately $23.7 million in FY2022 to approximately $23.0 million in FY2023, mainly due to lower sales to Modern Trade customers, offset by an increase in sales from customers in the Food Services segment.

Revenue from the Malaysia market decreased by approximately $3.2 million or 36.6%, from approximately $8.7 million in FY2022 to approximately $5.5 million in FY2023, mainly due to slow product offtake from customers in the General Trade segment.

Revenue from Others segment increased by approximately $0.3 million or 20.7%, from approximately $1.8 million in FY2022 to approximately $2.1 million in FY2023, mainly due to sales generated by the Philippines subsidiary to various new customers during the financial year.

Cost of sales

Cost of sales decreased by approximately $1.7 million or 6.7%, from approximately $24.6 million in FY2022 to approximately $22.9 million in FY2023; relatively in line with the decrease in revenue.

Gross profit and gross profit margin

Gross profit decreased by approximately $1.8 million or 19.0% from approximately $9.6 million in FY2022 to approximately $7.7 million in FY2023; mainly due to a decrease in revenue. Gross profit margin decreased by 2.8 percentage points, from 28.0% in FY2022 to 25.2% in FY2023, mainly due to higher unit cost of production attributable to raw materials, labour, 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 37.0%, from approximately $0.8 million in FY2022 to approximately $0.5 million in FY2023; mainly due to lower government grants and rebates recognised of approximately $0.3 million including the absence of one-off grant for Equity Market Singapore Scheme and Jobs Support Scheme.

Expenses

Marketing and distribution costs

Marketing and distribution costs increased by approximately $0.1 million or 6.1%, from approximately $2.4 million in FY2022 to approximately $2.5 million in FY2023, mainly due to higher advertising and promotional expenses.

Administrative expenses

Administrative expenses decreased marginally by approximately $28,000 or 0.5%, from approximately $5,900,000 in FY2022 to approximately $5,872,000 in FY2023, mainly due to a decrease in professional fees of $170,000, partially offset by an increase in payroll-related costs of $154,000.

Finance costs

Finance costs decreased by approximately $21,000 or 9.1%, from approximately $232,000 in FY2022 to approximately $211,000 in FY2023, as the Group continues to repay on the loans and borrowings during the financial year.

Other losses

Other losses increased by approximately $0.9 million or 698.4%, from approximately $0.1 million in FY2022 to approximately $1.0 million in FY2023, mainly due to impairment of trade and other receivables of approximately $0.5 million, of which approximately $0.4 million was in relation to our joint-venture company, and translation loss on foreign exchange as a result of the weakening of the Malaysian Ringgit against the Singapore Dollar of approximately $0.4 million.

Share of loss from joint venture

Share of loss from joint venture increased by approximately $0.3 million or 128.8%, from approximately $0.2 million in FY2022 to approximately $0.5 million in FY2023. During the year, the manufacturing site on Bulan Island, operated by our joint-venture company Delta Bridge Pte. Ltd., was temporarily shut down due to a shortage of raw material caused by the African Swine Fever detected in pigs on the island. As a result of the shutdown, certain impairment charges in relation to Delta Bridge Pte. Ltd. were recognised.

Income tax expense

Income tax expenses decreased by approximately $0.3 million or 86.0%, from approximately $0.4 million in FY2022 to approximately $0.1 million in FY2023, mainly due to deferred tax recognised.

Loss for the financial year

As a result of the above, the Group incurred a loss after tax of approximately $1.9 million for FY2023 compared to a profit after tax of $1.1 million for FY2022.

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

2H2023 vs 2H2022

Statement of Comprehensive Income

Revenue

Business Segments
Revenue decreased by approximately $2.1 million or 13.6%, from approximately $15.4 million in 2H2022 to approximately $13.3 million in 2H2023, mainly due to decrease in sales from Modern Trade and General Trade, offset by an increase from Food Services and Others segments.

Revenue from the Modern Trade segment decreased by approximately $0.2 million or 5.0%, from approximately $3.8 million in 2H2022 to approximately $3.6 million in 2H2023, mainly due to muted consumer demand amidst increased product varieties in the market.

Revenue from the General Trade segment decreased by approximately $2.4 million or 33.5%, from approximately $7.2 million in 2H2022 to approximately $4.8 million in 2H2023, mainly due to slow product offtake amidst fierce market competition and weaker consumers' spending power in Malaysia.

Revenue from the Food Services segment increased by approximately $0.4 million or 13.3%, from approximately $3.0 million in 2H2022 to approximately $3.4 million in 2H2023, mainly due to higher demand for the Group's products as a result of the lifting of COVID-19 restrictions that allowed operators in this segment to resume their capacities.

Revenue from the Others segment increased by approximately $0.1 million or 7.8%, from approximately $1.4 million in 2H2022 to approximately $1.5 million in 2H2023, mainly due higher sales to overseas customers.

Geographical information

Revenue from the Singapore market decreased by approximately $0.2 million or 2.1%, from approximately $10.9 million in 2H2022 to approximately $10.7 million in 2H2023, mainly due to lower demand for products in the Modern Trade and General Trade segments.

Revenue from the Malaysia market decreased by approximately $2.1 million or 52.7%, from approximately $3.9 million in 2H2022 to approximately $1.8 million in 2H2023, mainly due to slow product offtake amidst fierce market competition and weaker consumers' spending power in Malaysia.

Revenue from Others segment increased by approximately $0.2 million or 28.9%, from approximately $0.6 million in 2H2022 to approximately $0.8 million in 2H2023, mainly due to sales generated by our Philippines subsidiary and higher export sales.

Cost of sales

Cost of sales decreased by approximately $0.9 million or 7.9%, from approximately $11.0 million in 2H2022 to approximately $10.1 million in 2H2023, in line with the decrease in revenue.

Gross profit and gross profit margin

Gross profit decreased by approximately $1.2 million or 27.8% from approximately $4.4 million in 2H2022 to approximately $3.2 million in 2H2023, mainly due to lower revenue. Gross profit margin decreased by 4.7 percentage points, from 28.4% in 2H2022 to 23.7% in 2H2023, mainly due to higher unit cost of production attributable to raw materials, labour 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 $89,000 or 22.8%, from approximately $390,000 in 2H2022 to approximately $301,000 in 2H2023, mainly due to less government grants recognised of approximately $73,000.

Expenses

Marketing and distribution costs

Marketing and distribution costs increased by approximately $0.1 million or 13.2%, from approximately $1.0 million in 2H2022 to approximately $1.1 million in 2H2023, mainly due to higher advertising and promotional expenses.

Administrative expenses

Administrative expenses decreased by approximately $55,000 or 1.8%, from approximately $2,988,000 in 2H2022 to approximately $2,933,000 in 2H2023, mainly due to a decrease in professional fees, offset by an increase in payroll-related costs.

Finance costs

Finance costs increased by approximately $6,000 or 5.4%, from approximately $111,000 in 2H2022 to approximately $117,000 in 2H2023, mainly due to increase in interest on lease liabilities.

Other losses

Other losses increased by approximately $0.7 million or 487.4%, from approximately $0.1 million in 2H2022 to approximately $0.8 million in 2H2023, mainly due to impairment of trade and other receivables of approximately $0.5 million, of which approximately $0.4 million was in relation to our joint-venture company , translation loss on foreign exchange as a result of the weakening of the Malaysian Ringgit against the Singapore Dollar of approximately $0.1 million and allowance for inventory obsolescence of approximately $0.1 million.

Share of loss from joint venture

Share of loss from joint venture increased by approximately $0.2 million or 130.7%, from approximately $0.2 million in 2H2022 to approximately $0.4 million in 2H2023. During the year, the manufacturing site on Bulan Island, operated by our joint-venture company Delta Bridge Pte Ltd, was temporarily shut down due to a shortage of raw material caused by the African Swine Fever detected in pigs on the island. As a result of the shutdown, certain impairment charges were recognised.

Income tax expense

Income tax expenses decreased by approximately $194,000 or 96.5%, from approximately $201,000 in 2H2022 to approximately $7,000 in 2H2023, due to deferred tax recognised.

Loss for the financial year

As a result of the above, the Group incurred a loss after tax of approximately $1.9 million for 2H2023 compared to a profit after tax of $0.2 million for 2H2022.

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 30 June 2023 and 30 June 2022.

Non-current assets

Non-current assets decreased by approximately $1.3 million from approximately $15.2 million as at 30 June 2022 to approximately $13.9 million as at 30 June 2023.

Property, plant and equipment ("PPE") decreased by approximately $0.3 million from approximately $11.4 million as at 30 June 2022 to approximately $11.1 million as at 30 June 2023, mainly due to additions of PPE of approximately $1.0 million, offset by depreciation charges of approximately $1.3 million. Right-of-use assets decreased by approximately $0.3 million from approximately $3.1 million as at 30 June 2022 to approximately $2.8 million as at 30 June 2023, mainly due to depreciation charges. Investment in joint venture decreased by approximately $0.5 million from approximately $0.5 million as at 30 June 2022 due to share of losses during the financial year. There was an absence of non-financial assets amounting to $0.2 million due to deposit utilised.

Current assets

Current assets decreased by approximately $1.8 million from approximately $23.7 million as at 30 June 2022 to approximately $21.9 million as at 30 June 2023, mainly due to a decrease in cash and cash equivalents by approximately $0.6 million, decrease in non-financial assets of approximately $0.6 million, decrease in trade and other receivables of approximately $0.5 million and decrease in inventories of approximately $0.1 million.

The decrease in cash and cash equivalents will be explained under the Cash Flows Statement section. The decrease in other non-financial assets was mainly due to fewer advances made to suppliers for raw materials. The decrease in trade and other receivables was mainly due to impairment of trade and other receivables of approximately $0.5 million, of which approximately $0.4 million was in relation to the impairment of receivables in our joint-venture company. The decrease in inventories was mainly due to lower production levels.

Non-current liabilities

Non-current liabilities increased by approximately $0.1 million from approximately $5.0 million as at 30 June 2022 to approximately $5.1 million as at 30 June 2023, mainly due to increase in other non-financial liabilities of approximately $0.8 million, offset by decrease in lease liabilities of approximately $0.3 million, decrease in deferred tax liabilities of $0.2 million and decrease in loans and borrowings of approximately $0.2 million.

The increase in other non-financial liabilities was due to government grant received during the current financial year, which will be amortised in accordance with the Group's accounting policy. The decrease in loans and borrowings and lease liabilities were due to repayments made during the financial year. The decrease in deferred tax liabilities was mainly in relation to the capital allowances and losses incurred in the current financial year.

Current liabilities

Current liabilities decreased by $0.8 million from $4.6 million as at 30 June 2022 to $3.8 million as at 30 June 2023, mainly attributable to decrease in trade and other payables of approximately $0.5 million due to the decrease in trade payables which was in line with the decrease in purchases, and the decrease in loans and borrowings of approximately $0.3 million was due to repayment during the financial year.

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 generated approximately $1.6 million of cash inflows from operating activities. This was due to operating cash inflow before working capital changes of approximately $0.3 million and net working capital inflows of approximately $1.6 million, reduced by tax payment of approximately of $0.2 million.

The net working capital inflows was mainly due to an increase in other non-financial liabilities of approximately $1.0 million, decrease in trade and other receivables of approximately $0.5 million, decrease in inventories of approximately $0.1 million, decrease in other non-financial assets of approximately $0.5 million, offset by a decrease in trade and other payables of approximately $0.6 million.

Net cash used in investing activities amounted to approximately $0.7 million, mainly due to purchase of plant and equipment of approximately $1.0 million, offset by utilisation of deposit paid of approximately $0.2 million and interest income of approximately $0.1 million.

Net cash flows used in financing activities amounted to approximately $1.5 million, mainly due to repayment of loan and borrowings of approximately $0.5 million, dividend paid to shareholders of approximately $0.5 million and payment of lease liabilities of approximately $0.5 million.

As a result of the above, there was a decrease in cash and cash equivalents of approximately $0.6 million to $8.9 million as at 30 June 2023 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

The Group issued a profit guidance on the financial results for the financial year ended 30 June 2023, via SGXNet, on 16 August 2023 ("Profit Guidance Announcement"). The financial results contained in this announcement is in line with the Profit Guidance Announcement. No forecast or prospect statement has been previously disclosed to shareholders other than the Profit Guidance Announcement.

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 expects that inflationary pressure coupled with a high interest rate environment will continue to weigh on consumers' spending patterns, and market competition will remain intense. In light of these challenges, the Group will continue to control our cost structure tightly, improve the efficiency of production and product distribution, and engage in marketing activities to increase product awareness.

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	(2,000)	-
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	(4,295)	2,267

[(a)] Net proceeds used for general working capital purposes are 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)

	FY2022
Name of Dividend	Final Dividend Tax Exempt (1-tier)
Type of Dividend	Cash
Total number of issued ordinary shares ('000)	214,000
Dividend per share ($ cents)	0.22

(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.

In view of our financial performance for the current financial year ended 30 June 2023 ("FY2023"), which was a net loss position, no dividend has been declared or recommended for FY2023 as the Group seeks to conserve its cash balances and ensure that the Group has adequate working capital and resources to sustain and grow.

8. Breakdown of sales

	FY2023	FY2022	Changes
	$'000	$'000	(%)
Group			
Sales reported for first half year	17,358	18,744	(7.4)
Operating profit after tax before deducting non-controlling interests reported for first half year	8	952	(99.2)
Sales reported for second half year	13,306	15,392	(13.6)
Operating profit after tax before deducting non-controlling interests reported for second half year	(1,910)	168	N.M.

9. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to page 16 of this announcement for the review of the performance of the Group.

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

	FY2023	FY2022
	$'000	$'000
Ordinary dividend – interim	-	-
Ordinary dividend – final	-	471
	-	471

11. 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	$1,520,962

12. 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.

13. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ong Yekai	32	Son of Mr Ong Bee Chip	Business development manager with effect from 1 September 2021	No change in duties and position
Ong Shiya	37	Daughter of Mr Ong Bee Chip	Brand marketing manager with effect from 1 July 2022	No change in duties and position
Li Huanmin	31	Daughter of Madam Ong Chew Yong	Operations manager with effect from 1 September 2021	No change in duties and position
Khor Zheng Hou	31	Son-in-law of Madam Ong Chew Yong	Facility & OHSS manager with effect from 1 July 2022	No change in duties and position
Ong Bee Song	69	Brother of Mr Ong Bee Chip and Madam Ong Chew Yong	Sales director	No change in duties and position

On behalf of the directors of the Company, we, the undersigned directors, do hereby confirm that, to the best of the knowledge of the directors of the Company, nothing has come to the attention of the board of directors that may render the condensed unaudited financial statements to be false or misleading in any material aspects.

By order of the board

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

Mr. Ong Bee Chip
Managing Director

28 August 2023