OTS Holdings Limited

Condensed Interim Financial Statements
For the Six-Month Period Ended 31 December 2023 ("1H2024")

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 2023 ("1H2024")

	Notes	Group		
		1H2024	**1H2023**	**Changes**
		$'000	**$'000**	**(%)**
Revenue	3	15,736	17,358	(9.3)
Cost of sales		(11,609)	(12,776)	(9.1)
Gross profit		4,127	4,582	(9.9)
Other income and gains	4	238	247	(3.6)
Marketing and distribution costs		(1,260)	(1,394)	(9.6)
Administrative expenses		(2,803)	(2,939)	(4.6)
Finance costs		(90)	(94)	(4.3)
Other losses	4	(75)	(225)	(66.7)
Share of loss from joint venture		-	(118)	N.M.
Profit before income tax		137	59	132.2
Income tax expense	6	(131)	(51)	156.9
Profit for the period		6	8	(25.0)
Other comprehensive loss :				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of income tax		(11)	(70)	(84.3)
Other comprehensive loss for the period, net of income tax		(11)	(70)	(84.3)
Total comprehensive loss		(5)	(62)	(91.9)
Earnings per share :				
Basic and diluted ($)	5	0.003	0.004	(25.0)

N.M.: Not meaningful

Condensed Interim Statements of Financial Position as at 31 December 2023

	Notes	Group		Company	
		31 December 2023	30 June 2023	31 December 2023	30 June 2023
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment		10,854	11,138	-	-
Right-of-use assets		2,539	2,779	-	-
Intangible assets		-*	-*	-	-
Investment in subsidiaries		-	-	14,971	14,971
Investment in joint venture		-	-	-	-
Other non-financial assets		-	-	-	-
Total non-current assets		13,393	13,917	14,971	14,971
Current assets					
Inventories		7,217	7,940	-	-
Trade and other receivables		6,154	4,595	3,837	3,846
Other non-financial assets		944	446	11	51
Cash and cash equivalents		7,749	8,949	2,144	2,314
Total current assets		22,064	21,930	5,992	6,211
Total assets		35,457	35,847	20,963	21,182
EQUITY AND LIABILITIES					
Equity					
Share capital	9	22,469	22,469	22,469	22,469
Retained earnings / (accumulated losses)		4,636	4,630	(1,651)	(1,459)
Foreign currency reserve		(212)	(201)	-	-
Total equity		26,893	26,898	20,818	21,010
Non-current liabilities					
Deferred tax liabilities		389	387	-	-
Provision		650	650	-	-
Loans and borrowings	12	518	590	-	-
Lease liabilities		2,531	2,678	-	-
Other non-financial liabilities		798	841	-	-
Total non-current liabilities		4,886	5,146	-	-
Current liabilities					
Income tax payable		185	112	-	-
Trade and other payables		3,031	3,060	145	172
Loans and borrowings	12	143	218	-	-
Lease liabilities		234	328	-	-
Other non-financial liabilities		85	85	-	-
Total current liabilities		3,678	3,803	145	172
Total liabilities		8,564	8,949	145	172
Total equity and liabilities		35,457	35,847	20,963	21,182

**Below $1,000*

Condensed Interim Statements of Changes in Equity
For the Six-Month period ended 31 December 2023 ("1H2024")

	Total equity	Share capital	Retained earnings / (accumulated losses)	Foreign currency reserve
Group	**$'000**	**$'000**	**$'000**	**$'000**
Current period				
Opening balance at 1 July 2023	26,898	22,469	4,630	(201)
Changes in equity				
Total comprehensive (loss) / income for the period	(5)	-	6	(11)
Closing balance at 31 December 2023	26,893	22,469	4,636	(212)
Previous 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)
Company				
Current period				
Opening balance at 1 July 2023	21,010	22,469	(1,459)	-
Changes in equity				
Total comprehensive loss for the period	(192)	-	(192)	-
Closing balance at 31 December 2023	20,818	22,469	(1,651)	-
Previous 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	-

Condensed Interim Consolidated Statement of Cash Flows
For the Six-Month period ended 31 December 2023 ("1H2024")

	Group	
	1H2024	1H2023
	$'000	$'000
Operating activities		
Profit before income tax	137	59
Adjustments for:		
Amortisation of deferred capital grants	(42)	(44)
Depreciation of property, plant and equipment	625	650
Depreciation of right-of-use assets	172	180
Plant and equipment written-off	2	-
Share of loss from equity-accounted joint venture	-	118
Interest income	(64)	(28)
Interest expense	90	94
Share-based payment expense	-	40
Gain on early termination of right-of-use assets	(6)	-
Net effect of exchange rate changes in consolidating subsidiaries	(6)	(53)
Operating cash flows before changes in working capital	908	1,016
Inventories	723	(314)
Trade and other receivables	(1,559)	(2,584)
Other non-financial assets	(87)	445
Trade and other payables	(29)	(4)
Other non-financial liabilities	-	161
Net cash flows from operations before tax	(44)	(1,280)
Income tax paid	(60)	(102)
Net cash flows used in operating activities	(104)	(1,382)
Investing activities		
Disposal of plant and equipment	2	-
Purchase of plant and equipment	(348)	(814)
Deposit utilised / (paid) for acquisition of property, plant and equipment	(411)	205
Interest received	64	28
Net cash flows used in investing activities	(693)	(581)
Financing activities		
Dividends paid to equity shareholders	-	(471)
Repayment on loan and borrowings	(147)	(225)
Lease payments - principal and interest portion paid	(237)	(261)
Interest paid	(19)	(16)
Net cash flows used in financing activities	(403)	(973)
Net decrease in cash and cash equivalents	(1,200)	(2,936)
Cash and cash equivalents, beginning balance	8,949	9,518
Cash and cash equivalents, ending balance	7,749	6,582

Notes to the Condensed Interim Consolidated Financial Statements
For the Six-Month period ended 31 December 2023 ("1H2024")

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 31 December 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 financial period 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 2023 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 2023. 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 2023.

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:

	1H2024	1H2023
Revenue by segment	**$'000**	**$'000**
Modern Trade ("MT")	3,983	4,504
General Trade ("GT")	5,104	6,913
Food Services ("FS")	4,019	4,046
Others ("OT")	2,630	1,895
	15,736	17,358

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
1H2024					
Total revenue by segment	3,983	5,104	4,019	16,294	29,400
Inter-segment sales	-	-	-	(13,664)	(13,664)
Total revenue	3,983	5,104	4,019	2,630	15,736
Recurring EBITDA	(173)	306	355	494	982
Depreciation expenses	(168)	(215)	(169)	(245)	(797)
Amortisation of deferred capital grant	10	14	11	7	42
Finance costs	(23)	(29)	(23)	(15)	(90)
Share of loss from joint venture	-	-	-	-	-
(Loss) / profit before income tax	(354)	76	174	241	137
Income tax expense					(131)
Profit for the period					6
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)
Amortisation of deferred capital grant	11	18	10	5	44
Finance costs	(25)	(37)	(22)	(10)	(94)
Share of loss from joint venture	-	-	-	(118)	(118)
(Loss) / profit before income tax	(321)	317	(8)	71	59
Income tax expense					(51)
Profit for the period					8

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 2023					
Segment assets	8,943	11,460	9,025	6,029	35,457
Investment in joint venture	-	-	-	-	-
Total assets	8,943	11,460	9,025	6,029	35,457
Segment liabilities	1,987	2,547	2,005	1,451	7,990
Deferred tax liabilities					389
Income tax payables					185
Total liabilities					8,564
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

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 2023	88	113	89	58	348
As at 30 June 2023	287	413	263	122	1,085

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

2E. Geographical information

	1H2024	1H2023
Revenue	**$'000**	**$'000**
Singapore	11,664	12,338
Malaysia	2,038	3,688
Others	2,034	1,332
	15,736	17,358

	31 December 2023	30 June 2023
Non-current assets	**$'000**	**$'000**
Singapore	12,999	13,438
Malaysia	394	479
	13,393	13,917

3. Disaggregation of revenue

	1H2024	1H2023
	$'000	**$'000**
Sales of goods	15,622	17,244
Rental of vehicles	111	111
Miscellaneous income	3	3
	15,736	17,358

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

	1H2024	1H2023
	$'000	$'000
Other income and gains / (losses)		
- amortisation of deferred capital grants	42	44
- other government grants and rebates	82	80
- freight income	-	8
- miscellaneous income	20	59
- interest income	64	28
- gain on early termination of right-of-use assets	6	-
- reversal of inventory obsolescence	17	28
- reversal of doubtful trade receivables	7	-
- plant and equipment written-off	(2)	-
- foreign exchange adjustment	(71)	(225)
- bad debt written-off of trade receivables	(2)	-
Depreciation expense		
- property, plant and equipment	(625)	(650)
- right-of-use assets	(172)	(180)
Finance costs		
- loan and borrowings	(19)	(16)
- lease liabilities	(71)	(78)

5. Earnings per share

	1H2024	1H2023
Basic / diluted earnings per share ($)	0.003	0.004
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

	1H2024	1H2023
	$'000	$'000
Income tax expense		
Current year tax expense	135	86
Over provision to tax in respect of prior years	(4)	-
Subtotal	**131**	**86**
Deferred tax (income) / expense		
Deferred tax income	-	(35)
Subtotal	**-**	**(35)**
Total income tax expense	**131**	**51**

7. Dividends on equity shares

	1H2024	1H2023
	$'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
	-	**471**

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

On 23 August 2023, the Group's wholly-owned subsidiary Ellaziq Pte Ltd ("**Ellaziq**") invested an additional sum of RM1,500,000 (approximately $439,000[1]) in the share capital of its direct wholly-owned subsidiary, Ellaziq (Malaysia) Sdn. Bhd. ("**Ellaziq Malaysia"**) by way of a subscription for 1,500,000 ordinary shares in cash. Upon allotment of the shares, the Company holds a total of 2,500,000 ordinary shares in Ellaziq Malaysia.

9. Share capital

	Number of shares	Share capital
	'000	$'000
Balance as at 1 July 2023 and 31 December 2023	214,000	22,469

There were no changes to the share capital of the Company since 30 June 2023. The Group has no treasury shares or subsidiary holdings or convertible instruments as at 31 December 2022, 30 June 2023 and 31 December 2023.

[1] Based on the exchange rate of SGD1 : RM3.42 as at 23 August 2023

10. Property, plant and equipment

During the financial period ended 31 December 2023, the Group acquired assets amounting to $348,000 (31 December 2022: $814,000) and disposed / written-off assets with net book value amounting to $4,000 (31 December 2022: $Nil).

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 have a vesting period of 2 years from 17 July 2021 (date of listing).

The resulting value of these shares were fully expensed as at 30 June 2023 as share-based payments expense with a corresponding increase in retained earnings for the reporting year ended 30 June 2023.

12. Loans and borrowings

	Secured		Unsecured	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
	$'000	$'000	$'000	$'000
Group				
Repayable in one year or less, or on demand:				
Bank loan 1 (secured) (Note 12A)	-	79	-	-
Bank loan 2 (secured) (Note 12A)	143	139	-	-
Subtotal	143	218	-	-
Repayable after one year:				
Bank loan 2 (secured) (Note 12A)	518	590	-	-
Subtotal	518	590	-	-
Total	661	808	-	-

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 asset value

	Group		Company	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Net asset value per ordinary share ($ cent)	12.57	12.57	9.73	9.82

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 2023 and 30 June 2023.

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.

	1H2024	1H2023
	$'000	$'000
Related party		
PT Delta Bridge Food		
- miscellaneous income	-*	9
Other related parties		
Entity with no significant influence over the Group:		
Swee Heng Bakery Pte Ltd		
- sales of goods	804	747
Hock Eek Seng Machinery Pte Ltd		
- purchase of forklifts and maintenance and repair services	7	7

**Below $1,000*

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 2023	30 June 2023	31 December 2023	30 June 2023
	$'000	$'000	$'000	$'000
Financial assets:				
Financial assets at amortised cost	13,899	13,544	5,974	6,160
Financial liabilities:				
Financial liabilities at amortised cost	6,438	6,855	145	172

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 period for future capital expenditure but not recognised in the condensed interim financial statements are as follows:

	31 December 2023	30 June 2023
	$'000	$'000
Commitments to purchase plant and equipment	-	16
Purchase of property	3,699	-

On 28 November 2023, the Company announced that Ellaziq Malaysia, an indirect wholly-owned subsidiary of the Company had entered into a sale and purchase agreement ("**SPA**") to acquire a factory in Malaysia for a consideration of RM 14.3 million ("**Purchase Consideration**"). As of 31 December 2023, RM1,430,000 (equivalent to approximately $411,000), being 10% of the Purchase Consideration has been paid pursuant to the SPA. As stated in the announcement, the SPA is subject to the approval from the Johor State Authority ("**State Consent**") being obtained within 6 months from the date of the SPA. The Company will update the shareholders upon obtaining the State Consent, and will settle the remaining 90% of the Purchase Consideration (equivalent to approximately S$3,699,000 based on the exchange rate of SGD1 = MYR 3.48 as at 31 December 2023) within 3 months from the date of obtaining the State Consent pursuant to the SPA.

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 $1.6 million or 9.3%, from approximately $17.4 million in 1H2023 to approximately $15.7 million in 1H2024, primarily attributed to decrease in sales in the Modern Trade and General Trade segments, mitigated by an increase in the Others segment. Revenue for the Food Services segment remained relatively stable.

Revenue from the Modern Trade segment declined by approximately $0.5 million or 11.6%, from approximately $4.5 million in 1H2023 to approximately $4.0 million in 1H2024, largely due to muted consumer demand amidst increased product varieties in the market.

Revenue from the General Trade segment decreased by approximately $1.8 million or 26.1%, from approximately $6.9 million in 1H2023 to approximately $5.1 million in 1H2024, primarily influenced by sluggish product offtake amid intense market competition and weakened consumers' spending power in Malaysia.

Revenue from the Other segment increased by approximately $0.7 million or 38.6%, from approximately $1.9 million in 1H2023 to approximately $2.6 million in 1H2024, driven by higher demand for the Group’s products for export.

Revenue from the Food Services segment was relatively unchanged at approximately $4.0 million for both 1H2023 and 1H2024.

Geographical information
Revenue from the Singapore market decreased by approximately $0.7 million or 5.5%, from approximately $12.3 million in 1H2023 to approximately $11.6 million in 1H2024, primarily due to lower sales to Modern Trade customers, offset by increased sales from customers in the Food Services segment.

Revenue from the Malaysia market decreased by approximately $1.6 million or 44.7%, from approximately $3.7 million in 1H2023 to approximately $2.0 million in 1H2024, primarily due to slow product offtake from customers in the General Trade segment.

Revenue from Others segment increased by approximately $0.7 million or 53.4%, from approximately $1.3 million in 1H2023 to approximately $2.0 million in 1H2024, primarily due to increased export sales.

Cost of sales

Cost of sales decreased by approximately $1.2 million or 9.1%, from approximately $12.8 million in 1H2023 to approximately $11.6 million in 1H2024 in line with the decrease in revenue.

Gross profit and gross profit margin

Gross profit decreased by approximately $0.5 million or 9.9% from approximately $4.6 million in 1H2023 to approximately $4.1 million in 1H2024; primarily due to decreased revenue as elaborated above. The gross profit margin remained stable with a slight decrease of 0.2 percentage points, from 26.4% in 1H2023 to 26.2% in 1H2024.

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 remained unchanged at approximately $0.2 million for both 1H2023 and 1H2024.

Expenses

Marketing and distribution costs

In 1H2024, marketing and distribution costs decreased by approximately $0.1 million or 9.6% compared to the same period in 2023. This decline, from approximately $1.4 million to approximately $1.3 million, was primarily attributable to several factors: (i) a decrease in sales and promotion expenses, largely stemming from delays in the launch of new products; and (ii) lower sales delivery expenses were incurred, aligning with the decrease in revenue during this period.

Administrative expenses

Administrative expenses decreased by approximately $0.1 million or 4.6%, from approximately $2.9 million in 1H2023 to approximately $2.8 million in 1H2024, primarily due to a decrease in staff costs from the resignation of several administrative personnel.

Finance costs

Finance costs remain unchanged at approximately $0.09 million for both 1H2023 and 1H2024,

Other losses

Other losses decreased by approximately $0.1 million or 66.7%, from approximately $0.2 million in 1H2023 to approximately $0.1 million in 1H2024, primarily due lower translation loss on foreign exchange as a result of smaller fluctuations in the weakening of the Malaysian Ringgit against the Singapore Dollar.

Share of loss from joint venture

There was an absence of share of loss from the joint venture in 1H2024 as a result of the fully written down value of investment as of 30 June 2023 in Delta Bridge Pte.Ltd. ("**Delta Bridge**") a joint venture company. During the previous financial year, the manufacturing site on Bulan Island, operated by Delta Bridge, was temporarily shut down due to a shortage of raw material caused by the African Swine Fever detected in pigs on Bulan Island. As a result of the shutdown, certain impairment charges in relation to Delta Bridge were recognised and the investment in Joint Venture has been written down to $Nil as of 30 June 2023.

Income tax expense

Income tax expenses increased by approximately $0.1 million or 156.9%, from approximately $51,000 in 1H2023 to approximately $131,000 in 1H2024, mainly due to increase in profit before income tax from the Group's subsidiaries in Singapore.

Profit for the financial period

As a result of the above, the Group reported a profit after tax of approximately $6,000 for 1H2024 compared to a profit after tax of $8,000 for 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 2023 and 30 June 2023.

Non-current assets

Non-current assets decreased by approximately $0.5 million from approximately $13.9 million as at 30 June 2023 to approximately $13.4 million as at 31 December 2023.

Property, plant and equipment ("**PPE**") decreased by approximately $0.3 million from approximately $11.1 million as at 30 June 2023 to approximately $10.8 million as at 31 December 2023, primarily due to additions of PPE of approximately $0.3 million, offset by depreciation charges of approximately $0.6 million. Right-of-use assets decreased by approximately $0.3 million from approximately $2.8 million as at 30 June 2023 to approximately $2.5 million as at 31 December 2023, mainly due to termination of a lease property amounting to approximately $0.1 million and depreciation charges of approximately $0.2 million.

Current assets

Current assets increased by approximately $0.2 million from approximately $21.9 million as at 30 June 2023 to approximately $22.1 million as at 31 December 2023, mainly due to an increase in trade and other receivables of approximately $1.6 million, an increase in other non-financial assets of $0.5 million, offset by a decrease in cash and cash equivalents of approximately $1.2 million and decrease in inventories of approximately $0.7 million.

The decrease in cash and cash equivalents will be elaborated upon in the Cash Flows Statement section. The increase in other non-financial assets was mainly due to a deposit paid for acquisition of property as announced on 28 November 2023 of approximately $0.4 million and advances made to suppliers for raw materials of approximately $0.1 million. The increase in trade and other receivables was mainly due to higher sales volume in the months leading up to the financial period end of 31 December 2023, coinciding with the festive period. The decrease in inventories was mainly due to festive period sales.

Non-current liabilities

Non-current liabilities decreased by approximately $0.2 million from approximately $5.1 million as at 30 June 2023. To approximately $4.9 million as at 31 December 2023, primarily due to decrease in lease liabilities of approximately $0.2 million and loans and borrowings of approximately $0.1 million.

The reduction in loans and borrowings and lease liabilities from repayments of approximately $0.1 million made during the financial period and the termination of lease property of a subsidiary amounting to approximately $0.1 million.

Current liabilities

Current liabilities decreased by $0.1 million from $3.8 million as at 30 June 2023 to $3.7 million as at 31 December 2023, mainly attributable to the decrease in loans and borrowings and lease liabilities of approximately $0.1 million resulting from repayments during the period.

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 used approximately $0.1 million of cash in operating activities. This was due to operating cash inflow before working capital changes of approximately $0.9 million and net working capital outflows of approximately $1.0 million, reduced by tax payments of approximately of $60,000.

The net working capital outflows was mainly due to an increase in trade and other receivables of approximately $1.6 million and other non-financial assets of approximately $0.1 million, offset by a decrease in inventories of approximately $0.7 million.

Net cash used in investing activities amounted to approximately $0.7 million, mainly due to purchase of plant and equipment of approximately $0.3 million and deposit paid for acquisition of property of approximately $0.4 million, offset by interest income of approximately $64,000.

Net cash flows used in financing activities amounted to approximately $0.4 million, mainly due to payment of lease liabilities of approximately $0.3 million and repayment of loan and borrowings of approximately $0.1 million.

As a result of the above, there was a decrease in cash and cash equivalents of approximately $1.2 million to $7.7 million as at 31 December 2023 compared with $8.9 million as at 30 June 2023.

2. **Seasonal operations**

The Group's businesses activities are generally subject to seasonal fluctuations in the demand for our products, 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**

Ongoing inflationary pressures and a persistently high-interest-rate environment continue to impact consumer spending habits. Additionally, market competition remains fierce in the markets that the Group operates in. In response to these challenges, the Group is committed to stringent cost management, enhancing production and distribution efficiency, and intensifying marketing efforts to bolster product awareness and sales.

5. Use of proceeds

The Company has, on 26 December 2023, announced the re-allocation of the use of proceeds from the Company's initial public offering ("**IPO**") on 17 June 2021. Please refer to the following for the balance of proceeds as at the date of this announcement:

	Amount allocated as disclosed in Offer Document	Amount utilised prior to re-allocation	Balance prior to re-allocation	Amount re-allocated	Balance
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Improvement and/or expansion of production efficiency and capacities, including the acquisition of new machineries and equipment	2,000	(2,000)	-	1,867	1,867
Expansion of our overseas operations, including the initial investment and set up costs in Philippines	2,500	(568)	1,932	(1,632)	300
Developing new products and engaging in research and development	500	(165)	335	(235)	100
General working capital purposes	1,562	(1,562)[(a)]	-	-	-
	6,562	(4,295)	2,267	-	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)

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 1H2024 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. 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	$803,768

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 2023 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.

11. Disclosure on acquisition and realisation of shares pursuant to Rule 706A of the Catalist Rules

Please refer to the Company's announcement released on SGXNet on 14 February 2024.

By order of the board

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

Mr. Ong Bee Chip
Managing Director

14 February 2024